

UNIPETROL, a.s.

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

AS OF 30 SEPTEMBER 2010 AND 2009

UNIPETROL, a.s.
UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
IN ACCORDANCE WITH IFRS

TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CASH FLOWS

**FOOTNOTES TO THE CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

UNIPETROL, a.s.

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)
ASSETS			
Non-current assets			
Property, plant and equipment		34,149,030	35,811,639
Investment property		162,190	162,627
Intangible assets		2,198,374	1,616,589
Goodwill	9	51,595	51,595
Other investments		198,343	198,343
Non-current receivables	10	130,127	121,179
Deferred tax asset		94,606	99,409
Total non-current assets		36,984,265	38,061,381
Current assets			
Inventories	12	9,555,112	8,598,273
Trade and other receivables	13	10,664,313	9,310,024
Prepayments and other current assets	14	150,636	230,626
Short-term financial assets held to maturity	15	144,254	359,405
Loans granted	16	534,212	250,214
Derivative financial instruments	11	89,927	137,423
Income tax receivable		26,619	37,730
Cash and cash equivalents	17	2,213,303	1,185,721
Assets classified as held for sale	18	--	78,333
Total current assets		23,378,376	20,187,749
Total assets		60,362,641	58,249,130
EQUITY AND LIABILITIES			
Equity			
Share capital	19	18,133,476	18,133,476
Statutory reserves		2,476,906	2,425,274
Other reserves		18,617	33,615
Retained earnings	20	18,231,748	17,278,971
Total equity		38,860,747	37,871,336
Non-current liabilities			
Loans and borrowings	21	2,049,929	2,012,000
Deferred tax liability		1,812,769	1,714,928
Provisions	22	398,286	355,891
Finance lease liability	23	15,487	19,363
Other non-current liabilities	24	151,732	165,033
Total non-current liabilities		4,428,203	4,267,215
Current liabilities			
Trade and other payables and accruals	25	15,344,961	14,595,230
Current portion of loans and borrowings		292,618	208,769
Current bank loans	26	256,959	140,068
Current portion of finance lease liabilities	23	11,496	17,417
Derivative financial instruments	11	81,467	307
Provisions	22	1,045,916	1,106,768
Income tax payable		40,274	42,020
Total current liabilities		17,073,691	16,110,579
Total liabilities		21,501,894	20,377,794
Total equity and liabilities		60,362,641	58,249,130

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 29.

UNIPETROL, a.s.

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

	Note	30 September 2010 (unaudited)	30 September 2009 (unaudited)
Revenue	3	63,952,323	49,039,785
Cost of sales		(60,238,221)	(47,059,523)
Gross profit		3,714,101	1,980,262
Other income		418,889	368,367
Distribution expenses		(1,456,325)	(1,470,819)
Administrative expenses		(833,299)	(1,044,143)
Other expenses		(287,018)	(227,564)
Operating profit (loss) before finance costs	6	1,556,348	(393,896)
Finance income		171,393	73,612
Finance expenses		(495,630)	(455,156)
Net finance costs	7	(324,237)	(381,544)
Profit before tax		1,232,111	(775,440)
Income tax	8	(227,702)	191,781
Profit (loss) for the period		1,004,409	(583,659)
Other comprehensive income:			
Exchange differences on translating foreign operations		(14,998)	(15,091)
Gains on property revaluation		--	5,105
Other comprehensive income for the year, net of tax		(14,998)	(9,986)
Total comprehensive income for the period		989,411	(593,645)
Profit (loss) attributable to:			
Owners of the parent		1,004,409	(578,680)
Non-controlling interests		--	(4,979)
		1,004,409	(583,659)
Total comprehensive income attributable to:			
Owners of the parent		989,411	(588,666)
Non-controlling interests		--	(4,979)
Total comprehensive income		989,411	(593,645)
Basic and diluted earnings per share (in CZK)		5,54	(3,22)

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 29.

UNIPETROL, a.s.

