

UNIPETROL, a.s.

**UNAUDITED CONDENSED INTERIM
CONSOLIDATED AND NON-CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

AS OF 30 SEPTEMBER 2012



UNIPETROL, a.s.
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AS OF 30 SEPTEMBER 2012



UNIPETROL, a.s.

Consolidated statement of financial position
prepared in accordance with International Financial Reporting Standards
As at 30 September 2012
(in thousands of Czech crowns)



	Note	30 September 2012 (unaudited)	31 December 2011 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	27,712,944	28,893,098
Intangible assets	10	2,223,466	2,508,468
Investment property		415,913	395,891
Other investments		522	522
Non-current receivables	11	61,538	80,165
Deferred tax asset		35,018	39,685
Total non-current assets		30,449,401	31,917,829
Current assets			
Inventories		10,390,218	11,609,463
Trade and other receivables		13,119,516	10,628,175
Other short-term financial assets	12	130,314	388,525
Prepayments and other current assets		148,496	125,059
Cash and cash equivalents		1,643,748	2,470,555
Current tax assets		45,646	36,208
Total current assets		25,477,938	25,257,985
Total assets		55,927,339	57,175,814
EQUITY AND LIABILITIES			
Equity			
Share capital		18,133,476	18,133,476
Statutory reserves		2,578,342	2,554,809
Other reserves		69,073	(46,392)
Retained earnings	13	11,882,149	12,219,048
Total equity attributable to equity holders of the Company		32,663,040	32,860,941
Non-controlling interests		(6,450)	(6,823)
Total equity		32,656,590	32,854,118
Non-current liabilities			
Loans and borrowings	14	2,002,525	2,005,374
Deferred tax liability		1,660,281	1,575,527
Provisions	15	366,451	363,391
Other non-current liabilities		118,929	102,773
Total non-current liabilities		4,148,186	4,047,065
Current liabilities			
Trade and other payables and accruals		16,730,419	17,791,695
Loans and borrowings	14	1,522,399	902,905
Provisions	15	388,873	1,173,292
Other short-term financial liabilities	12	405,267	388,472
Current tax liabilities		75,605	18,267
Total current liabilities		19,122,563	20,274,631
Total liabilities		23,270,749	24,321,696
Total equity and liabilities		55,927,339	57,175,814

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8 to 17.

UNIPETROL, a.s.

Consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the year period ended 30 September 2012
(in thousands of Czech crowns)



	Note	30 September 2012 (unaudited)	30 September 2011 (unaudited)
Revenue	3	80,988,853	73,100,211
Cost of sales		(78,541,546)	(70,743,398)
Gross profit		2,447,307	2,356,813
Other income		523,588	761,881
Distribution expenses		(1,427,227)	(1,569,182)
Administrative expenses		(898,605)	(872,408)
Other expenses		(190,637)	(111,839)
Result from operating activities	5	454,426	565,265
Finance income		1,574,353	513,860
Finance costs		(2,126,705)	(647,918)
Net finance costs	7	(552,352)	(134,058)
Profit (loss) before income tax		(97,926)	431,207
Income tax expense	8	(219,624)	(96,360)
Profit (loss) for the period		(317,550)	334,847
Other comprehensive income:			
Foreign currency translation differences - foreign operations		(9,295)	(2,052)
Effective portion of changes in fair value of cash flow hedges		134,493	(14,952)
Change in fair value of investment property and other income		20,376	9,664
Income tax on other comprehensive income		(25,553)	(4,582)
Other comprehensive income for the period, net of tax		120,021	(11,922)
Total comprehensive income for the period		(197,529)	322,925
Profit (loss) attributable to:			
Owners of the Company		(313,367)	334,847
Non-controlling interests		(4,183)	--
Profit (loss) for the period		(317,550)	334,847
Total comprehensive income attributable to:			
Owners of the Company		(197,902)	322,925
Non-controlling interests		373	--
Total comprehensive income for the period		(197,529)	322,925
Basic and diluted earnings per share (in CZK)		(1.73)	1.85

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8 to 17.



UNIPETROL, a.s.

Consolidated statement of changes in equity
 prepared in accordance with International Financial Reporting Standards
 For the year period ended 30 September 2012
 (in thousands of Czech crowns)



	Share capital	Statutory reserves	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2011	18,133,102	2,452,679	5,223	20,748	(2)	18,187,958	38,799,708	--	38,799,708
Total comprehensive income for the period									
Profit or loss	--	91,659	--	--		243,188	334,847	--	334,847
Other comprehensive income	374	9,700	(2,052)	(36)	(19,535)	(373)	(11,922)	--	(11,922)
Total comprehensive income for the period	374	101,359	(2,052)	(36)	(19,535)	242,815	322,925	--	322,925
Balance as at 30 September 2011	18,133,476	2,554,038	3,171	20,712	(19,537)	18,430,773	39,122,633	--	39,122,633
Balance as at 1 January 2012	18,133,476	2,554,809	(4,880)	52,203	(93,715)	12,219,049	32,860,942	(6,823)	32,854,119
Total comprehensive income for the period									
Profit or loss	--	23,533	--	--	--	(336,900)	(313,367)	(4,183)	(317,550)
Other comprehensive income	--	--	(9,295)	15,820	108,940	--	115,465	4,556	120,021
Total comprehensive income for the period	--	23,533	(9,295)	15,820	108,940	(336,900)	(197,902)	373	(197,529)
Balance as at 30 September 2012	18,133,476	2,578,342	(14,175)	68,023	15,225	11,882,149	32,663,040	(6,450)	32,656,590

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8 to 17.

