



UNIPETROL Group

Consolidated Financial Results of UNIPETROL Q3 2006 (IFRS)

November 2006





Consolidated Profit&Loss highlights of UNIPETROL a.s. for periods 1Q-3Q 2005, 3Q 2005, 1Q-3Q 2006 and 3Q2006

in '000 CZK		1Q-3Q 2005 IFRS	3Q 2005 IFRS	1Q-3Q 2006 IFRS	3Q 2006 IFRS
UNIPETROL a.s.	Revenues	66 559 544	28 417 755	71 808 568	26 873 409
	EBIT	3 843 796	1 016 311	4 481 015	1 678 629
	Net result	2 289 010	529 403	2 912 402	931 077

Consolidated Balance Sheet highlights of UNIPETROL a.s. for periods 3Q 2005 and 3Q2006

in '000 CZK		31/12/2005 IFRS	30/9/2006 IFRS
UNIPETROL a.s.	Equity	39 695 630	42 613 094
	Total Assets	76 441 640	76 701 947





Commentary to 3Q 2006 consolidated financial results of UNIPETROL a.s.

IMPROVEMENT OF THE FINANCIAL RESULTS

The company consolidated net profit in 1Q-3Q period of 2006 in amount of 2 912 m CZK shows growth of 27% compared to same period 2005. Consolidated net profit in 3Q 2006 reached the level of 931 m CZK.

The company EBIT in first nine months of 2006 reached the amount of 4 481 m CZK, above the last year number of 3 844 m CZK. UNIPETROL profit from operations in the third quarter of 2006 reached 1 679 m CZK level (65% increase vs 3Q 2005) and resulted from improvement of operations in all subsidiaries.

In the first nine months of the year 2006 the company sales reached the level of 71 809m CZK in comparison to 66 559 m CZK achieved in the same period last year. Revenues achievement 8% above the same period 2005 were realized by increased sales in all subsidiaries.

Crude oil processed in UNIPETROL Group (100% PARAMO Refinery and 51% CESKA RAFINERSKA) in the period 1Q-3Q 2006 reached 3 170 thousand tons and, which is 5% above the level of the first nine months of 2005, mainly due to an increase in 2Q and 3Q 2006. The yields of white products and fuels remained at the same level in 3Q 2006 in comparison to the same period of 2005.





Commentary to 3Q 2006 consolidated financial results of UNIPETROL a.s.

TWO ONE-OFFS AND POTENTIAL LIABILITY

First One-off relates to SPOLANA transaction. An impairment loss of 387 m CZK on the remeasurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognized in other operating expenses. The calculation of the impairment loss is based on SPOLANA September's 2006 results (the estimation of the overall effect in income statement previously published was the loss in the range of 350 m CZK based on June's 2006 results).

In 3Q 2006 the company net results were negatively influenced by additional 2005 claimed tax charge in the amount of 324 m CZK. Because of the fact that during 3Q 2006 CHEMOPETROL received the interpretation regarding possibility of using the investment allowance which was different from the opinions which was in the company possession previously, CHEMOPETROL decided not to utilize the incentives connected with the tax statements for 2005 and provided adequate procedures to claim the tax back in form of tax return.

As the company already announced, in 2005 UNIPETROL faced a serious problem related to its shareholdings in ALIACHEM and AGROBOHEMIE, the companies which are subject to the sale and purchase agreements between UNIPETROL and DEZA. There is the court proceeding being performed over the above issues as UNIPETROL claims the validity of the agreements.

The above stated circumstances have not changed during 3Q 2006 and can have a significant negative impact on the value of UNIPETROL's shares in ALIACHEM and AGROBOHEMIE. However, having in mind the two facts: i) uncertainty about future result of the court proceeding and ii) difficulties with determination of fair value of these shares, no impairment charge has been established in respect of these shares and no provision for penalties has been established. The Board of Directors of UNIPETROL believes, however, that given the above circumstances, the fair value of UNIPETROL shareholdings in both companies is likely to be lower than their current book value in consolidated financial statements of UNIPETROL which amounts to 3.7 bn CZK.



