

**UNIPETROL, a.s.**

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

**AS OF 30 SEPTEMBER 2010 AND 2009**

**UNIPETROL, a.s.**  
**UNAUDITED CONDENSED NON-CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**IN ACCORDANCE WITH IFRS**

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# UNIPETROL, a.s.

Non-consolidated statement of financial position  
prepared in accordance with International Financial Reporting Standards  
As at 30 September 2010 and 31 December 2009  
(in thousands of Czech crowns)

	Note	30 September 2010 (unaudited)	31 December 2009 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		395,371	371,551
Intangible assets		4,694	5,607
Investment property		162,190	162,627
Investments in subsidiaries and joint ventures	8	14,351,217	14,274,717
Other investments	9	4,151	4,151
Loans to subsidiaries	11	2,775,572	2,963,304
Receivables from subsidiaries	12	81,946	73,564
<b>Total non-current assets</b>		<b>17,775,141</b>	<b>17,855,521</b>
<b>Current assets</b>			
Trade and other receivables	13	182,123	275,225
Loans to subsidiaries	14	8,713,392	8,280,334
Loans to related companies	15	500,035	250,214
Prepaid expenses		7,800	9,167
Cash and cash equivalents	16	548,243	253,876
Assets classified as held for sale	10	--	1,093
<b>Total current assets</b>		<b>9,951,593</b>	<b>9,069,909</b>
<b>Total assets</b>		<b>27,726,734</b>	<b>26,925,430</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	18,133,476	18,133,476
Reserves		1,654,068	1,640,975
Retained earnings	18	4,937,425	4,472,958
<b>Total equity</b>		<b>24,724,969</b>	<b>24,247,409</b>
<b>Non-current liabilities</b>			
Loans and borrowings	19	2,049,928	2,000,000
Provisions		400	--
Deffered tax		4,509	3,510
<b>Total non-current liabilities</b>		<b>2,054,837</b>	<b>2,003,510</b>
<b>Current liabilities</b>			
Trade and other payables and accruals	20	118,251	194,359
Dividends payable		30,012	31,380
Loans and borrowings	21	798,665	448,772
<b>Total current liabilities</b>		<b>946,928</b>	<b>674,511</b>
<b>Total liabilities</b>		<b>3,001,765</b>	<b>2,678,021</b>
<b>Total equity and liabilities</b>		<b>27,726,734</b>	<b>26,925,430</b>

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 5 to 19.

## UNIPETROL, a.s.

Non-consolidated statement of comprehensive income  
prepared in accordance with International Financial Reporting Standards  
For the 9 month period ended 30 September 2010 and 30 September 2009  
(in thousands of Czech crowns)

	Note	30 September 2010 (unaudited)	30 September 2009 (unaudited)
Revenue	3	137,032	250,783
Cost of sales		<u>(53,677)</u>	<u>(79,668)</u>
<b>Gross profit</b>		<b>83,355</b>	<b>171,115</b>
Other income		2,728	6,165
Administrative expenses		(135,640)	(183,515)
Other expenses		<u>(416)</u>	<u>(3,657)</u>
<b>Results from operating activities</b>	5	<b>(49,973)</b>	<b>(9,892)</b>
Finance income		757,650	594,603
Finance expenses		<u>(208,571)</u>	<u>(242,664)</u>
<b>Net finance income</b>	6	<b>549,079</b>	<b>351,939</b>
<b>Profit before income tax</b>		<b>499,106</b>	<b>342,047</b>
Income tax expense	7	(21,546)	(52,718)
<b>Profit for the period</b>		<b>477,560</b>	<b>289,329</b>
<b>Total comprehensive income for the period</b>		<b>477,560</b>	<b>289,329</b>
<b>Basic and diluted earnings per share (in CZK)</b>		<b>2.63</b>	<b>1.60</b>

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 5 to 19.

## UNIPETROL, a.s.

Non-consolidated statement of changes in equity  
prepared in accordance with International Financial Reporting Standards  
For the 9 month period ended 30 September 2010 and 30 September 2009  
(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 2009	18,133,476	1,391,365	20,748	7,455	4,432,501	23,985,545
Profit for the period	--	--	--	--	289,329	289,329
Total comprehensive income for the period	--	--	--	--	289,329	289,329
Allocation of profit to reserves	--	221,407	--	--	(221,407)	--
Balance as at 30 September 2009	18,133,476	1,612,772	20,748	7,455	4,500,423	24,274,874
Balance as at 1 January 2010	18,133,476	1,612,772	20,748	7,455	4,472,958	24,247,409
Profit for the period	--	--	--	--	477,560	477,560
Total comprehensive income for the period	--	--	--	--	477,560	477,560
Allocation of profit to reserves	--	13,093	--	--	(13,093)	--
Balance as at 30 September 2010	18,133,476	1,625,865	20,748	7,455	4,937,425	24,724,969

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 5 to 19.