Consolidated statement of changes in equity
prepared in accordance with International Financial Reporting Standard
For the 9 month periods ended 30 September 2010 and 30 September 2009
(in thousands of Czech crowns)

	Share capital	Statutory reserves	Translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2009	18,133,476	2,173,616	18,645	17,219	18,359,613	38,702,569	210,271	38,912,840
Total comprehensive income for the period								
Profit or loss	--	223,640	--	--	(802,320)	(578,680)	(4,979)	(583,659)
Other comprehensive income								
Foreign currency translation differences	--	--	(15,091)	--	--	(15,091)	--	(15,091)
Other items	--	--	--	--	5,105	5,105	--	5,105
Total other comprehensive income	--	--	(15,091)	--	5,105	(9,986)	--	(9,986)
Total comprehensive income for the period	--	223,640	(15,091)	--	(797,215)	(588,666)	(4,979)	(593,645)
Transactions with owners, recorded directly in equity								
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Acquisition of 8.24 % shares of PARAMO,a.s.	--	--	--	--	--	--	(205,292)	(205,292)
Total changes in ownership interests in subsidiaries	--	--	--	--	--	--	(205,292)	(205,292)
Total transactions with owners	--	--	--	--	--	--	(205,292)	(205,292)
Balance as at 30 September 2009	18,133,476	2,397,256	3,554	17,219	17,562,398	38,113,903	--	38,113,903
Balance as at 1 January 2010	18,133,476	2,425,274	12,867	20,748	17,278,971	37,871,336	--	37,871,336
Total comprehensive income for the period								
Profit or loss	--	51,632	--	--	952,777	1,004,409	--	1,004,409
Other comprehensive income								
Foreign currency translation differences	--	--	(14,998)	--	--	(14,998)	--	(14,998)
Total other comprehensive income	--	--	(14,998)	--	--	(14,998)	--	(14,998)
Total comprehensive income for the period	--	51,632	(14,998)	--	952,777	989,411	--	989,411
Balance as at 30 September 2010	18,133,476	2,476,906	(2,131)	20,748	18,231,748	38,860,747	--	38,860,747

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 29.

UNIPETROL, a.s.

Consolidated statements of cash flows
prepared in accordance with International Financial Reporting Standards
For the 9 month periods ended 30 September 2010 and 30 September 2009
(in thousands of Czech crowns)

	30 September 2010 (unaudited)	30 September 2009 (unaudited)
Cash flows from operating activities:		
Profit for the period	1,004,409	(583,659)
Adjustments for:		
Depreciation and amortisation of the property, plant and equipment and intangible assets	2,634,680	2,552,431
Gain on disposals of property, plant and equipment and intangible assets	(148,258)	(82,610)
Negative goodwill derecognition	--	(86,640)
Interest expense	144,516	211,240
Dividends income	(7,759)	(10,183)
Impairment losses on financial investments, property, inventory, receivables	58,713	(18,131)
Other non cash transaction	135,354	19,925
Income tax cost (gain)	227,702	(191,781)
Foreign exchange gains	(13,107)	(119,862)
Change in trade and other receivables, prepayments and other current assets	(2,399,527)	(1,919,289)
Change in trade and other accounts payable and accruals	750,445	2,932,487
Change in provisions	(9,980)	9,166
Interest paid	(44,443)	(74,031)
Income tax paid	(116,006)	403,771
Net cash from operating activities	2,216,739	3,042,835
Cash flows from investing activities:		
Acquisition of property, plant and equipment and intangible assets	(1,893,337)	(2,377,029)
Acquisition of additional shareholding in subsidiary	--	(112,403)
Acquisition of short-term financial assets	(582,723)	--
Change of loans provided	(259,614)	50,031
Proceed from disposals of property, plant and equipment and intangible assets	569,015	102,585
Proceed from disposals of short-term financial assets	796,618	--
Proceed from disposals of CELIO, a.s.	78,323	--
Dividends received	7,759	10,183
Net cash used in investing activities	(1,283,959)	(2,326,633)
Cash flows from financing activities:		
Change in loans and borrowings	94,802	(444,779)
Net cash from/used in financing activities	94,802	(460,453)
Net change in cash and cash equivalents	1,027,582	255,749
Cash and cash equivalents at the beginning of the period	1,185,721	952,207
Cash and cash equivalents at the end of the period	2,213,303	1,207,956

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 29.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010

(in thousands of CZK)