Operational highlights for years 2004-2006

GROWTH ACROSS ALL SEGMENTS

Operating data*	Q1'04	Q2'04	Q3'04	Q4'04	2004	Q1'05	Q2'05	Q3'05	Q4'05	2005	Q1'06	Q2'06	Q3'06
Total sales (tt) , of w hich	1,024	1,195	1,204	1,269	4,692	1,118	1,326	1,400	1,320	5,164	1,187	1,365	1,513
- light product sales (tt) ¹	654	770	784	830	3,039	746	848	919	854	3,367	813	941	1,015
- other refinery products sales (tt)	100	132	190	130	552	123	192	197	166	678	110	164	174
- pet-chem sales (tt)	221	243	189	253	905	209	236	235	249	928	213	200	274
- other product sales (tt)	49	50	41	56	196	41	51	50	51	192	51	60	51
Retail sales of motor fuels (tL)²	107	130	133	120	491	104	126	136	120	486	107	134	150
Processed crude (tt)	834	898	952	1,034	3,718	874	1,022	1,134	1,122	4,151	875	1,103	1,193
Utilisation³	62%	65%	68%	75%	67%	64%	74%	81%	81%	75%	64%	80%	85%
White product yield⁴	72%	67%	74%	70%	71%	72%	69%	72%	71%	71%	74%	74%	73%
Fuel yield⁵	46%	56%	57%	55%	54%	52%	55%	59%	58%	56%	56%	59%	59%

*Refers to Unipetrol Group

1) Gasoline, Diesel, LHO, Jet

2) Gasoline, Diesel, LPG

3) 51% of Ceska Rafinerska, 100% of Paramo

4) Gasoline, Diesel, LHO, Jet

5) Gasoline, Diesel, LPG, LHO



Companies Breakdown

in m CZK		1Q-3Q 2005 IFRS	3Q 2005 IFRS	1Q-3Q 2006 IFRS	3Q 2006 IFRS
Benzina a.s.	Revenues	4 625,58	1 879,07	5 797,65	2 322,70
	EBIT	-33,40	38,70	128,98	85,83
	Net result	-362,50	-99,00	-247,04	8,38
Ceska Rafinerska a.s. (100%)	Revenues	6 871,70	2 452,50	6 925,83	2 450,38
	EBIT	402,40	158,50	358,71	117,63
	Net result	286,40	109,10	263,51	80,67
Chemopetrol a.s.	Revenues	23 408,00	7 980,00	25 767,58	8 773,22
	EBIT	2 407,00	416,30	2 648,93	767,55
	Net result	1 944,10	455,40	1 799,11	334,14
Kaucuk a.s.	Revenues	7 937,00	2 385,90	8 555,75	2 939,51
	EBIT	482,10	193,70	666,99	140,81
	Net result	253,60	31,30	514,21	94,53
Paramo a.s. (100%)	Revenues	7 807,90	2 985,90	8 644,42	3 428,62
	EBIT	-66,60	-37,50	189,37	162,31
	Net result	-153,10	-58,40	170,89	32,17
Spolana a.s. (100%)	Revenues	4 267,40	1 271,90	4 614,68	1 630,80
	EBIT	168,40	-51,50	261,12	75,69
	Net result	86,20	-76,20	188,30	50,22
Unipetrol Rafinerie a.s.	Revenues	41 112,00	17 041,10	48 302,60	18 636,96
	EBIT	433,20	247,10	819,04	904,52
	Net result	161,80	102,40	667,48	705,59

Refining activity:

UNIPETROL RAFINERIE

IMPROVEMENT OF FINANCIALS SUPPORTED BY SHORT DIESEL MARKET

The company sales after nine months of operation in the year 2006 reached the level of 48 303 m CZK (41 112 m CZK after nine months in 2005) and generated net result after nine months 2006 of 667 m CZK (162 m CZK after nine months of 2005). The company sales in 3Q2006 amounted at 18 637 m CZK (17 041 m CZK last year) and achieved net profit at the level of 706 m CZK (102 m CZK last year).

The company revenues from sales were higher than the last year figure as results of higher prices of refinery products. The total volume of products sold in comparison to the last year was higher by 263 kt (i.e. +8%), mainly due to higher sale of fuels (+293 kt, i.e. +18%). On the other hand decrease of refinery margin during the 3Q period had a negative influence on the company's results in 3Q 2006.

Crude oil processed in Unipetrol Rafinerie after 9 months operation in year 2006 was higher by 8% than the level achieved after nine months of 2005 and reached 2 782 kt.

The increase in crude oil processing was achieved mainly due to 2Q and 3Q 2006 operations. Low oil processing in 1Q 2006 was caused mainly by: maintenance shutdown in February in the area of the hydroskimming facility in the Kralupy refinery and unplanned shutdown of refinery installations in Litvínov in March 2006, used for catalyst exchange.