# UNIPETROL, a.s.

Non-consolidated statement of cash flows  
prepared in accordance with International Financial Reporting Standards  
For the 9 month period ended 30 September 2010 and 30 September 2009  
(in thousands of Czech crowns)

	Note	30 September 2010 (unaudited)	30 September 2009 (unaudited)
<b>Cash flows from operating activities:</b>			
Profit for the period		477,560	289,329
Adjustments for:			
Depreciation of property, plant and equipment	5	2,814	4,548
Amortisation of intangible assets	5	912	825
Loss (gain) on disposals of property, plant and equipment		(1,290)	2,368
Profit on disposals of financial investments		(15,054)	--
Net finance income		(125,526)	(181,672)
Dividends income		(410,336)	(151,127)
Reversal of impairment losses on financial investments, property, plant and equipment, inventory and receivables		(40)	(517)
Foreign exchange gains		(6,033)	(426)
Income tax expense		21,546	52,718
Change in trade and other receivables, prepayments and other current assets		90,696	233,899
Change in trade and other accounts payable and accruals		(95,191)	(63,933)
Change in provisions		400	--
Interest paid		(38,204)	(74,428)
<b>Net cash used in/from operating activities</b>		<b>(97,746)</b>	<b>111,584</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment and intangible assets		(30,878)	(5,536)
Acquisition of financial investments		(76,500)	(112,403)
Proceed from sale of property, plant and equipment and intangible assets		5,972	9,961
Proceed from sale of financial investments		16,147	--
Interest received		166,228	266,994
Providing borrowings to subsidiaries		(84,049)	(315,478)
Repayment / (Providing) borrowings to other companies		(249,821)	50,031
Dividends received		410,336	151,127
<b>Net cash from investing activities</b>		<b>157,435</b>	<b>44,696</b>
<b>Cash flows from financing activities:</b>			
Receipt/(repayment) of loans and borrowings		236,046	(149,295)
Dividends paid		(1,368)	(15,674)
<b>Net cash used in/from financing activities</b>		<b>234,678</b>	<b>(164,969)</b>
<b>Net change in cash and cash equivalents</b>		<b>294,367</b>	<b>(8,689)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>253,876</b>	<b>19,658</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>548,243</b>	<b>10,969</b>

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 5 to 19.

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements

### prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010

(in thousands of CZK)

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# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010  
(in thousands of CZK)

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### 1. DESCRIPTION OF THE COMPANY

#### *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*

UNIPETROL, a.s. operates as a holding company that controls a group of companies engaged in the oil refinery, production of petrochemical commodities, semi-finished products for industrial fertilizers, polymer materials, generation of heat and electricity, distribution and gas stations operation.

The Company is involved in providing economic and organizational advisory services, financing, intermediation of services, advisory services relating to chemical industry, internal and external communication advisory services and human resources consultancy.

#### *Ownership structure*

The shareholders as at 30 September 2010 are as follows:

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

Members of the statutory and supervisory bodies as at 30 September 2010 were as follows:

	<b>Position</b>	<b>Name</b>
<b>Board of directors</b>	Chairman	Piotr Chelminski
	Vice-Chairman	Wojciech Ostrowski
	Vice-Chairman	Marek Serafin
	Member	Martin Durčák
	Member	Ivan Ottis
	Member	Artur Paździor
<b>Supervisory board</b>	Chairman	Dariusz Jacek Krawiec
	Vice-Chairman	Ivan Kočárník
	Vice-Chairman	Slawomir Robert Jedrzejczyk
	Member	Piotr Robert Kearney
	Member	Zdeněk Černý
	Member	Krystian Pater
	Member	Rafał Sekula
	Member	Andrzej Jerzy Kozłowski
	Member	Bogdan Dzudzewicz

Changes in the board of directors during 2010 were as follows:

<b>Position</b>	<b>Name</b>	<b>Change</b>	<b>Date of change</b>
Vice-Chairman	Wojciech Ostrowski	Resigned as a member and Vice - Chairman	30 September 2010
Member	Mariusz Kedra	Elected as a member	1 October 2010

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements

### prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010

(in thousands of CZK)

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## 2. SIGNIFICANT ACCOUNTING POLICIES

### A Statement of compliance and accounting policies

These condensed non-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 non-consolidated financial statements of the Company as at and for the year ended 31 December 2009.

The Company used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied by the Company in its non-consolidated financial statements as at and for the year ended 31 December 2009.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods but which the Company has not early adopted. The Company will adopt the changes after their acceptance by the European Commission in accordance their effective date. Changes to IFRSs that came into force on or after 1 January 2010, have no effect on current and previously presented financial results and equity. The possible impact of the changes on the Company's future unconsolidated financial statements is being analyzed.

### B Basis of preparation

The financial statements are presented in thousands of Czech crowns, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale, financial instruments at fair value through profit or loss and investment property.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In the matters of considerable weight, the Company's management bases its estimates on opinions of independent experts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed non-consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the non-consolidated financial statements as at and for the year ended 31 December 2009.

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010  
(in thousands of CZK)

### 3. REVENUE

An analysis of the Company's revenue is as follows:

	30/09/2010	30/09/2009
Fees for use of land	77,967	72,218
Revenues from services	59,065	178,565
<b>Total revenues</b>	<b>137,032</b>	<b>250,783</b>

### 4. BUSINESS SEGMENTS

The Company operates within one segment. It recognises fees for use of land and revenue from providing services to subsidiaries and jointly controlled entities located in the Czech Republic.