Index

1.	Description of the parent company and structure of the consolidated group.....	6
2.	Significant accounting policies.....	7
3.	Revenue.....	8
4.	Operating segments.....	9
5.	Geographical segments.....	11
6.	Analysis of expenses according to their nature.....	11
7.	Finance income and finance expense.....	13
8.	Income tax.....	13
9.	Goodwill.....	13
10.	Non-current receivables.....	14
11.	Derivative financial instruments.....	14
12.	Inventories.....	16
13.	Trade and other receivables.....	17
14.	Prepayments and other current assets.....	17
15.	Short-term financial assets held to maturity.....	17
16.	Loans granted.....	18
17.	Cash and cash equivalents.....	18
18.	Assets held for sale.....	18
19.	Share capital.....	18
20.	Retained earnings and dividends.....	19
21.	Non-current loans and borrowings.....	19
22.	Provisions.....	19
23.	Finance lease liability.....	20
24.	Other non - current liabilities.....	20
25.	Trade and other payables and accruals.....	21
26.	Current bank loans.....	21
27.	Commitments and contingencies.....	21
28.	Related parties.....	25
29.	Financial instruments.....	25
30.	Emission allowances.....	29
31.	Significant post balance sheet events.....	29

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

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 Pankraci 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, paraffins, 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 2010 are as follows:

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

Changes in structure of the Group

On 1 June 2010 the company CHEMAPOL (SCHWEIZ) AG was put under liquidation due to restructuring process of UNIPETROL TRADE Group. It is expected that liquidation will finish in 2011.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

2. SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and accounting policies

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 2009.

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

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

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 2010 or later periods but which the Group has not early adopted.

The Group 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 Group's future consolidated financial statements is being analyzed.

Change in presentation of CO2 emissions allowances

In these condensed consolidated financial statements of the Company for the period ended 30 September 2010 the Group recognized CO2 emission allowances granted free of charge as intangible assets and deferred income at the fair value of CO2 emission allowances at the date of their receipt in the consolidated statement of financial position. The Group recognized provision for estimated CO2 emissions in the reporting period.

In the consolidated statement of comprehensive income the cost of recognized provision is compensated with settlement of deferred income on granted CO2 emission rights.

In the financial statements for the previous reporting periods intangible assets were compensated, and presented net with deferred income.

The change in presentation had no material impact on consolidated statement of comprehensive income for the period ended 30 September 2009, nor on the consolidated statement of financial position as at 31 December 2009 due to the sale of CO2 emissions allowances in 2009.

According to the management the above mentioned changes will ensure better presentation of effects of the activities.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B Basis of preparation

The consolidated financial statements of the Company for the period ended 30 September 2010 comprise the Company and its subsidiaries (together referred as the “Group”) and the Group’s interest in jointly controlled entities.

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 judgements, 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 judgements 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 recognised 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 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 2009.

3. REVENUE

An analysis of the Group’s revenue is as follows:

	30/09/2010	30/09/2009
Gross revenue from sale of own products and merchandise		
Total gross proceeds	77,732,506	63,395,946
Less: Excise tax	(17,902,994)	(18,248,195)
Net revenue from sale of own products and merchandise	59,829,512	45,147,751
Revenue from services	4,122,811	3,892,034
Total revenue	63,952,323	49,039,785

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

4. OPERATING SEGMENTS

Revenues and operating result

Period ended	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
30/09/2010						
Revenues						
Total external revenues	34,331,863	6,274,421	23,256,863	89,176	--	63,952,323
Inter segment revenues	13,318,784	235,291	995,074	412,306	(14,961,455)	--
Total segment revenue	47,650,647	6,509,712	24,251,937	501,482	(14,961,455)	63,952,323
Result from operating activities	492,424	437,493	570,878	55,553	--	1,556,348
Net finance costs						(324,237)
Profit before income tax						1,232,111
Income tax credit						(227,702)
Profit for the period						1,004,409

Period ended	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
30/09/2009						
Revenues						
Total external revenues	26,887,237	5,388,612	16,712,466	51,470	--	49,039,785
Inter segment revenues	9,152,649	254,303	1,476,279	465,231	(11,348,462)	--
Total segment revenue	36,039,886	5,642,915	18,188,745	516,701	(11,348,462)	49,039,785
Result from operating activities	(856,560)	484,629	(127,694)	105,727	--	(393,896)
Net finance costs						(381,544)
Loss before income tax						(775,440)
Income tax credit						191,781
Loss for the period						(583,659)

Assets and liabilities

	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
30/09/2010						
Segment assets	26,364,204	6,774,653	24,683,546	2,544,747	(1,442,691)	58,924,459
Unallocated corporate assets						1,438,182
Total assets						60,362,641
Segment liabilities	12,986,317	1,551,960	3,576,632	200,892	(1,442,691)	16,873,110
Unallocated corporate liabilities						4,628,784
Total liabilities						21,501,894
31/12/2009						
Segment assets	24,130,332	6,827,730	26,265,413	2,623,241	(2,840,455)	57,006,261
Unallocated corporate assets	--	--	--	--	--	1,242,869
Total assets						58,249,130
Segment liabilities	9,840,213	1,647,732	7,150,263	430,568	(2,840,455)	16,228,321
Unallocated corporate liabilities	--	--	--	--	--	4,149,473
Total liabilities						20,377,794

