



UNIPETROL Group

***Commentary to financial and operational results of
UNIPETROL Group after 1Q2006***

May 2006

Consolidated Profit&Loss highlights of UNIPETROL a.s. for periods 1Q2005, Y2005 and 1Q2006

in '000 CZK		Q1 2005 IFRS	2005 IFRS	Q1 2006 IFRS
UNIPETROL a.s.	Revenues	17,881,137	80,946,337	20,139,968
	EBIT	1,675,033	5,279,069	978,152
	Net result	1,223,211	3,407,111	814,195

Consolidated Balance Sheet highlights of UNIPETROL a.s. for periods Y2005 and 1Q2006

in '000 CZK		2005 IFRS	Q1 2006 IFRS
UNIPETROL a.s.	Equity	38,988,043	39,789,643
	Total Assets	76,441,640	74,660,650

Commentary to 1Q2006 consolidated financial results of UNIPETROL a.s.

During first quarter of 2006 the company achieved revenues from sales of 20 139 968 m CZK. The number, which was higher by 12% than one reached during the same period of 2005, was the consequence of higher sales in majority of subsidiaries, especially in UNIPETROL RAFINERIE and CHEMOPETROL.

Crude oil processed in UNIPETROL Group (100% PARAMO Refinery and 51% CESKA RAFINERSKA) reached the number of 875 thousand tons and was at the same level like in first 3 months of 2005, but there was an increase of yields of white products and fuels noted in 2006 in comparison to the same period of 2005. CHEMOPETROL sales in 1Q2006 were higher than year ago what was the result of higher demand for polyethylene, polypropylene and ethylene.

As far as retail is concerned, there was a decline in margins observed in 1Q2006 in comparison to first quarter of 2005.

Net profit from operations after first 3 months of 2006 reached 978 m CZK level (41% decrease vs 3 months 2005) and resulted from lower margins in refining segment and retail. As far as refining is concerned there is a low season for the refineries' production, additionally there were technical shut downs performed due to technical reasons.

Consolidated net profit of UNIPETROL for the first 3 months 2006 reached the level of 814 m CZK and was lower by 33% than 3 months 2005 figure. Main reasons for decline of the results were refineries' technical shut downs, decrease in refinery margins, high oil prices and loss in retail segment.

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 no court proceeding being performed over the above issues as UNIPETROL claims the validity of the agreements. The above stated circumstances have not changed during 1Q2006 and can have a significant negative impact on the value of UNIPETROL's shares in ALIACHEM and AGROBOHEMIE.



Operational highlights for years 2003-2006

Operating data*	Q1'03	Q2'03	Q3'03	Q4'03	2003	Q1'04	Q2'04	Q3'04	Q4'04	2004	Q1'05	Q2'05	Q3'05	Q4'05	2005	Q1'06
Sales (tt) , of which	110	177	720	1,135	2,142	1,024	1,195	1,204	1,269	4,692	1,118	1,326	1,400	1,320	5,164	1,400
Product sales (tt) ¹	45	69	429	728	1,269	654	770	784	830	3,039	746	848	919	854	3,367	854
Refinery products sales	52	83	156	128	420	100	132	190	130	552	123	192	197	166	678	166
Chemicals sales (tt)	14	25	114	231	383	221	243	189	253	905	209	236	235	249	928	249
Product sales (tt)	0	0	21	48	69	49	50	41	56	196	41	51	50	51	192	51
Sales of motor fuels	110	130	137	129	507	107	130	133	120	491	104	126	136	120	486	120
Processed crude (tt)	131	143	671	978	1,922	834	898	952	1,034	3,718	874	1,022	1,134	1,122	4,151	1,122
Conversion ³	69%	69%	67%	71%	70%	62%	65%	68%	75%	67%	64%	74%	81%	81%	75%	75%
Product yield ⁴	45%	65%	68%	71%	68%	72%	67%	74%	70%	71%	72%	69%	72%	71%	71%	71%
Yield ⁵	34%	48%	59%	60%	57%	46%	56%	57%	55%	54%	52%	55%	59%	58%	56%	56%

*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

in '000 CZK		1Q 2005 IFRS	1Q 2006 IFRS
Chemopetrol a.s.	Revenues	7,302,886	8,408,916
	EBIT	1,227,518	965,369
	Net result	1,098,535	896,716
Benzina a.s.	Revenues	1,239,140	1,443,811
	EBIT	222,936	-3,217
	Net result	112,819	-208,227
Ceska Rafinerska a.s.	Revenues	2,154,153	2,235,878
	EBIT	129,518	124,258
	Net result	91,251	91,341
Kaucuk a.s.	Revenues	2,918,665	2,670,632
	EBIT	431,884	304,981
	Net result	288,098	211,206
Paramo a.s.	Revenues	1,659,049	2,070,747
	EBIT	-87,518	-97,151
	Net result	-92,210	28,004
Spolana a.s.	Revenues	1,599,529	1,623,316
	EBIT	202,718	122,195
	Net result	170,444	95,740
Unipetrol Rafinerie a.s.	Revenues	10,643,149	13,782,846
	EBIT	-157,685	-454,699
	Net result	-177,496	-325,808

Refining activity:

PETROL RAFINERIE

Crude oil processed in UniRaf in 1Q2006 was nearly at the same level as in 1Q2005 and reached 781 kt.