UNIPETROL, a.s.

Consolidated statements of cash flows
prepared in accordance with International Financial Reporting Standards
For the year period ended 30 September 2012
(in thousands of Czech crowns)



	30 September 2012 (unaudited)	30 September 2011 (unaudited)
Cash flows from operating activities:		
Profit (loss) for the period	(317,550)	334,847
Adjustments for:		
Depreciation of the property, plant and equipment and amortisation of intangible assets	2,122,063	2,330,985
Profit or loss from investing activities	(18,211)	10,922
Net foreign exchange losses (gains)	(4,536)	(142,246)
Interests and dividends, net	188,486	141,659
Net (gain) loss from financial derivatives	(8,184)	55,552
Impairment losses (gains) on financial investments, property, plant and equipment and intangible assets	76,153	(20,196)
CO2 allowances grant derecognition	(210,325)	(280,042)
Income tax expense	219,624	96,360
Income tax paid	(110,948)	(137,435)
Changes in:		
- in trade receivables and other current assets	(2,134,962)	23,626
- in inventories	1,216,539	(370,931)
- in deferred income related to CO2 allowances grant	(844,704)	(1,366,108)
- in trade and other payables and accruals	(869,803)	(3,786,622)
- in provisions	198,074	615,689
Net cash used in operating activities	(498,285)	(2,493,939)
Cash flows from investing activities:		
Proceed from disposals of property, plant and equipment and intangible assets	24,000	173,458
Proceed from disposals of short-term financial assets	102,442	280,537
Interest received	2,186	20,860
Change in loans granted	27,941	30,190
Settlement of financial derivatives	133,793	--
Acquisition of property, plant and equipment and intangible assets	(1,182,953)	(2,672,487)
Acquisition of short-term financial assets	(102,442)	(280,537)
Acquisition of additional shareholding in subsidiary	--	(460)
Net cash used in investing activities	(995,033)	(2,448,439)
Cash flows from financing activities:		
Change in loans and borrowings	438,805	1,274,250
Change in cash pool liabilities	292,897	71,448
Interest paid	(54,636)	(33,488)
Payment of finance lease liabilities	(6,319)	(8,468)
Dividends paid	(340)	(1,895)
Net cash from financing activities	670,407	1,301,847
Net change in cash and cash equivalents	(822,911)	(3,640,531)
Cash and cash equivalents at the beginning of the period	2,470,555	4,741,831
Effects of exchange rates changes on the balance of cash held in foreign currencies	(3,896)	(5,095)
Cash and cash equivalents at the end of the period	1,643,748	1,096,205

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8 to 17.

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1. DESCRIPTION OF THE PARENT COMPANY AND STRUCTURE OF THE CONSOLIDATED GROUP

Establishment of the parent company

UNIPETROL, a.s. (the "Company") is a joint stock company established by the National Property Fund of the Czech Republic by a foundation agreement dated 27 December 1994. The Company was registered in the Register of Companies at the Regional Commercial Court in Prague on 17 February 1995. The Company is listed and registered on the Prague Stock Exchange.

Registered office of the Company

UNIPETROL, a.s.
 Na Pankráci 127
 140 00 Praha 4
 Czech Republic

Principal activities

The Company operates as a holding company covering and administering a group of companies (hereinafter the "Group"). The principal businesses of the Group include oil and petroleum products processing, production of commodity chemicals, semi-finished industrial fertilizers and polymer materials, mineral lubricants, plastic lubricants, paraffin, oils and petroleum jellies. Furthermore, the Group is engaged in the distribution of fuels and operation of gas stations.

In addition to these principal activities, the Group is engaged in other activities that are necessary to support the principal activities, such as production, distribution and sale of heat and electricity, operation of railway tracks and railway transportation, leasing services, advisory services relating to research and development, environmental protection, software and hardware advisory services, databank and network administration services, apartment rental services and other services.

Ownership structure

The shareholders as at 30 September 2012 are as follows:

POLSKI KONCERN NAFTOWY ORLEN S.A.	63 %
Investment funds and other minority shareholders	37 %

Consolidated group structure

The subsidiaries and joint-ventures forming the consolidated group of UNIPETROL, a.s., and the Group's interest in the capital of subsidiaries and joint-ventures held either directly by the parent company or indirectly by the consolidated subsidiaries and allocation of subsidiaries into the Operating segments is presented in the consolidated financial statements of the Group as at and for the year ended 31 December 2011. There were no changes in the structure of the Group in the period ended 30 September 2012 except the issues mentioned below.