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

4. OPERATING SEGMENTS (CONTINUED)

Other material non-cash items					
30/09/2010	Refinery	Retail	Petrochemical	Other	Consolidated
Depreciation and amortisation	(838,544)	(278,316)	(1,454,415)	(63,404)	(2,634,679)
Impairment losses on intangible assets and PPE (recognized) / released	(24,849)	37,570	(24,922)	--	(12,201)
Additions to non-current assets	203,694	192,219	540,054	43,315	979,282

30/09/2009	Refinery	Retail	Petrochemical	Other	Consolidated
Depreciation and amortisation	(831,087)	(280,117)	(1,371,832)	(69,395)	(2,552,431)
Impairment losses on intangible assets and PPE (recognized) / released	(3,318)	(9,700)	(5,590)	472	(18,136)
Additions to non-current assets	785,471	114,836	1,215,710	55,894	2,171,911

Revenues from major products and services

The following is an analysis on the Group's external revenues from its major products and services:

External revenues from major products and services	30/09/2010	30/09/2009
Refinery production	34,331,863	26,887,237
Diesel	17,004,611	12,783,202
Gasoline	7,451,249	5,568,693
Bitumen	1,823,205	1,519,298
Lubricants	576,402	527,838
Other refinery products	4,669,044	3,729,754
Services	2,807,352	2,758,452
Retail	6,274,421	5,388,612
Refinery products	6,040,159	5,140,401
Services	234,262	248,211
Petrochemical production	23,256,863	16,712,466
Ethylene	2,852,757	1,914,493
Benzene	2,805,282	1,509,699
Urea	677,315	674,822
Ammonia	602,499	1,016,135
C4 fraction	1,333,160	911,815
Polyethylene	5,435,843	4,375,404
Polypropylene	5,102,976	3,009,316
Other petrochemical products	3,402,420	2,453,168
Services	1,044,611	847,614
Other	89,176	51,470
Total	63,952,323	49,039,785

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

5. GEOGRAPHICAL SEGMENTS

	Revenues		Total assets	
	30/09/2010	30/09/2009	30/09/2010	31/12/2009
Czech Republic	44,505,084	36,959,914	59,012,071	57,138,036
Other European Union countries	17,541,594	10,874,057	1,350,570	1,035,246
Other countries	1,905,645	1,205,814	--	75,848
Total	63,952,323	49,039,785	60,362,641	58,249,130

With the exception of the Czech Republic no other individual country accounted for more than 10 % of consolidated revenues or assets. Revenues are based on the country in which the customer is located. Total assets are based on location of the assets.

6. ANALYSIS OF EXPENSES ACCORDING TO THEIR NATURE

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

30/09/2010	Cost of sales	Distribution costs	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed	(50,498,147)	(151,822)	(15,516)	--	(50,665,485)
Energy	(1,428,588)	(858)	(4,245)	--	(1,433,690)
Repairs and maintenance	(845,045)	(19,405)	(9,720)	--	(874,170)
Other services	(3,689,416)	(747,831)	(167,696)	--	(4,604,943)
Personnel expenses	(1,255,194)	(173,437)	(449,311)	--	(1,877,942)
Depreciation					
- owned assets	(2,068,672)	(300,459)	(20,382)	--	(2,389,513)
- leased assets	(69,593)	(16,498)	(434)	--	(86,525)
Amortization					
- software	(18,297)	(5,622)	(12,531)	--	(36,450)
- other intangible assets	(86,380)	(11,132)	(24,679)	--	(122,191)
Impairment losses on intangible assets and PPE (recognized) / released	--	--	--	(12,201)	(12,201)
Inventory write-down released / (recognized)	(42,947)	--	--	--	(42,947)
Impairment to receivables released / (recognized)	--	--	--	(38,777)	(38,777)
Research expenditures	(12,981)	(6,163)	--	--	(19,144)
Investment property expense	--	--	--	(657)	(657)
Non-cancellable operating lease rentals	(23,332)	--	(13,533)	--	(36,865)
Profit / (loss) on disposal of intangible assets and PPE	--	--	--	21,076	21,076
Insurance	(112,149)	(4,481)	(73,788)	--	(190,418)
Release / (Addition) to provisions	--	--	--	(5,230)	(5,230)
Addition to provisions for consumption of CO2 rights	(826,290)	--	--	--	(826,290)
CO2 rights grant derecognition	826,290	--	--	64,257	890,547
Other expenses	(87,480)	(18,617)	(41,464)	(11,418)	(158,980)
Other income	--	--	--	114,820	114,820
Total operating expenses	(60,238,221)	(1,456,325)	(833,299)	131,871	(62,395,975)
Revenue					63,952,323
Results from operating activities					1,556,348