Refining activity:

PARAMO

CRUDE OIL PRICE DEVELOPMENT POSITIVELY REFLECTED IN PRODUCTION PRICES

The company revenues from sales achieved in first nine months of 2006 the amount of 8 644 m CZK and are better than last year figure of 7 808 m CZK. Net profit of the company after nine months of 2006 shows the number of 171 m CZK and is much better than the negative result after nine months of 2005 of -153 m CZK. The company sales in 3Q 2006 reached the level of 3 429 m CZK (2 986 m CZK in 3Q 2005) and generated net profit in 3Q2006 of 32 m CZK vs. a loss of 58 m CZK in 3Q 2005.

Operations of PARAMO in first nine months of 2006 gave better financial results than the ones of the same period of last year. Results of 3Q 2006 from production part are also significantly better compared to 1H 2006 due to increase of unit margins in lubricants, asphalts and diesel. Business policy and step-by-step increase in prices of other company products (oils, bitumens, bituminous products) had also positive effect on profitability of PARAMO. The prices of dark products (asphalt, heavy oils) and lubricants (motor oils) cannot be quickly increased when there is a rise of crude oil price noted as these products have a large amount of substitutes and due to strong competition on the market. In this case, the company is able to respond with 3-6 months delays.

Processing of crude oil during first nine months of 2006 reached the amount of 388 kt and was lower by 15 % compared to the level of 456 kt in first nine months of 2005 mainly due to planned maintenance shut-down during 1Q 2006. Although the company processed fewer tons of raw materials (the processing was limited to hydrogenation) and sold fewer own products, PARAMO realized higher average prices for its production what resulted in better revenues.



Petrochemical activity:

CHEMOPETROL

STRONG PETROCHEMICAL PRODUCTION AND MARGINS

CHEMOPETROL sales after nine months of operation in year 2006 achieved the value of 25 767 m CZK vs. 23 408 m CZK last year in the same period. Net profit of the company for nine months of 2006 shows the number of 1 799 m CZK vs. 1 944 m CZK after nine months of 2005. The company sales in 3Q 2006 reached the level of 8 773 m CZK (7 980 m CZK in 3Q 2005) and generated net profit in 3Q 2006 of 334 m CZK (455 m CZK in 3Q 2005).

The company revenues from sales were higher than the last year figure as a results of higher prices of petrochemical and agrochemical products.

On the other hand the volume of main petrochemicals sold in 2006 was lower due to problems with distillation column in Ethylene unit since May.

In 3Q 2006 the company net results were negatively influenced by additional 2005 claimed tax charge in the amount of 324 m CZK. Because of the fact that during 3Q 2006 CHEMOPETROL received the interpretation regarding possibility of using the investment allowance which was different from the opinions which was in the company possession previously, CHEMOPETROL decided not to utilize the incentives connected with the tax statements for 2005 and provided adequate procedures to claim the tax back in form of tax return.



Petrochemical activity:

KAUCUK

GOOD RESULTS SUPPORTED BY MARKET DEVELOPMENT

KAUCUK sales after first nine months of operation in year 2006 achieved the value of 8 556 m CZK vs. 7 937 m CZK last year in the same period. Net profit of the company after nine months of 2006 shows the number of 514 m CZK vs. 254 m CZK after nine months of 2005. The company sales in 3Q 2006 reached the level of 2 940 m CZK vs. 2 386 m CZK in 3Q 2005 and generated net profit in 3Q 2006 of 95 m CZK in comparison to 31 m CZK in 3Q 2005.

The company lower sales in first months of 2006 were caused by low demand and especially by seasonal character of the demand for polystyrenes. In 3Q 2006 high total sales were reached due to high sales of synthetic rubber because main customers have finished their shutdowns and due to high demand for expandable polystyrene which was caused by long construction season of this year (weather conditions).

In 1Q 2006 UNIPETROL, the owner of 100% shares of KAUCUK, announced its intention to sell its shareholdings in the company KAUCUK and started the process of divestment. At the end of 3Q 2006 the divestment process was in progress.

Chemical activity:

SPOLANA

STRONG DEMAND AND FULL CAPACITY UTILIZATION

SPOLANA revenues from sales achieved in nine months of 2006 the amount of 4 615 m CZK and are better than last year figure of 4 267 m CZK. Net profit of the company after nine months of 2006 shows the number of 188 m CZK and is more than double than the result after nine months of 2005 of 86 m CZK. The company sales in 3Q 2006 reached the level of 1 631 m CZK (1 272 m CZK in 3Q 2005) and generated net profit in 3Q 2006 of 50 m CZK vs a loss of 76 m CZK in 3Q 2005.