On 1 June 2010 CHEMAPOL (SCHWEIZ) AG was put under liquidation due to the restructuring process of UNIPETROL TRADE Group. It is expected that liquidation of CHEMAPOL (SCHWEIZ) AG will be completed in 2012.

Members of the statutory and supervisory bodies as at 30 September 2012 were as follows:

	Position	Name
Board of Directors	Chairman	Piotr Chełmiński
	Vice-chairman	Marek Świtajewski
	Vice-chairman	Piotr Wielowieyski
	Member	Mariusz Kędra
	Member	Martin Durčák
	Member	Artur Paździor
Supervisory Board	Chairman	Dariusz Jacek Krawiec
	Vice-chairman	Ivan Kočárník
	Vice-chairman	Sławomir Robert Jędrzejczyk
	Member	Piotr Robert Kearney
	Member	Zdeněk Černý
	Member	Krystian Pater
	Member	Rafał Sekuła
	Member	Andrzej Jerzy Kozłowski
	Member	Bogdan Dzdzewicz

Changes in the board of directors till 30 September 2012 were as follows:

Position	Name	Change	Date of change
Member	Piotr Wielowieyski	Elected as member	28 March 2012
Vice-chairman	Piotr Wielowieyski	Elected into Vice-chairman position	28 March 2012
Member	Ivan Ottis	Expiry of term of office	24 June 2012
Member	Marek Świtajewski	Elected as member	25 June 2012
Vice-chairman	Marek Świtajewski	Elected into Vice-chairman position	12 September 2012

Changes in the supervisory board till 30 September 2012 were as follows:

Position	Name	Change	Date of change
Member	Ivan Kočárník	Elected for new term of office as member	25 June 2012
Vice-Chairman	Ivan Kočárník	Elected as into Vice-chairman position	25 June 2012
Member	Bogdan Dzdzewicz	Elected for new term of office as member	25 June 2012
Member	Andrzej Kozłowski	Elected for new term of office as member	25 June 2012

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and general principles of preparation

The consolidated financial statements of the Company for the period ended 30 September 2012 comprise the Company and its subsidiaries (together referred as the "Group") and the Group's interest in jointly controlled entities.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

These condensed consolidated interim financial statements have been prepared on a going concern basis. As at the date of approval of the statements there is no indication that the Group will not be able to continue as a going concern in the foreseeable future.

The financial statements, except for statement of cash flows, are prepared on the accrual basis of accounting.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

B Significant accounting policies

The Group used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied in its consolidated financial statements as at and for the year ended 31 December 2011.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) as adopted for use in the European Union.

Amendments to IFRS that came into force on or after 1 January 2012 have no effect on current and previously presented financial results and equity.

Certain new standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2012 or later periods.

The Group will adopt the changes after their acceptance by the European Commission in accordance with their effective date. The possible impact of the changes on the Group's future consolidated financial statements is being analyzed.

C Functional and presentation currency

These consolidated financial statements are presented in Czech crown (CZK), which is the Group's functional currency. All financial information presented in CZK has been rounded to the nearest thousand.

D Information on seasonality and cyclicity of Group's operations

The Group does not report any material seasonal or cyclical character of its operation in the period ended 30 September 2012.

3. REVENUE

	30/09/2012	30/09/2011
Gross sales of finished goods and revenue from services	94,351,643	86,139,938
Less: Excise tax	(17,877,008)	(18,953,613)
Net revenues from sales of finished goods and services	76,474,635	67,186,325
Gross sales of merchandise and materials	4,728,439	6,200,590
Less: Excise tax	(214,221)	(286,704)
Net revenues from sales merchandise and materials	4,514,218	5,913,886
Total revenues	80,988,853	73,100,211

4. OPERATING SEGMENTS

Revenues and operating result by operating segments

Period ended 30/09/2012	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
Total external revenues	45,870,172	7,713,234	27,357,527	47,920	--	80,988,853
Inter segment revenues	16,905,161	169,237	1,134,392	412,290	(18,621,080)	--
Total segment revenue	62,775,333	7,882,471	28,491,919	460,210	(18,621,080)	80,988,853
Result from operating activities	293,278	232,059	(20,631)	(50,280)	--	454,426
Net finance costs						(552,352)
Loss before income tax						(97,926)
Income tax expense						(219,624)
Loss for the period						(317,550)
Depreciation and amortization	(643,103)	(251,638)	(1,164,331)	(62,991)	--	(2,122,063)