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

6. ANALYSIS OF EXPENSES ACCORDING TO THEIR NATURE (CONTINUED)

30/09/2009	Cost of sales	Distribution costs	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed	(37,787,021)	(191,216)	(148,178)	--	(38,126,415)
Energy	(1,386,972)	(980)	(4,925)	--	(1,392,877)
Repairs and maintenance	(805,254)	(16,988)	(8,348)	--	(830,590)
Other services	(3,541,760)	(751,374)	(243,899)	--	(4,537,033)
Personnel expenses	(1,261,548)	(143,879)	(434,059)	--	(1,839,486)
Depreciation					
- owned assets	(1,973,187)	(309,708)	(24,215)	--	(2,307,110)
- leased assets	(67,699)	(22,785)	(67)	--	(90,551)
Amortization					
- software	(16,373)	(903)	(11,774)	--	(29,050)
- other intangible assets	(92,980)	(1,131)	(31,611)	--	(125,722)
Impairment losses on intangible assets and PPE (recognized) / released	--	--	--	(18,136)	(18,136)
Inventory write-down recognised / (released)	123,537	--	--	--	123,537
Impairment to receivables recognised / (released)	--	--	--	(50,388)	(50,388)
Research expenditures	(10,244)	(6,425)	--	--	(16,669)
Investment property expense	--	--	--	(918)	(918)
Non-cancellable operating lease rentals	(27,043)	--	--	--	(27,043)
Profit / (loss) on disposal of PPE	--	--	--	76,609	76,609
Release / (Addition) to provisions	--	--	--	(36,947)	(36,947)
Insurance	(112,639)	(2,947)	(69,634)	--	(185,220)
Derecognition of negative goodwill	--	--	--	86,640	86,640
Other expenses	(100,339)	(22,483)	(67,433)	(45,661)	(235,919)
Other income	--	--	--	129,604	129,604
Total operating expenses	(47,059,523)	(1,470,819)	(1,044,143)	140,803	(49,433,681)
Revenue					49,039,785
Results from operating activities					(393,896)

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

7. FINANCE INCOME AND FINANCE EXPENSE

	30/09/2010	30/09/2009
Finance income		
Interest income:		
- bank deposits	11,723	20,974
- other loans and receivables	48,905	29,819
Dividends	7,759	10,183
Net gain arising on derivatives	96,926	--
Reversal of impairment on held-to-maturity securities	--	2,200
Other finance income	6,080	10,437
Total finance income	171,393	73,612
Finance expenses		
Interest expense:		
- bank overdrafts, loans and borrowings	(202,950)	(234,964)
- finance leases	(180)	(1,905)
- other	(1,853)	(1,839)
Total borrowing costs	(204,984)	(238,708)
Less: amounts included in the cost of qualifying assets	2,313	6,368
Borrowing costs recognized in the income statement	(202,671)	(232,340)
Net foreign exchange losses	(216,707)	(51,027)
Net loss arising on derivatives	--	(120,972)
Financial discounts	(43,685)	(21,534)
Other finance expenses	(32,567)	(29,283)
Total finance expenses	(495,630)	(455,156)
Net finance expense	(324,237)	(381,544)

8. INCOME TAX

	30/09/2010	30/09/2009
Current tax – Czech Republic	(100,459)	(94,629)
Current tax – other countries	(25,144)	(19,232)
Deferred tax	(102,099)	305,642
Income tax	(227,702)	191,781

9. GOODWILL

The goodwill presented by the Group amounted to CZK 51,595 thousand as at 30 September 2010 (31 December 2009: CZK 51,595 thousand). It results from the acquisition of 0.225 % share in the registered capital of ČESKÁ RAFINÉRSKÁ, a.s. during the year ended 31 December 2007.

Purchase of shares of PARAMO, a.s.

On 4 March 2009 the purchase of 8.24 % share of PARAMO a.s. was completed. The negative goodwill amounting to CZK 86,640 thousand was recognised in other operating income.