### 5. ANALYSIS OF EXPENSES ACCORDING TO THEIR NATURE

The following analysis shows the most significant types of operating expenses analysed by nature.

30/09/2010	Cost of sales	Administrative expenses	Other operating income/(expenses)	Total
Materials consumed and energy	(417)	(1,003)	--	(1,420)
Repairs and maintenance	(234)	(563)	--	(797)
Services related to administration of investments in subsidiaries	(895)	(2,154)	--	(3,049)
Advertising expense	(1,463)	(3,517)	--	(4,980)
Legal services	(330)	(795)	--	(1,125)
Advisory services	(1,558)	(3,747)	--	(5,305)
Non-cancellable operating lease rentals	(1,063)	(2,558)	--	(3,621)
Travel expense	(746)	(1,794)	--	(2,540)
Telecommunication fees	(177)	(426)	--	(603)
Representation cost	(174)	(417)	--	(591)
Accounting, HR and other administrative services	(15,020)	(36,120)	--	(51,140)
IT services	(4,346)	(10,452)	--	(14,798)
Other services	(3,490)	(8,385)	--	(11,875)
Staff cost including remuneration of board members	(18,632)	(44,808)	--	(63,440)
Social and health insurance	(4,038)	(9,712)	--	(13,750)
Depreciation	(826)	(1,988)	--	(2,814)
Amortization	(268)	(644)	--	(912)
Impairment to trade receivables (recognised) / released	--	--	40	40
Profit / (loss) on disposal of PPE	--	--	1,290	1,290
Insurance	--	(1,255)	--	(1,255)
Other expense	--	(5,302)	(416)	(5,718)
Other income	--	--	1,398	1,398
<b>Total operating expense</b>	<b>(53,677)</b>	<b>(135,640)</b>	<b>2,312</b>	<b>(187,005)</b>
Revenue				137,032
<b>Results from operating activities</b>				<b>(49,973)</b>

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010  
(in thousands of CZK)

### 5. ANALYSES OF EXPENSES ACCORDING TO THEIR NATURE (CONTINUED)

30/09/2009	Cost of sales	Administrative expenses	Other operating income/(expenses)	Total
Materials consumed and energy	(517)	(1,243)	--	(1,760)
Repairs and maintenance	(386)	(927)	--	(1,313)
Services related to administration of investments in subsidiaries	(3,121)	(7,507)	--	(10,628)
Advertising expense	(16,648)	(28,082)	--	(44,730)
Legal services	(2,724)	(6,552)	--	(9,276)
Advisory services	(1,882)	(4,527)	--	(6,409)
Non-cancellable operating lease rentals	(1,040)	(2,502)	--	(3,542)
Travel expense	(660)	(1,586)	--	(2,246)
Telecommunication fees	(312)	(752)	--	(1,064)
Representation cost	(359)	(864)	--	(1,223)
Accounting, HR and other administrative services	(13,785)	(33,150)	--	(46,935)
IT services	(5,557)	(13,362)	--	(18,919)
Other services	(4,711)	(11,328)	--	(16,039)
Staff cost including remuneration of board members	(22,831)	(54,904)	--	(77,735)
Social and health insurance	(3,557)	(8,553)	--	(12,110)
Depreciation	(1,336)	(3,212)	--	(4,548)
Amortization	(242)	(583)	--	(825)
Impairment of PPE and intangibles (recognised) / released	--	--	472	472
Impairment to trade receivables (recognised) / released	--	--	45	45
Profit / (loss) on disposal of PPE	--	--	(3,460)	(3,460)
Insurance	--	(1,088)	--	(1,088)
Other expense	--	(2,793)	(197)	(2,990)
Other income	--	--	5,648	5,648
<b>Total operating expense</b>	<b>(79,668)</b>	<b>(183,515)</b>	<b>2,508</b>	<b>(260,675)</b>
Revenue				250,783
<b>Results from operating activities</b>				<b>(9,892)</b>

### 6. FINANCE INCOME AND FINANCE EXPENSES

	30/09/2010	30/09/2009
<b>Finance income</b>		
Interest income:		
- other loans and receivables	322,971	398,585
- bank deposits	4,534	15,948
Dividend income	410,336	151,127
Net foreign exchange gains	--	--
Profit from sale of investments in subsidiaries	15,054	--
Income from receivable to UNIPETROL TRADE a.s.	--	25,235
Other finance income	4,755	3,708
<b>Total finance income</b>	<b>757,650</b>	<b>594,603</b>
<b>Finance expenses</b>		
Interest expense:		
- bank overdrafts, loans and borrowings	(201,977)	(232,854)
- finance leases	(2)	(6)
<b>Borrowing costs recognized in profit or loss</b>	<b>(201,979)</b>	<b>(232,860)</b>
Net foreign exchange losses	(403)	(3,631)
Other finance expenses	(6,189)	(6,173)
<b>Total finance expenses</b>	<b>(208,571)</b>	<b>(242,664)</b>
<b>Net finance income</b>	<b>549,079</b>	<b>351,939</b>

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements

### prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010

(in thousands of CZK)

#### 7. INCOME TAX EXPENSE

	30/09/2010	30/09/2009
Current tax – Czech Republic	(20,547)	(49,497)
Deferred tax	(999)	(3,221)
<b>Income tax expense</b>	<b>(21,546)</b>	<b>(52,718)</b>

Domestic income tax is calculated in accordance with Czech tax regulations at the rate of 19% in 2010 (2009: 20 %) of the estimated taxable income for the year. The deferred tax has been calculated using tax rates approved for years 2010 and forward i.e. 19 %.