Period ended 30/09/2011	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
Total external revenues	40,836,483	7,347,187	24,883,884	32,657	--	73,100,211
Inter segment revenues	15,116,909	173,427	1,078,267	451,495	(16,820,098)	--
Total segment revenue	55,953,392	7,520,614	25,962,151	484,152	(16,820,098)	73,100,211
Result from operating activities	(569,365)	300,501	579,457	254,672	--	565,265
Net finance cost						(134,058)
Profit before income tax						431,207
Income tax expense						(96,360)
Profit for the period						334,847
Depreciation and amortization	(711,053)	(268,459)	(1,285,189)	(66,284)	--	(2,330,985)

Assets by operating segments

30/09/2012	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
Segment assets	24,745,360	6,613,336	23,630,353	2,019,404	(1,388,720)	55,619,733
Unallocated corporate assets						307,606
Total assets						55,927,339

31/12/2011	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
Segment assets	24,542,413	6,554,371	23,239,544	3,568,372	(1,287,591)	56,617,109
Unallocated corporate assets						558,705
Total assets						57,175,814

5. OPERATING EXPENSES AND INCOMES

Cost of sales

	30/09/2012	30/09/2011
Cost of finished goods and services sold	(74,285,115)	(65,038,530)
Cost of merchandise and raw materials sold	(4,256,431)	(5,704,868)
Cost of sales - total	(78,541,546)	(70,743,398)

Cost by nature

	30/09/2012	30/09/2011
Materials and energy	(66,594,271)	(57,556,038)
Cost of merchandise and raw materials sold	(4,256,431)	(5,704,868)
External services	(4,677,607)	(4,603,813)
Depreciation and amortization	(2,122,063)	(2,330,985)
Personnel expenses	(1,833,553)	(1,890,413)
Repairs and maintenance	(751,453)	(775,366)
Insurance	(162,929)	(151,770)
Taxes and charges	(45,688)	(37,224)
Non-cancellable operating leasing	(48,963)	(36,003)
Research expenditures	(6,090)	(7,331)
Other	(269,514)	(235,830)
Change in inventories	(289,633)	32,639
Cost of products and services for own use	180	175
Total expenses	(81,058,015)	(73,296,827)
Operating expenses		
Distribution expenses	1,427,227	1,569,182
Administrative expenses	898,605	872,408
Other operating expenses	190,637	111,839
Cost of sales	(78,541,546)	(70,743,398)

Other operating income

	30/09/2012	30/09/2011
Gain on sale of non-current non-financial assets	20,728	6,635
Reversal of provisions	147,751	145,272
Reversal of receivables impairment allowances	17,080	15,439
Reversal of impairment allowances of property, plant and equipment and intangible assets	19,545	21,540
Penalties and compensations earned	35,479	252,264
CO2 allowances grant derecognition	210,325	280,043
Other	72,680	40,688
Total	523,588	761,881

Other operating expenses

	30/09/2012	30/09/2011
Loss on sale of non-current non-financial assets	(2,517)	(17,557)
Recognition of provisions	(14,680)	(38,587)
Recognition of receivables impairment allowances	(22,995)	(15,608)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(95,697)	(1,344)
Addition to provisions for consumption of CO2 allowances	--	(13,025)
Donations	(2,845)	(6,170)
Other	(51,903)	(19,548)
Total	(190,637)	(111,839)

Note: In particular categories in the tables above for the period ended 30 September 2012 amounts for entities added to consolidation group as at 31 December 2011 were as follows: in personnel expenses: CZK 63,043 thousand, in external services CZK 46,963 thousand and in other operating income CZK 43,629 thousand.

6. ASSETS ALLOWANCES

Impairment allowances on assets

	30/09/2012	30/09/2011
Property, plant, equipment		
Recognized	(23,431)	(1,344)
Released	10,234	21,540
Intangible assets		
Recognized	(72,266)	--
Released	9,311	--
Receivables		
Recognized	(22,995)	(15,608)
Released	17,080	15,439

Write down of inventory

During the nine months ended 30 September 2012 the Group recognized the write-down of inventories to net realisable value in amount of CZK 424,544 thousand and reversed CZK 420,392 thousand (nine months ended 30 September 2011: CZK 132,614 thousand and CZK 55,171 thousand respectively). Changes in the write-down of inventories are included in cost of sales in statement of comprehensive income.

7. FINANCE INCOME AND FINANCE COSTS

	30/09/2012	30/09/2011
Presented in Profit or loss		
Finance income		
Interest income from held to maturity assets	12,844	14,129
Interest income from loans and receivables	27,597	42,684
Net foreign exchange gain	--	142,245
Gain arising on derivatives designated at fair value through Profit or loss	1,532,877	313,150
Other finance income	1,035	1,652
Total finance income	1,574,353	513,860
Finance costs		
Interest expense on financial liabilities measured at amortized costs	(229,547)	(202,897)
Less: amounts capitalised on qualifying assets	620	432
Net foreign exchange loss	(263,843)	--
Loss arising on derivatives designated at fair value through Profit or loss	(1,524,693)	(55,552)
Other finance expenses	(109,242)	(76,750)
Total finance costs	(2,126,705)	(334,767)
Net finance costs recognized in Profit or loss	(552,352)	(134,057)
Presented in Other comprehensive income		
Effective portion of charges in fair value of cash flow hedges	134,493	(14,952)
Net finance cost presented in the Statement of comprehensive income	(417,859)	(149,009)

8. INCOME TAX

	30/09/2012	30/09/2011
Current tax	(158,291)	(100,657)
Deferred tax	(61,333)	4,297
Income tax recognized in Profit and loss	(219,624)	(96,360)
Tax recognized in Other comprehensive income	(25,553)	(4,582)
Income tax – total	(245,177)	(100,942)

9. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the nine months ended 30 September 2012 the Group acquired assets with a cost of CZK 815,800 thousand (nine months ended 30 September 2011: CZK 1,831,279 thousand).