The share of 8.24 % in the fair value of the identifiable assets and liabilities of PARAMO a.s. as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

9. GOODWILL (CONTINUED)

	Carrying value	Fair value recognized on acquisition
Non-current assets	163,188	163,188
Current assets	173,927	173,927
Total assets	337,115	337,115
Non-current liabilities	8,233	8,233
Current liabilities	135,172	135,172
Total liabilities	143,405	143,405
Net assets	193,710	193,710
Consideration, covered by cash		107,070
Negative goodwill on acquisition		86,640
Cash outflow on acquisition:		
Net cash acquired		871
Cash paid		107,070
Net cash outflow		106,199

10. NON-CURRENT RECEIVABLES

The Group has provided a loan to ČESKÁ RAFINÉRSKÁ, a.s. in the amount of CZK 190,619 thousand (31 December 2009: CZK 206,287 thousand) for reconstruction of production unit. Part of this receivable in amount of CZK 97,637 thousand was eliminated as an intergroup transaction. The loan is due in 2016 and bears interest of 1M PRIBOR increased by mark up. Short term part of the loan in amount of CZK 15,285 thousand is presented in other receivables. The Group also presents non-current receivables from cash deposits to operators of fuel stations in amount of CZK 31,095 thousand.

Due date	Due within 1-3 year	Due 3-5 years	Due within more than 5 years	Total
30/09/2010	86,820	30,570	12,737	130,127
31/12/2009	49,890	32,600	38,689	121,179

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

11. DERIVATIVE FINANCIAL INSTRUMENTS

Transactions with derivative financial instruments are subject to risk management procedures. The Group analyses the risk arising from discrepancies in the pricing formulas in purchases of crude oil and sales of products and reduces it by entering into commodity swaps.

The Group is exposed to commodity price risk resulting from the adverse changes in raw material, mainly crude oil prices. Management addresses these procurement risks by means of a commodity and supplier risk management.

The Group monitors the emission allowances granted to the Group under National Allocation Plan and CO₂ emissions planned. The Group enters into transactions on emission allowances market in order to cover for shortages or utilize the excess of obtained emission allowances over the required amount.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group has entered into Emission Allowances Swap EUA/CER with settlement in December 2010. This derivative is held and reported as derivative for trading.

The following table shows the contract principal amounts and fair values of derivative financial instruments analysed by type of contracts. The contract or underlying principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The markets and standard pricing models of financial instruments determine the fair values.

Derivative financial instruments – assets

	Settlement date	Contract principal amount		Fair value of derivatives	
		30/09/2010	31/12/2009	30/09/2010	31/12/2009
Derivatives held for trading					
Emission Allowances Swaps EUA/CER	1.12.2010	4,732 T EUR	4,732 T EUR	88,671	95,527
Forwards EUR/CZK	19.11.2010	5,737 T EUR	--	1,256	1,256
Forwards USD/CZK	4.1.2010	--	10,000 T USD	--	13,957
Forwards USD/CZK	4.1.2010	--	13,000 T USD	--	18,665
SWAP EUR/CZK	4.1.2010	--	10,100 T EUR	--	408
Forwards USD/CZK	4.1.2010	--	10,000 T USD	--	8,850
Forwards USD/EUR	19.1.2010	--	5,000 T USD	--	16
Total financial derivative – assets				89,927	137,423

Derivative financial instruments – liabilities

	Settlement date	Contract principal amount		Fair value of derivatives	
		30/09/2010	31/12/2009	30/09/2010	31/12/2009
Derivatives held for trading					
Forwards USD/CZK	1.9.2010	10,000 T USD	--	15,008	--
Forwards USD/CZK	1.9.2010	10,000 T USD	--	12,695	--
Forwards USD/CZK	1.9.2010	12,000 T USD	--	15,501	--
Forwards USD/EUR	2.9.2010	5,000 T USD	--	5,879	--
Forwards USD/EUR	2.9.2010	9,000 T USD	--	10,550	--
Forwards USD/EUR	13.9.2010	6,000 T USD	--	7,153	--
Forwards USD/EUR	13.9.2010	6,000 T USD	--	7,006	--
Forwards USD/EUR	29.9.2010	8,000 T USD	--	656	--
Forwards USD/EUR	29.9.2010	8,000 T USD	--	465	--
Commodity swap	5.11.2010	16,297 T USD	--	6,554	--
Forwards USD/CZK	7.1.2010	--	5,000 T USD	--	61
Forwards USD/CZK	7.1.2010	--	4,000 T USD	--	29
Forwards USD/CZK	7.1.2010	--	3,000 T USD	--	24
Forwards USD/EUR	11.1.2010	--	6,000 T USD	--	99
Forwards USD/EUR	19.1.2010	--	5,000 T USD	--	66
Forwards USD/EUR	19.1.2010	--	4,000 T USD	--	7
Forwards USD/EUR	19.1.2010	--	3,000 T USD	--	21
Total financial derivatives – liabilities				81,467	307