#### 8. INVESTMENTS IN SUBSIDIARIES AND JOINT – VENTURES

Investments in subsidiaries and joint – ventures as at 30 September 2010 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the period
<b>Subsidiaries</b>						
UNIPETROL RPA, s.r.o.	Litvínov	7,360,335	100.00	--	7,360,335	--
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	59,172	100.00	7,860	51,312	--
UNIPETROL TRADE a.s.	Praha 4	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 4	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,280	100.00	--	100,280	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	545,389	100.00	--	545,389	--
<b>Joint - ventures</b>						
ČESKÁ RAFINÉRSKÁ, a.s. *)	Litvínov	3,872,299	51.22	--	3,872,299	409,762
Butadien Kralupy, a. s.	Kralupy	162,194	51.00	--	162,194	--
<b>Total</b>		<b>16,631,147</b>	<b>--</b>	<b>2,279,930</b>	<b>14,351,217</b>	<b>409,762</b>

\*) In line with Articles of Association, adoption of decisions on all important matters in ČESKÁ RAFINÉRSKÁ, a.s. requires 67.5 % or greater majority of all votes.

Investments in subsidiaries and joint – ventures as at 31 December 2009 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the period
<b>Subsidiaries</b>						
UNIPETROL RPA, s.r.o.	Litvínov	7,360,335	100.00	--	7,360,335	--
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	59,172	100.00	7,860	51,312	--
UNIPETROL TRADE a.s.	Praha 4	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 4	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,280	100.00	--	100,280	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	545,389	100.00	--	545,389	--
<b>Joint - ventures</b>						
ČESKÁ RAFINÉRSKÁ, a.s. *)	Litvínov	3,872,299	51.22	--	3,872,299	150,082
Butadien Kralupy, a. s.	Kralupy	85,694	51.00	--	85,694	--
<b>Total</b>		<b>16,554,647</b>	<b>--</b>	<b>2,279,930</b>	<b>14,274,717</b>	<b>150,082</b>

\*) In line with Articles of Association, adoption of decisions on all important matters in ČESKÁ RAFINÉRSKÁ, a.s. requires 67.5 % or greater majority of all votes.

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements

### prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010

(in thousands of CZK)

## 8. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

### *Purchase of shares of PARAMO, a.s.*

As described in the consolidated financial statements of the Group as at 31 December 2009 Unipetrol intended to squeeze out the other shares of Paramo within the meaning of Sections 183i et seq. of the Commercial Code and performed all required by law steps to become sole shareholder of Paramo.

On 6 January 2009 the Extraordinary General Meeting of PARAMO, a.s. decided on the transfer of all other shares to the Company, provided that upon fulfilment of all conditions prescribed by applicable law the Company will provide to the other shareholders of PARAMO, a.s. and/or pledges, the monetary consideration in the amount of CZK 977 per one share of PARAMO, a.s. On 4 February 2009 the registration of the above resolution of the Extraordinary General Meeting was published in the Czech Commercial Register. Pursuant to the Czech Commercial Code, the ownership title to shares of the other shareholders passed to the Company on 4 March 2009 upon expiration of one month from the above publication and UNIPETROL, a.s. become the sole shareholder of PARAMO, a.s.

In connection with the squeeze-out, some of the minority shareholders of PARAMO, a.s. filed a petition with the Regional Court in Hradec Králové for review of adequacy of compensation within the meaning of the Czech Commercial Code. The case has been consolidated and removed to Municipal Court of Prague. The claimants have appealed the procedural decision in this respect and the case is pending on procedural appeal. Recently the claimants filed a constitutional complaint to the Constitutional Court of the Czech Republic in this respect, that the court infringed their right for statutory judge.

Furthermore some of former minority shareholders of PARAMO, a.s. requested the Regional Court in Hradec Králové to declare the invalidity of PARAMO, a.s. general meeting resolution dated 6 January 2009 and that the District Court in Prague 4 reviews the decision of 28 November 2008 by which the Czech National Bank granted in accordance with Section 183n(1) of the Czech Commercial Code its previous approval with the evidence of the monetary consideration amount provided under the above squeeze-out. In case of invalidity of the General Meeting resolution, the Regional Court of Hradec Králové (Pardubice branch) on 2 March 2010 decided in favour of PARAMO, a.s. and dismissed the Action of minority shareholders. The minority shareholders filed an appeal against the said Decision of the Regional Court in Hradec Králové of 2 March 2010 and the appellate proceedings are pending before the High Court in Prague.

With respect to the above described facts regarding determination of consideration value, Czech National Bank decision and approval of the Extraordinary General Meeting of PARAMO, a.s., UNIPETROL, a.s. considers the petition for review of reasonableness of consideration unfounded.