Assets with a carrying amount of CZK 5,787 thousand were disposed during nine months ended 30 September 2012 (nine months ended 30 September 2011: CZK 29,756 thousand), resulting in a net gain on disposal of CZK 18,211 thousand (nine months ended 30 September 2011: net loss of CZK 8,749 thousand), which is included in other operating income in the Statement of comprehensive income.

10. INTANGIBLE ASSETS

Acquisitions and disposals

During the nine months ended 30 September 2012 the Group acquired intangible assets with a cost of CZK 41,175 thousand (nine months ended 30 September 2011: CZK 965,819 thousand).

During the year 2012 the Group was granted CO2 allowances in amount of CZK 844,704 thousand (in the year 2011: CZK 1,366,108 thousand).

During the nine months ended 30 September 2012 the Group did not acquire and dispose any CO2 allowances. During the nine months ended 30 September 2011 CO2 allowances with a cost CZK 932,875 thousand were acquired and CO2 allowances with a carrying amount of CZK 144,905 thousand were disposed, resulting in a net loss on disposal of CZK 2,173 thousand, included in other operating expenses in the Statement of comprehensive income. There were no other intangible assets disposed by the Group in the nine months ended 30 September 2012 and 30 September 2011.

11. NON-CURRENT RECEIVABLES

The Group has provided a loan to ČESKÁ RAFINÉRSKÁ, a.s. for reconstruction of production unit. Part of this loan was eliminated as an intergroup transaction. The loan is due in 2016 and bears interest of 1M PRIBOR increased by mark up. The loan as at 30 September 2012 amounted to CZK 43,300 thousand (31 December 2011: CZK 54,763 thousand). Short term part of the loan in amount of CZK 15,279 thousand is presented under current receivables. The Group also presents non-current receivables from cash deposits to operators of fuel stations in amount of CZK 12,088 thousand and prepayments for investments in amount of CZK 6,151 thousand. The management considers that carrying amount of receivables approximates their fair value.

12. OTHER SHORT-TERM FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Other short-term financial assets

	30/09/2012	31/12/2011
Loans granted	15,157	33,289
Derivatives not designed as hedge accounting		
commodity swaps	27,273	57,906
currency swaps	2,628	19,929
currency forwards	29,626	156,403
Cash flow hedge instruments		
currency forwards	55,630	120,998
Total	130,314	388,525

Other short-term financial liabilities

	30/09/2012	31/12/2011
Liabilities from cash pool	354,358	88,599
Cash flow hedge instruments		
currency forwards	36,831	236,693
Derivatives not designed for hedge accounting		
commodity swaps	11,143	--
currency forwards	2,935	63,180
Total	405,267	388,472

Fair value hierarchy

The derivative financial and hedge instruments held by the Group are carried at fair value under other short-term financial assets and other short-term financial liabilities respectively. The fair value of these financial instruments was determined based on observable data, excluding quoted prices. Financial instruments carried at fair value by the Group belong to the Level 2 defined by IFRS.

13. RETAINED EARNINGS AND DIVIDENDS

Dividends

In accordance with appropriate Czech law, dividends can be paid from unconsolidated profit of the parent company. The Annual General Meeting of UNIPETROL, a.s. held on 5 June 2012 decided, pursuant to Article 12 (2) (v) of the Articles of Association of UNIPETROL, a.s to settle the loss for 2011 in amount of CZK 229,926 thousand to retained earnings.

14. LOANS AND BORROWINGS

	30/09/2012	31/12/2011
Non – current loans and borrowings		
Unsecured bonds issued	2,000,000	2,000,000
Finance lease liability	2,525	5,374
Total non – current loans and borrowings	2,002,525	2,005,374
Current loans and borrowings		
Current portion of unsecured bonds issued	234,183	68,655
Unsecured bank loans	1,283,816	825,455
Current portion of finance lease liability	4,400	8,795
Total current loans and borrowings	1,522,399	902,905

Unsecured bonds issued

Using the actual market interest rate, based on the analysis of the current market conditions, the fair value of the aggregate liability arising from the bonds is currently estimated at CZK 2,403,498 thousand (CZK 2,358,684 thousand at 31 December 2011).