The Group has derivative financial instruments, which serve as a hedging instrument pursuant to the Group's risk management strategy.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Changes in the fair value of derivatives that do not meet the hedge accounting criteria are included in derivatives held for trading and are reported in the statement of comprehensive income.

Following tables summarize fair values of derivative instruments presented in the balance sheet as non-current and current receivables and liabilities on the basis of expected realization.

	Fair value as at 30/09/2010			Fair value as at 31/12/2009		
	Non-current receivables	Current receivables	Total	Non-current receivables	Current receivables	Total
Emission Allowances Swaps EUA/CER	--	88,671	88,671	--	95,527	95,527
SWAP EUR/CZK	--	--	--	--	408	408
Forwards	--	1,256	1,256	--	41,488	41,488
Total	--	89,927	89,927	--	137,423	137,423

	Fair value as at 30/09/2010			Fair value as at 31/12/2009		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Forwards USD/CZK	--	43,204	43,204	--	114	114
Forwards USD/EUR	--	31,709	31,709	--	193	193
Commodity swap	--	6,554	6,554	--	--	--
Total	--	81,467	81,467	--	307	307

The impact of transactions with financial derivatives as at 30 September 2010 and 30 September 2009 in Financial result is as follows:

	30/09/2010			30/09/2009		
	Financial income	Financial expense	Net loss/gain	Financial income	Financial expense	Net loss/gain
Emission Allowances Swaps EUA/CER	--	(6,856)	(6,856)	40,908	--	40,908
Currency Swaps	--	(1,802)	(1,802)	--	(2,818)	(2,818)
Commodity swap	--	(6,554)	(6,554)	--	--	--
Forwards	112,138	--	110,882	--	(159,062)	(159,062)
Total	112,138	(15,212)	96,926	40,908	(161,880)	(120,972)

12. INVENTORIES

	30/09/2010	31/12/2009
Raw materials	3,490,742	2,564,312
Net realisable value allowance for raw materials	(64,579)	(176,683)
Work in progress	1,506,158	1,361,751
Net realisable value allowance for work in progress	(60)	(4)
Finished goods	2,812,108	3,087,124
Net realisable value allowance for finished goods	(17,765)	(20,095)
Goods for sale	440,351	435,327
Net realisable value allowance for goods for sale	(5,481)	(8,521)
Spare parts	1,672,556	1,615,302
Net realisable value allowance for spare parts	(278,918)	(260,240)
Total inventory	9,555,112	8,598,273

Changes in the net realisable value allowances for inventories amount to CZK 42,947 thousand and are included in cost of sales (CZK 132,505 thousand as at 31 December 2009) see Note 5.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

13. TRADE AND OTHER RECEIVABLES

	30/09/2010	31/12/2009
Trade accounts receivable	11,324,500	9,900,832
Other receivables	281,996	326,164
Gross trade and other receivables	11,606,496	10,226,996
Impairment losses	(942,183)	(916,972)
Net trade and other receivables	10,664,313	9,310,024

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

The Group sets impairment charges based on analysis of customers' creditworthiness and ageing of receivables.

Movement in the impairment loss amount

	30/09/2010	31/12/2009
Balance at beginning of the year	916,972	923,926
Increases	84,204	106,029
Utilization	(2,816)	(56,947)
Release	(45,427)	(54,633)
F/X differences	(10,750)	(1,403)
Balance at end of the period	942,183	916,972

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management considers that there is no further credit risk allowance required in excess of the allowance for impairment charges.

14. PREPAYMENTS AND OTHER CURRENT ASSETS

	30/09/2010	31/12/2009
Deferred cost	130,918	158,451
Other current assets	19,718	72,175
Total	150,636	230,626

The management considers that the carrying amount of other current assets approximates their fair value.