## 9. OTHER INVESTMENTS

Other investments as at 30 September 2010 were as follows:

Company	Registered office	Cost of investment	Ownership percentage	Carrying amount	Dividend income for the period
ORLEN MALTA HOLDING	La Valetta	522	--	522	--
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.2	--	0.2	--
UNIPETROL DOPRAVA s.r.o.	Litvínov	1,799	0.12	1,799	150
UNIPETROL SLOVENSKO s.r.o.	Bratislava	95	13.04	95	--
PETROTRANS, s.r.o.	Praha	780.8	0.63	780.8	359
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	954	1	954	65
<b>Total</b>		<b>4,151</b>		<b>4,151</b>	<b>574</b>

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010  
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### 9. OTHER INVESTMENTS (CONTINUED)

Other investments as at 31 December 2009 were as follows:

Company	Registered office	Cost of investment	Ownership percentage	Carrying amount	Dividend income for the period
ORLEN MALTA HOLDING	La Valetta	522	--	522	--
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.2	--	0.2	--
UNIPETROL DOPRAVA, s.r.o.	Litvínov	1,799	0.12	1,799	205
UNIPETROL SLOVENSKO s.r.o.*	Bratislava	95	13.04	95	--
PETROTRANS, s.r.o.	Praha	780.8	0.63	780.8	230
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	954	1	954	45
<b>Total</b>		<b>4,151</b>		<b>4,151</b>	<b>480</b>

- till 13 October 2009 UNIRAF SLOVENSKO s.r.o.

### 10. ASSETS HELD FOR SALE

As at 31 December 2009 Company held 20 shares in CELIO a.s. in nominal value of 1,000 thousand CZK. The Company's share in CELIO a.s. was classified as a current asset held for sale since its carrying amount was to be recovered principally through a sale transaction rather than through continuing use. The management approved a plan to sell its investment in CELIO a.s. The carrying amount of the investment was CZK 1,093 thousand as at 31 December 2009.

On 24 March 2010 UNIPETROL, a.s. as the seller entered into an agreement for the sale and purchase of its shares (10.53 %) in CELIO a.s. with TICATANOR s.r.o., a special purpose vehicle established by two top managers of CELIO a.s., as the buyer.

The closing of the sale of shareholding in CELIO, a.s. under the above agreement took place on 14 April 2010. UNIPETROL, a.s. sold its shareholding of 10.53 % in CELIO a.s. for the aggregate purchase price of CZK 16,147 thousand.

### 11. NON-CURRENT LOANS TO SUBSIDIARIES

The Company provided to its subsidiaries UNIPETROL RPA, s.r.o., BENZINA, s.r.o. and BUTADIEN KRALUPY a.s. non-current loans amounting to CZK 2,775,572 thousand as at 30 September 2010. The interest rates were based on 3M and 6M PRIBOR and fair value of loans approximates their carrying amount except for the loan provided to BENZINA s.r.o. in 1998. This loan bears effective interest rate 9.97 % p.a. and fair value amounted to CZK 2,786,466 thousand as at 30 September 2010. Carrying amount of this loans amounts to CZK 2,306,746 thousand. The portion of non-current loans due within one year is reported as current loans to subsidiaries (note 14).

Movement table of non-current loans to subsidiaries:

	30/09/2010	31/12/2009
<b>Balance at beginning of the period</b>	<b>2,963,304</b>	<b>3,006,223</b>
Loans granted	47,090	319,406
Repayments	(51,000)	--
Reclassification to current loans to subsidiaries	(183,822)	(362,325)
<b>Balance at end of the period</b>	<b>2,775,572</b>	<b>2,963,304</b>

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements

### prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010

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#### 12. NON-CURRENT RECEIVABLES FROM SUBSIDIARIES

Non-current receivables from subsidiaries include advance payment for Benzina's cards in amount CZK 180 thousand and a receivable from UNIPETROL TRADE a.s., acquired by the Company in 2001 from Credit Lyonnais bank Praha, a.s. and Credit Lyonnais bank Slovakia, a.s. The receivable is payable in instalments out of which the last one is due on 31 December 2017. It is denominated in CZK. The carrying amount of the receivable as of 30 September 2010 is CZK 81,766 thousand (31 December 2009: CZK 73,396 thousand). The nominal value of the non-current receivable is CZK 293,000 thousand as of 30 September 2010 (31 December 2009: CZK 263,000 thousand) and the current part is CZK 10,000 thousand as of 30 September 2010 (31 December 2009: CZK 40,000 thousand).

#### 13. TRADE AND OTHER RECEIVABLES

	30/09/2010	31/12/2009
Trade accounts receivable	145,926	243,058
Other receivables	167,677	163,687
Allowances for other receivables	(131,480)	(131,520)
<b>Total accounts receivable</b>	<b>182,123</b>	<b>275,225</b>

The management considers that the carrying amount of trade receivables approximates their fair value.

The analysis of trade receivables by currency of denomination is as follows:

Denominated in	30/09/2010	31/12/2009
CZK	181,139	274,412
EUR	982	811
USD	2	2
<b>Total accounts receivable</b>	<b>182,123</b>	<b>275,225</b>

#### Movement in the allowance for doubtful debts

	30/09/2010	31/12/2009
<b>Balance at beginning of the year</b>	<b>131,520</b>	<b>131,585</b>
Release	(40)	(65)
<b>Balance at end of the year</b>	<b>131,480</b>	<b>131,520</b>

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the debtor from the date credit was initially granted up to the reporting date. Accordingly, the management considers that there is no further credit risk allowance required in excess of the allowance for impairment charges.