Analyses of bank loans

	Total
Balance as at 1 January 2012	825,455
Loans taken	1,048,561
Repayment	(586,715)
Interests	(1,196)
Foreign exchange differences	(2,289)
Balance as at 30 September 2012	1,283,816

Finance lease liabilities

	30/09/2012	31/12/2011
Future minimum lease payments	7,396	15,244
Present value of future minimum lease payments	6,925	14,169

15. PROVISIONS

	Long – term provision		Short – term provision	
	30/09/2012	31/12/2011	30/09/2012	31/12/2011
Provisions for environmental damages and land restoration	326,840	319,050	--	--
Provisions for legal disputes	8,127	8,883	6,057	136,173
Provision on CO2 allowances	--	--	361,514	977,965
Employee benefits provision	24,458	28,432	--	--
Other provisions	7,026	7,026	21,302	59,154
Total	366,451	363,391	388,873	1,173,292

Provision on CO2 allowances was created for estimated CO2 emissions in the period ended 30 September 2012 and 31 December 2011.

The Group released provision for penalty imposed by the Antimonopoly Office included under legal disputes in amount of CZK 131,021 thousand. Out of Other provisions, the provision for shutdown of heating plant T200 in amount of CZK 9,000 thousand and shield programs provision in amount of CZK 22,562 thousand were utilized.

16. COMMITMENTS AND CONTINGENCIES

Capital Commitments

As at 30 September 2012 the Group had capital commitments for the acquisition of property, plant and equipment in the amount of CZK 304,833 thousand (as at 31 December 2011: CZK 228,435 thousand).

Contingent liabilities and commitments related to Purchase of shares of PARAMO, a.s. , the sale of shares in KAUČUK, a.s. (currently SYNTHOS Kralupy a.s.) and the sale of shares in SPOLANA a.s. are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

The Company's management, based on the available information and current knowledge of the situation, does not expect any additional expense / payment related to the issues.

Claims related to fines imposed by the European Commission

In 2006, the European Commission imposed fines, among others, upon Shell, Dow, Eni, UNIPETROL, a.s. and SYNTHOS Kralupy a.s. for an alleged cartel in the area of Emulsion Styrene Butadiene Rubber ("ESBR"). UNIPETROL, a.s. and SYNTHOS Kralupy a.s., its subsidiary at that time, were jointly imposed a fine of EUR 17.5 million, which they reimbursed to the Commission. At the same time, both companies appealed to the Court of First Instance in Luxembourg.

General Court of the European Union cancelled in 2011 a decision of the European Commission. The Court concluded the Commission had failed to prove cartel conduct on the part of UNIPETROL a.s. and SYNTHOS Kralupy a.s. Both companies became entitled to reimbursement for a previously jointly paid fine. UNIPETROL a.s. received EUR 9.8 million, which corresponds to the penalty paid and part of the accrued interest. The proceedings are closed.

Claim regarding reward for employees' intellectual work is described in the consolidated financial statements of the Group as at and for the year ended 31 December 2011. During the period ended 30 September 2012 there were no changes in relation to the issue.

Claims on compensation of damages filed by I.P. – 95, s.r.o. against UNIPETROL RPA, s.r.o.

On 23 May 2012 UNIPETROL RPA, s.r.o., having its registered office at Záluží 1, 436 70, Litvínov, Business ID no.: 27597075,, the subsidiary of UNIPETROL, a.s., received a petition from the District Court Ostrava, file no. 30 C 66/2010.

Claimant – I.P. - 95, s.r.o., having its registered office at Těšínská 202/225, 716 00 Ostrava-Radvanice, Business ID no.: 64085694 is claiming compensation of damages in total of CZK 1,789 million. I.P. – 95, s.r.o. claims that it incurred damages as a result of unjustified insolvency filing against I.P. – 95, s.r.o. made by UNIPETROL RPA, s.r.o. on 24 November 2009. I.P. – 95, s.r.o. assigned part of the respective receivable of CZK 1,742 million, to NESTARMO TRADING LIMITED, having its registered office at Diagorou 4, Fermia Building, 6th floor, office no. 601, 1097 Nicosia, Cyprus, Company ID no.: HE 246733; following the assignment, I.P. – 95, s.r.o. filed a motion regarding NESTARMO TRADING LIMITED joining the proceedings as a claimant. UNIPETROL RPA, s.r.o. is one of eight respondents the petition was filed against.

UNIPETROL RPA, s.r.o. does not recognize the alleged claim and considers the claim as unjustified and unfounded. UNIPETROL RPA, s.r.o. is taking all legal actions to defend itself against this claim.

Claims on compensation of damages filed by SDP Logistics sklady a.s against UNIPETROL RPA, s.r.o.

On 9 July 2012 UNIPETROL RPA, s.r.o. received the petition filed by SDP Logistics sklady a.s. for compensation of damages.

UNIPETROL RPA, s.r.o. concluded on 21.3.2010 with SDP Logistics sklady a.s. ("SDP") a contract on storage ("Contract") for definite period of time - until 31.7.2011. SDP claims that UNIPETROL RPA, s.r.o. failed to remove all stored products before the contract termination date.