The effect of decreased Caprolactam production, which resulted from a flood crisis at the beginning of the year, was minimized by the shortening of planned shutdown in July. The planned sodium hydroxide (NaOH) and PVC units shutdowns were postponed from August to October due to the coordination of shutdowns with CHEMOPETROL.

The market situation was affected by the PVC tightness as a consequence of the feedstock shortage. For this reason PVC prices increased considerably during last months.

The sodium hydroxide market in nine months of 2006 was characterised by over-demand but without price increase, due to an unfavourable situation in the first half of the year where there was an excess in supply causing a fall of prices.

The Caprolactam market situation was characterized by strong demand leading to full capacity utilization.



Chemical activity:

SPOLANA DIVESTMENT PROCESS

In 1Q 2006 UNIPETROL made information public about its intention to divest its shareholdings in SPOLANA. An open tender was then announced and several offers from potential buyers were received by the seller. At the end of 1H 2006 the divestment process was in progress. 27th of October 2006, a contract for the sale of UNIPETROL's share (81.78 %) in SPOLANA a.s., was signed between UNIPETROL and the Polish chemicals producer Zakłady Azotowe ANWIL Spółka Akcyjna. The purchase price for SPOLANA shares amounted to over 640 m CZK. In addition, the repayment of approx. 660 m CZK that SPOLANA owes to UNIPETROL was ensured.

The execution of the contract is the result of a nine-month public tender in which ten investors had initially shown interest in purchasing the shares. The decision regarding the disposal of the SPOLANA shares was launched consistent with the new UNIPETROL strategy communicated to all UNIPETROL's shareholders as well as with the Main Strategic objectives and key targets within long-term activity plan in UNIPETROL presented at the Shareholders General Meeting of UNIPETROL in April 2006. According to the announced UNIPETROL strategy – the Equity Story 2005, the company is focusing on its core activities, namely refining, petrochemicals, and fuel retailing. From this perspective, SPOLANA represents a second tier business and its disposal is beneficial for UNIPETROL.

At the same time it will be advantageous for SPOLANA to be allied with a strategic partner who will cooperate directly with regard to increasing the company's value, allocating dedicated capital expenditure and performing activities towards raising its competitiveness. In addition to meeting the financial parameters, UNIPETROL required that the new SPOLANA's owner would be committed to maintaining in future some business and operating practices of SPOLANA, including the preservation of commercial relationships with other companies within UNIPETROL Group.

The purchase price may be subject to the following price adjustment on the occurrence of any of the following conditions:

- (i) environmental guarantee provided by the National Property Fund of the Czech Republic (now, the Czech Republic through the Ministry of Finance) will not be sufficient for compensation of costs for the environmental damage remediation of the Old Amalgam Electrolysis project – in such case, UNIPETROL will be obligated to financially indemnify Buyer up to 40 % of the purchase price provided that all necessary steps will have been taken by Buyer and SPOLANA without success for obtaining additional funds for this purpose, or
- (ii) other potential obstacles in SPOLANA's future operation – UNIPETROL will be obligated to financially indemnify Buyer up to 3 % of the purchase price.

Retail activity:

BENZINA

TURNING TO BLACK NUMBERS

BENZINA achieved the revenues from sales in first nine months of 2006 at the amount of 5 798 m CZK. The number is over 25% higher than the one generated during the same period of last year. BENZINA net result after nine months of 2006 shows the loss of -247 m CZK vs. -363 m CZK in 3Q 2005. The company revenues in 3Q 2006 reached the level of 2 323 m CZK (1 879 m CZK in 3Q 2005) and generated net profit in 3Q 2006 of 8 m CZK (-99 m CZK in 3Q 2005). BENZINA's EBIT for nine months of 2006 shows the positive number of 129 m CZK (for 3Q 2006 of 86 m CZK) in contrast to the nine months 2005 EBIT of -33 m CZK.

Sales for the first three quarters of 2006 are significantly higher than in the same period last year due to higher fuel volumes gained by BENZINA, which resulted from the positive effects of restructuralization and operational improvements. Higher volumes are supported by successful marketing activities and also by acquisition of 19 Paramo Trysk sites.

In 3Q 2006 BENZINA continued the merger process with PARAMO TRYSK. Due to the results of extraordinary financial audits performed in BENZINA nad PARAMO TRYSK (a formal requirement in the process), the accounting adjustments were done in the the financial statements of BENZINA. The accounting impact of the process shows the negative number in the amount of 193 m CZK (141 m CZK resulted from the difference between the transactional price and book value of PARAMO TRYSK and 52 m CZK resulted from impairments, shortages and technological losses on sites).