The Company has no past due but not impaired trade receivables as at 30 September 2010 and 31 December 2009.

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010  
(in thousands of CZK)

### 14. CURRENT LOANS TO SUBSIDIARIES

The Company provided loans to its subsidiaries. The following table presents loans granted as at 30 September 2010 and 31 December 2009.

	30/09/2010	31/12/2009
Cash pooling	2,172,896	1,402,198
Operating loans	6,540,496	6,878,136
<b>Total</b>	<b>8,713,392</b>	<b>8,280,334</b>

The movements on operating loans were as follows:

	30/09/2010	31/12/2009
<b>Balance as at 1 January 2010</b>		<b>6,878,136</b>
Loans granted		5,667,681
Repayment		(6,189,143)
Reclassification from non-current loans to subsidiaries		183,822
<b>Total as at 30 September 2010</b>		<b>6,540,496</b>

The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount except for the loan provided to BENZINA s.r.o. in 1998 (see note 11). The current loans provided to subsidiaries are not collateralised. The current loans to subsidiaries as at 30 September 2010 include the portion of non-current loans due within one year amounted to CZK 540,496 thousand (31 December 2009 – CZK 425,334 thousand).

The analysis of current loans by currency of denomination is as follows:

Denominated in	30/09/2010	31/12/2009
CZK	8,682,819	8,258,150
EUR	30,573	12,311
USD	--	9,873
<b>Total</b>	<b>8,713,392</b>	<b>8,280,334</b>

### 15. CURRENT LOANS TO RELATED COMPANIES

In 2010 the Company provided a short-term loan to related entity SPOLANA a.s. The carrying amount of the loan amounted CZK 500,035 thousand as at 30 September 2010 (31 December 2009 – CZK 250,214 thousand). The interest rates were based on appropriate inter-bank rates and the fair value of the loan approximated its carrying amount as at 30 September 2010. Zakłady Azotowe ANWIL Spółka Akcyjna provided full guarantee for the loan obligation of SPOLANA a.s.

### 16. CASH AND CASH EQUIVALENTS

	30/09/2010	31/12/2009
Cash in hand	11	61
Cash at bank	548,232	253,815
<b>Total</b>	<b>548,243</b>	<b>253,876</b>

The carrying amount of these assets approximates their fair value.

The analysis of cash and cash equivalents by currency of denomination is as follows:

Denominated in	30/09/2010	31/12/2009
CZK	525,462	211,791
EUR	11,763	36,161
USD	11,018	5,924
<b>Total cash and cash equivalents</b>	<b>548,243</b>	<b>253,876</b>

# UNIPETROL, a.s.

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#### 17. SHARE CAPITAL

The issued capital of the Company as at 30 September 2010 was CZK 18,133,476 thousand (2009: CZK 18,133,476 thousand). This represents 181,334,764 (2009: 181,334,764) bearer ordinary shares, each with a nominal value of CZK 100. All issued shares have been fully paid and bear equal voting rights. The Company's shares are listed on the Prague stock exchange.

#### 18. RETAINED EARNINGS AND DIVIDENDS

The Ordinary General Meeting of UNIPETROL, a.s. held on 28 June 2010 decided on distribution of the profit for 2009 amounting to CZK 261,864 thousand. In accordance with Article 26 (1) of the Company's Articles of Association CZK 13,093 thousand was allocated to the reserve fund and CZK 248,771 thousand to retained earnings.

#### 19. NON-CURRENT LOANS AND BORROWINGS

Non-current interest-bearing borrowings as at 30 September 2010 were as follows:

Creditor	Currency	Balance at 30/09/2010	Fair value at 30/09/2010	Balance at 31/12/2009	Fair value at 31/12/2009	Effective interest rate	Form of collateral
Long-term bonds	CZK	2,049,928	2,783,266	2,000,000	2,634,838	9.82%	Unsecured
<b>Total</b>	<b>CZK</b>	<b>2,049,928</b>		<b>2,000,000</b>			

In 1998 the Company issued 2,000 bonds at a total nominal value of CZK 2,000,000 thousand. The bonds mature in 15 years from the issue date at their nominal value of CZK 2,000,000 thousand. The interest rate is 0 % p.a. for the first two years and 12.53 % p.a. in subsequent years. The effective interest rate is 9.82 %. Interest is payable on an annual basis. Interest expense is accrued using the effective interest rate method.

The aggregate carrying amount of the bonds is CZK 2,301,689 thousand (CZK 2,136,614 thousand at 31 December 2009). Part of the liability due within 12 months is presented in current liabilities. 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 2,783,266 thousand. Accrued interest, which will be repaid before 31 December 2010, is presented within current loans and borrowings in note 21 amounts to CZK 251,761 thousand (CZK 136,614 thousand at 31 December 2009).

#### 20. TRADE AND OTHER PAYABLES AND ACCRUALS

	30/09/2010	31/12/2009
Trade payables	68,808	97,569
Other payables	47,266	62,368
Social security and other taxes	2,177	34,422
<b>Total accounts payable</b>	<b>118,251</b>	<b>194,359</b>

The average credit period for trade payables is 30 days.