SDP claims CZK 25 million as a contractual penalty payable by SDP as a result of not making the storage space available to a new client. SDP also claims as and additionally claims CZK 120 million as loss of profit caused by not being able to provide the contracted storage capacity to an SDP new client after 1 August 2011. Furthermore SDP blocked the goods of UNIPETROL RPA, s.r.o. (stored in the warehouse) until the said damages are covered by UNIPETROL RPA, s.r.o.

UNIPETROL RPA, s.r.o. does not recognize the alleged claim and considers the claim as unjustified and unfounded.

Guarantees

Based on the Group's request the bank guarantees relating to the security of customs debt and excise tax at customs offices were issued. Total balance of guarantees related to excise tax amounted to CZK 806,109 thousand as at 30 September 2012 (31 December 2011: CZK 1,413,838 thousand).

17. RELATED PARTIES**Parent and ultimate controlling party**

During 2012 and 2011 a majority (62.99%) of the Company's shares were in possession of POLSKI KONCERN NAFTOWY ORLEN S.A. (PKN Orlen).

Transactions and balances with related parties:

30/09/2012	PKN Orlen	Jointly-controlled entities	Entities under control or significant influence of PKN Orlen
Long term receivables	--	43,307	--
Trade and other receivables	32	401,973	346,462
Short term financial assets	--	--	8,761
Trade and other payables including loans	4,831,567	310,486	274,612
Purchases	45,415,977	2,531,655	1,863,142
Revenues	252,530	1,763,949	1,591,500
Purchases of property, plant and equipment	--	--	86
Financial income and expense	(17,632)	3,063	(676)
Dividends received	--	68,680	--

31/12/2011	PKN Orlen	Jointly-controlled entities	Entities under control or significant influence of PKN Orlen
Long term receivables	--	54,770	--
Trade and other receivables	315	286,736	133,848
Short term financial assets	--	--	--
Trade and other payables including loans	7,411,054	234,648	158,740
Purchases	54,878,810	3,069,470	1,889,797
Revenues	156,248	2,110,921	1,872,233
Purchases of property, plant and equipment	--	--	3,980
Financial income and expense	(3,940)	5,149	11,564
Dividends received	--	349,791	--

Material transactions concluded by the Group Companies with related parties

In the nine month period ended 30 September 2012 and in 2011 there were no transactions concluded by the Group with related parties on other than market terms.

Transactions with key management personnel

In the nine month period ended 30 September 2012 and in 2011 the Group companies did not grant to key management personnel and their relatives any advances, loans, guarantees and commitments, or other agreements obliging, to render services to the Company and related parties. In the nine month period ended 30 September 2012 and in 2011 there were no significant transactions concluded with members of the Board of Directors, Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

Transactions with related parties concluded by key management personnel of the Capital Group companies

In the nine month period ended 30 September 2012 and in 2011 members of the key management personnel of the Parent Company and the Group companies submitted statements that they have not concluded any transactions with related parties.

18. POST BALANCE SHEET EVENT**Paramo Asphalt s.r.o. disposal**

On October 22, 2012, PARAMO, a.s. subsidiary of Unipetrol a.s. ("PARAMO") and ORLEN Asphalt Sp. z o. o. ("ORLEN Asphalt") executed a quota purchase agreement, pursuant to which ORLEN Asphalt, as purchaser, shall acquire from PARAMO, as seller, 100% quota holding in Paramo Asphalt s.r.o. ("Paramo Asphalt"). The purchase price for 100% quota holding amounts to CZK 116.1 million. The purchase price was agreed on the basis of a valuation report prepared for PARAMO by court appointed valuation expert. The transaction has no impact on the consolidated financial statements of the Group as at 30 September 2012.

UNIPETROL, a.s.

**UNAUDITED CONDENSED INTERIM
NON-CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS**

AS OF 30 SEPTEMBER 2012



UNIPETROL, a.s.

Non-consolidated statement of financial position
prepared in accordance with International Financial Reporting Standards
As at 30 September 2012
(in thousands of Czech crowns)



	30 September 2012 (unaudited)	31 December 2011 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	14,137	15,994
Intangible assets	471	522
Investment property	1,141,966	1,141,966
Investments in subsidiaries and joint ventures	13,808,704	13,808,812
Other investments	4,251	4,254
Loans to subsidiaries	2,334,652	2,382,459
Receivables from subsidiaries	114	102
Total non-current assets	17,304,295	17,354,109
Current assets		
Trade and other receivables	203,280	153,684
Loans to subsidiaries	12,420,672	9,507,592
Prepaid expenses	8,001	8,241
Current tax assets	19,431	17,857
Cash and cash equivalents	52,104	1,358,652
Total current assets	12,703,488	11,046,026
Total assets	30,007,783	28,400,135
EQUITY AND LIABILITIES		
Equity		
Share capital	18,133,476	18,133,476
Reserves	2,161,526	2,166,147
Retained earnings	4,961,302	4,716,455
Total equity	25,256,304	25,016,078
Non-current liabilities		
Loans and borrowings	2,000,000	2,000,000
Provisions	400	400
Deffered tax liability	118,275	109,904
Total non-current liabilities	2,118,675	2,110,304
Current liabilities		
Trade and other payables and accruals	129,261	112,649
Loans and borrowings	2,476,216	1,133,208
Dividends payable	27,327	27,896
Total current liabilities	2,632,804	1,273,753
Total liabilities	4,751,479	3,384,057
Total equity and liabilities	30,007,783	28,400,135

UNIPETROL, a.s.