Crude oil processing in 1Q2006 was caused mainly by:

• maintenance shutdown started in February '06, intended for work in the area of the hydroskimming facility in the Kralupy refinery;

• planned shutdown of refinery installations in Litvínov in March '06, used for catalyst exchange.

In 1Q2006 the company had much less favourable product mix as a result of higher supply of POX feed together with lower Rebco processing - the company produced the products with much lower margins than in 1Q2005. Due to growing tendency of oil prices the company results in 1Q2006 were negatively influenced by time shift formula of Steam Cracker feedstock price and IKL first filling valuation. Additionally the company achieved much lower land premium than a year ago.

The company sales in 1Q2006 reached the level of 13 782 m CZK (10 643 m CZK in 1Q2005) and generated net loss in first 3 months of 2006 of -325 m CZK (-177 m CZK in 1Q2005).

PARAMO

Lower amount of crude oil processed in comparison with last year's amount was caused by advancing the planned 3-weeks maintenance shutdown to the end of February. The decision to advance the shutdown was caused by the refinery's unfavourable market situation and oil prices. The decrease of oil processed was directly mirrored by the decrease in sales of all final products. Lack of possible transmission of increase in oil prices into the prices of final products, due to the specifics of oils and asphalts market, is connected to absence of substitute products. Additionally, in case of oils and lubricants there is a successive, global decrease in usage of these products observed.

The company sales in 1Q2006 reached the level of 2 070 m CZK and net result of 28 CZK (revenues in 1Q2005 reached 1 659 m CZK and net result -92 m CZK). The positive result of PARAMO in first 3 months 2006 was mostly caused by the disposal of the retail subsidiary PARAMO TRYSK to BENZINA.



Chemical activity:

CHEMOPETROL

The company's total sales in the 1Q2006 were higher than last year's achieved figures. The realised production was higher than expected despite a shutdown of Česká Rafinérská's facility and an unplanned shutdown of a granulating unit in the PE1 area.

Sales of urea were notably lower than planned, which was caused by production problems of the facility, therefore a detailed technical analysis was recommended in order to stabilize operation of the facility. Lower urea production resulted in higher sales of the material for production – ammonium.

The results of CHEMOPETROL in 1Q2006 were good thanks to still favourable margins for polyethylene, polypropylene and ethylene, which were even lower than in last year.

In 1Q2006 the company generated sales of 8 409 m CZK and net result of 894 m CZK, in 1Q2005 sales reached 7 302 m CZK and net result was 1 098 m CZK. It was at the level of 1 098 m CZK.

KAUCUK

The company total sales of products in 1Q2006 were lower in comparison to the same period of last year, which was caused by low demand and especially by seasonal character of the demand for polystyrenes.

The demand in the area of synthetic rubber and polystyrenes was in a small degree compensated for by an increase in sales of the main product – styrene. This tendency was stable and remained throughout the whole quarter.

The company sales in 1Q2006 achieved the level of 2 671 m CZK and the company generated net result of 211 m CZK. (sales in 1Q2005 were 2 918 m CZK and net result was 288 m CZK).

In 1Q2006 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. There was a sale procedure opened and several offers were received from potential applicants. The process consists of : selecting of „short list” of potential investors allowed to perform the due diligence, submission of binding offers, negotiations of SPA and closing. The divestment process is in progress.



Chemical activity:

SPOLANA

In March there was a flood in Czech Republic which had a influence on the company operations. At the end of March the management of SPOLANA made a decision to shut down the chemical production. Special action was taken to minimize the potential damages – leak of dangerous chemical products. The preliminary calculation of potential losses shows the figure of 45 m CZK, the cost of direct damages is estimated at the level of 20 m CZK. The results of 1Q2006 were not significantly influenced by the flood, it will be visible in the second quarter.

The company sales volume increased due to selling off products from stock, which was partially a result of the flood crisis and the necessity of emptying warehouses. Also it was possible to use the price boom for PVC and melted caprolactam during the entire quarter. Although sales decreased in March due to shortage of product. Production of granulated caprolactam was limited in order to maximise production and sales of melted caprolactam, for which there was a higher demand.

In the area of ammonium sulphate there was a noted favourable increase of margins caused by seasonal increase in demand.

In 2006 the company achieved revenues of 1 623 m CZK in comparison to 1 599 m CZK in 1Q last year and generated the net result for the first 3 months of 2006 of 96 m CZK (170 m CZK in 1Q2005).

In 2006 UNIPETROL made an information public about its intention to divest its shareholdings in SPOLANA. An open tender was announced and several offers from potential buyers were received by the seller. The divestment process is progress.

Oil activity:

BENZINA

In 2006 BENZINA a.s. continued the process of liquidation of BENZINA TRADE, its 100% subsidiary responsible for non-fuel business at filling stations. The non-fuel activity was transferred to BENZINA a.s.- a new department was created for this reason.

In 2006 BENZINA a.s. acquired 100% shares of PARAMO TRYSK a.s. from PARAMO a.s. The company started the process of operational integration of the acquired 19 filling stations with the existing network.

The company sales in 1Q2006 reached the amount of 1 443 m CZK (in 1Q2005 it was 1 239 m CZK), the net result of the company in 2006 shows the negative figure of 208 m CZK in comparison to 122 m CZK of net profit in 1Q2005. The numbers are not however comparable as in 1Q2005 the company accounted the sale of its wholesale business to UNIPETROL RAFINERIE.