The analysis of trade and other payables and accruals by currency of denomination is as

Denominated in	30/09/2010	31/12/2009
CZK	116,786	188,745
EUR	1,283	3,889
USD	--	184
Other currencies	182	1,541
<b>Total accounts payable</b>	<b>118,251</b>	<b>194,359</b>

As of 30 September 2010 and 31 December 2009, the Company did not have any trade payables after their due dates. Management of the Company is of the opinion that the carrying amount of trade payables approximates their fair values.

# UNIPETROL, a.s.

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### 21. CURRENT LOANS AND BORROWINGS

Current loans and borrowings as at 30 September 2010 were as follows:

	30/09/2010	31/12/2009
Bank loans	4,390	18,141
Current loans from subsidiaries	542,514	294,017
Current portion of non-current loans and borrowings	251,761	136,614
<b>Total current loans and borrowings</b>	<b>798,665</b>	<b>448,772</b>

As at 30 September 2010 the Company had bank loans in amount of CZK 4,390 thousand. The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount.

The analysis of bank loans by currency of denomination is as follows:

	CZK	EUR	USD	Total
<b>Balance at beginning of the period</b>	<b>6,674</b>	<b>1,788</b>	<b>9,679</b>	<b>18,141</b>
Loans taken	3,654,388	642,376	3,607	4,300,371
Accrued interest	--	--	--	--
Repayments	(3,656,674)	(644,163)	(13,285)	(4,314,122)
<b>Balance at end of the period</b>	<b>4,388</b>	<b>1</b>	<b>1</b>	<b>4,390</b>

The current loans from subsidiaries are connected with a cash-pool structure. During the nine month period ended 30 September 2010 the Company had cash-pooling agreements with following banks and subsidiaries:

Banks: CITIBANK a.s., ING Bank N.V., organizační složka, Česká spořitelna, a.s., RBS N.V. and Calyon Bank Czech republic, a.s.

Subsidiaries: UNIPETROL RPA, s.r.o., BENZINA s.r.o., PARAMO, a.s., UNIPETROL DOPRAVA, s.r.o., UNIPETROL TRADE a.s., PETROTRANS, s.r.o., UNIPETROL SERVICES, s.r.o., BUTADIEN KRALUPY a.s., UNIPETROL SLOVENSKO, s.r.o. and MOGUL SLOVAKIA s.r.o..

Cash on bank accounts with the above mentioned banks is pooled between the Company and subsidiaries listed above. The agreements enable the Company and the subsidiaries to take bank overdrafts at the total amount within the range from CZK 1,000,000 thousand to CZK 1,500,000 thousand at each bank. Interest income/expense is calculated from pooled balances and subsequently divided between the participants. The liabilities from cash-pooling bank loans amounted CZK 4,388 thousand, other bank loans amounted CZK 2 thousand and cash-pooling liabilities to subsidiaries were in amount of CZK 542,514 thousand as at 30 September 2010 (as at 31 December 2009 CZK 18,141 thousand and CZK 294,017 thousand).

### 22. COMMITMENTS AND CONTINGENCIES

#### Contingent liabilities and commitments related to the sale of shares in KAUČUK, a.s. (currently SYNTHOS Kralupy a.s.)

On 30 January 2007, UNIPETROL, a.s., as seller, and FIRMA CHEMICZNA DWORY S.A., with its registered office at ul. Chemików 1, 32-600 Oświęcim, Poland, KRS No.: 38981 ("Dwory"), as purchaser, executed the Share Purchase Agreement (the "Share Purchase Agreement") on sale of 100% shares of KAUČUK, a.s., with its registered office at Kralupy nad Vltavou, O. Wichterleho 810, District Mělník, Postal Code: 278 52, Czech Republic, Id. No: 25053272).

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements

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Period ended 30 September 2010

(in thousands of CZK)

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## 22. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### *Determination of Liability for Impacts of Operation of SYNTHOS Kralupy a.s. on Environment*

The environmental audit of plots of land owned by the Company and used by SYNTHOS Kralupy a.s. was performed for the purpose of determining the liability of contractual parties arising from existing or future impacts of SYNTHOS Kralupy a.s. operation on the environment. The share purchase agreement provides that liability for the environmental conditions originating prior to the closing of the transaction lies with the Company and liability for the environmental conditions originating after the closing of the transaction lies with Dwory. Liability of the contractual parties for the environmental conditions is limited up to 10 % of the purchase price for the shares (and by 5 years).

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

### *Execution of Agreement on Pre-emptive Right to Plots of Land Owned by UNIPETROL, a.s. and Used by SYNTHOS Kralupy a.s. for Its Operations*

On 10 July 2007 the Company and SYNTHOS Kralupy a.s. executed the agreement pursuant to which UNIPETROL, a.s. undertook to create in favor of SYNTHOS Kralupy a.s. the pre-emptive right and other rights to certain plots of land owned by the Company in industrial area in Kralupy nad Vltavou which are used by SYNTHOS Kralupy a.s. for its operations. The share purchase agreement anticipates that the sale of the subject plots of land will be realized after satisfaction of all administrative, operational and legal conditions necessary for a split of parts of industrial area in Kralupy nad Vltavou.