Non-consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the period ended 30 September 2012
(in thousands of Czech crowns)



	30 September 2012 (unaudited)	30 September 2011 (unaudited)
Revenue	110,281	107,252
Cost of sales	(48,979)	(49,795)
Gross profit	61,302	57,457
Other income	18,596	241,550
Administrative expenses	(117,788)	(119,750)
Other expenses	(2,871)	(124)
Results from operating activities	(40,761)	179,133
Finance income	504,837	1,046,715
Finance costs	(193,184)	(198,093)
Net finance income	311,653	848,622
Profit before income tax	270,892	1,027,755
Income tax expense	(26,045)	(23,192)
Profit (loss) for the period	244,847	1,004,563
Other comprehensive income:		
Revaluation of financial investments	(112)	(36)
Tax on other comprehensive income	(4,509)	--
Other comprehensive income for the period, net of tax	(4,621)	(36)
Total comprehensive income for the period	240,226	1,004,527
Basic and diluted earnings per share (in CZK)	1.32	5.54

UNIPETROL, a.s.

Non-consolidated statement of changes in equity
 prepared in accordance with International Financial Reporting Standards
 For the period ended 30 September 2012
 (in thousands of Czech crowns)



	Share capital	Statutory reserves	Fair value changes relating to investment property	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2011	18,133,476	1,625,865	20,748	7,452	4,971,986	24,759,527
Profit for the period	--	--	--	--	1,004,563	1,004,563
Total comprehensive income for the period	--	--	--	--	1,004,563	1,004,563
Allocation of profit to reserves	--	25,606	--	--	(25,606)	--
Other comprehensive income	--	--	--	(36)	--	(36)
Balance as at 30 September 2011	18,133,476	1,651,471	20,748	7,416	5,950,943	25,764,054
Balance as at 1 January 2012	18,133,476	1,651,471	507,135	7,541	4,716,455	25,016,078
Profit for the period	--	--	--	--	244,847	244,847
Other comprehensive income	--	--	(4,509)	(112)	--	(4,621)
Total comprehensive income for the period	--	--	(4,509)	(112)	244,847	240,226
Balance as at 30 September 2012	18,133,476	1,651,471	502,626	7,429	4,961,302	25,256,304

UNIPETROL, a.s.

Non-consolidated statement of cash flows
prepared in accordance with International Financial Reporting Standards
For the period ended 30 September 2012
(in thousands of Czech crowns)



	30 September 2012 (unaudited)	30 September 2011 (unaudited)
Cash flows from operating activities:		
Profit for the period	244,847	1,004,563
Adjustments for:		
Depreciation of property, plant and equipment and amortisation of intangible assets	1,885	2,402
Gain on disposals of property, plant and equipment	(178)	(1,068)
Interest and dividends, net	(311,569)	(849,181)
Impairment losses (reversal) on financial investments, property, plant and equipment, inventory and receivables	(10,660)	(3,029)
Foreign exchange (gain) loss	3,644	(5,561)
Income tax expense	26,045	23,192
Changes in:		
- trade and other receivables and other current assets	(6,364)	46,077
- in trade and other payables and accruals	(5,579)	(40,611)
Net cash from operating activities	(57,929)	176,784
Cash flows from investing activities:		
Dividends received	154,470	725,543
Interest received	152,244	156,897
Proceed from sale of property, plant and equipment and intangible assets	223	1,068
Acquisition of property, plant and equipment and intangible assets	(21)	(579)
Change in loans to subsidiaries	(2,705,381)	(5,670,571)
Net cash used in investing activities	(2,398,465)	(4,787,642)
Cash flows from financing activities:		
Change in loans and borrowings	1,178,069	1,802,807
Interest paid	(23,768)	(28,017)
Dividends paid	(569)	(1,895)
Net cash from financing activities	1,153,732	1,772,895
Net change in cash and cash equivalents	(1,302,662)	(2,837,963)
Cash and cash equivalents at beginning of the period	1,358,652	2,863,092
Effects of exchange rates changes on the balance of cash held in foreign currencies	(3,886)	5,278
Cash and cash equivalents at the end of the period	52,104	30,407

Signature of statutory representatives	23 October 2012
Piotr Chelminski Chairman of the Board of Directors	Mariusz Kedra Member of the Board of Directors