Apart from the foregoing, the sale of shares of SYNTHOS Kralupy a.s. owned by the Company to Dwory was based on the following major principles, among others:

- uninterrupted operation of the present butadiene unit;
- contractual satisfaction of supplies of energies, steam, water and other services within the industrial area in Kralupy nad Vltavou which are at present provided by SYNTHOS Kralupy a.s. to ČESKÁ RAFINÉRSKÁ, a.s.; and
- continuation of all important agreements with the companies of Unipetrol Group and further operation of the energy unit.

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

### **Contingent liabilities related to the sale of shares in SPOLANA a.s.**

The purchase price in accordance with the share purchase agreement entered into in 2006 between the Company and Zakłady Azotowe ANWIL Spółka Akcyjna, may be subject to price adjustments which would result mainly on the occurrence of any of the following events:

- (i) Environmental guarantees provided by the National Property Fund of the Czech Republic will not be sufficient for compensation of costs for the environmental damage remediation of the Old Amalgam Electrolysis project.

In this case the Company will be obligated to financially indemnify ANWIL up to 40 % of the purchase price provided that all necessary steps will have been taken by ANWIL and SPOLANA a.s. without success for obtaining additional funds for this purpose.

- (ii) Other potential obstacles in future operation of SPOLANA a.s.  
In this case, the Company will be obligated to financially indemnify ANWIL up to 1-3 % of the purchase price.

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

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## 22. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Claims related to fines imposed by the European Commission

In November 2006, the European Commission imposed fines, among others, upon Shell, Dow, Eni, UNIPETROL, a.s. and SYNTHOS Kralupy a.s. (formerly KAUČUK, a.s.) for an alleged cartel in the area of Emulsion Syrene Butadiene Rubber ("ESBR"). UNIPETROL, a.s. and KAUČUK, 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 and this action is pending.

Following the above decision of the European Commission, UNIPETROL, a.s. has been served with a claim for damages, which tire producers brought against the members of the ESBR cartel. The claim for damages was filed with the High Court of Justice, Queen's Bench Division, Commercial Court. The claimants ask for damages, together with interest, to compensate for their loss suffered as a result of an alleged cartel. The amount claimed is to be assessed.

Furthermore, the Italian group Eni, one of the entities fined by the European Commission, initiated a proceeding before a court in Milan in which it seeks a judgment that the ESBR cartel did not exist and no damage occurred as a result thereof. Eni's action has also been served upon UNIPETROL, a.s., which decided to take part in the proceeding. But the claim was dismissed by the Court.

First hearing regarding the appeal of UNIPETROL, a.s. against the European Commission decision was held on 20 October 2009 at the Court of First Instance of the European Union. The Judgement has not been delivered yet.

## 23. RELATED PARTIES

### Ultimate controlling party

During 2010 and 2009 a majority of the Company's shares were in possession of PKN Orlen (62.99%).

	30/09/2010			
	PKN Orlen	Parties under control of the Company	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	--	8,901,590	500,035	--
Current payables including loans	1,089	549,930	--	--
Non-current receivables	--	2,727,449	--	--
Expenses	8,281	58,076	25	--
Revenues	10	120,076	75	--
Dividends income	--	410,336	--	--
Financial income and expense	--	314,634	7,860	--

	31/12/2009			
	PKN Orlen	Parties under control of the Company	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	4	8,424,262	250,213	--
Current payables including loans	2,148	308,564	--	--
Non-current receivables	--	2,963,304	--	--
Expenses	13,682	111,901	18	--
Revenues	10	220,164	90	--
Purchases of financial assets	4,308	446	--	--
Sales of property, plant and equipment	--	8,086	--	--
Dividends income	--	150,562	--	1,000
Financial income and expense	--	563,212	7,703	--

# UNIPETROL, a.s.

## Notes to the non-consolidated financial statements prepared in accordance with International Financial Reporting Standards

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### 24. RISK MANAGEMENT

The Company manages below described categories of risks.

#### **Currency risk management**

The currency risk arises most significantly from the exposure of loans to subsidiaries denominated in foreign currencies (see notes 11 and 14).

Currency risk is mostly covered by natural hedging with bank loans and borrowings (see notes 19 and 21) denominated in the same currencies.

#### **Interest rate risk management**

The Company has adopted a Debt Policy, which fully covers interest rate risk as well as transferring of external financial sources to subsidiaries. These external financial sources are transferred with similar conditions and interest rates including a mark up (see notes 19 and 21). There are no loans and borrowings used for Company's own purposes.

#### **Credit risk management**

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Loans to subsidiaries (notes 11 and 14) principally consist of amounts due from Group companies. The Company does not require collateral in respect of these financial assets. At the balance sheet date there was a significant concentrations of credit risk that is shown in notes 11 and 14. The Company's management monitors the most significant debtors and assesses their creditworthiness. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

#### **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate liquid funds, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's risk management objectives and policies are consistent with those disclosed in the non-consolidated financial statements as at and for the year ended 31 December 2009.

### 25. SIGNIFICANT POST BALANCE SHEET EVENTS

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 30 September 2010.

Signature of statutory representatives	27 October 2010
Piotr Chelminski	Mariusz Kedra
Chairman of the Board of Directors	Member of the Board of Directors