15. SHORT-TERM FINANCIAL ASSETS HELD TO MATURITY

Following table presents detailed information regarding promissory notes bought in 2010 and 2009:

Counterparty	Currency	Maturity date	30/09/2010	31/12/2009
ČEZ, a.s.	CZK	03/03/2010	--	101,004
ČEZ, a.s.	CZK	22/04/2010	--	76,008
ČEZ, a.s.	CZK	24/05/2010	--	50,703
ČEZ, a.s.	CZK	03/02/2010	--	75,937
ČEZ, a.s.	CZK	22/03/2010	--	55,753
ČEZ, a.s.	EUR	19/11/2010	144,254	--
Total			144,254	359,405

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

16. LOANS GRANTED

The Group provided short-term loans to related entities. The carrying amount of the loans amounted CZK 534,212 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 loans approximated their carrying amounts as at 30 September 2010.

The loan in amount of CZK 500,035 thousand provided to related entity from PKN ORLEN Group is fully guaranteed.

17. CASH AND CASH EQUIVALENTS

	30/09/2010	31/12/2009
Cash in hand and at bank	2,196,041	1,085,223
Short-term bank deposits	17,262	100,498
Total cash and cash equivalents	2,213,303	1,185,721

Short-term bank deposits comprise deposits with maturity of three months or less and obligatory deposits relating to the bank loans. The carrying amount of these assets approximates their fair value.

18. ASSETS HELD FOR SALE

As at 31 December 2009 Group held 97 shares in CELIO a.s. in nominal value of 1,000 thousand CZK. The Group'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 78,333 thousand as at 31 December 2009.

On 24 March 2010 UNIPETROL, a.s. and UNIPETROL RPA, s.r.o. as the sellers entered into an agreement for the sale and purchase of 50 % of shares 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.

Under the agreement 10.53 % of the shares owned by UNIPETROL, a.s. and 39.47 % owned by UNIPETROL RPA, s.r.o. were sold on 14 April 2010. On the same date the remaining 1.06 % of the shares in CELIO a.s. owned by UNIPETROL RPA, s.r.o. was sold to B.E. Fin S.A. As a consequence of transactions, CELIO has currently two shareholders B.E. Fin S.A and TICATANOR s.r.o. each of them holding a 50% stake.

The closing of both transactions resulted in exit of UNIPETROL, a.s. and UNIPETROL RPA, s.r.o. from CELIO a.s. of 14 April 2010. The Group under above mentioned transactions sold in total a shareholding of 51.06% in CELIO for the aggregate purchase price of CZK 78,333 thousand.

19. SHARE CAPITAL

The issued capital of the parent company as at 30 September 2010 was CZK 18,133,476 thousand (31 December 2009: CZK 18,133,476 thousand). This represents 181,334,764 (31 December 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.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

20. RETAINED EARNINGS AND DIVIDENDS

Dividends

In accordance with appropriate Czech law, dividends can be paid from unconsolidated profit of the parent company.

The Ordinary General Meeting of UNIPETROL, a.s. held on 28 June 2010 decided on distribution of the unconsolidated 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.

21. NON-CURRENT LOANS AND BORROWINGS

Interest bearing loans and 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 – Issue I. - 1998	CZK	2,049,929	2,783,266	2,000,000	2,634,838	9.82%	Unsecured
Bank loans	CZK	--	--	12,000	12,000	PRIBOR*	Pledge assets
Total		2,049,929		2,012,000			

*) Interest rates are increased by the agreed mark up.

In 1998 the Company issued 2,000 bonds at a total nominal value of CZK 2,000,000 thousand. The nominal value of bonds matures 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 bonds issued 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 amounts to CZK 251,761 thousand (CZK 136,614 thousand at 31 December 2009).

22. PROVISIONS

	31/12/2009	Reclassificati on btw. accounts	Additional provision	Utilization of provision	Release of provision	F/X differences	30/09/2010
Provisions for environmental damages and land restoration	306,246	--	10,466	(2,403)	(3,891)	--	310,418
Provisions for legal disputes	146,010	--	11,009	--	--	--	157,019
Employee benefits provision	32,147	--	1,923	--	(2,418)	--	31,652
Provision on CO2 allowances	--	917,860	826,290	(845,263)	(72,597)	--	826,290
Other provisions	978,256	(917,860)	84,339	(1,767)	(24,096)	(49)	118,823
Total	1,462,659	--	934,027	(849,433)	(103,002)	(49)	1,444,202

The provision for land restoration is created as a result of the legal obligation to restore the fly-ash dump after it is discontinued. This is expected to be after 2043. The provision amounted to CZK 302,744 thousand as at 30 September 2010 (CZK 293,746 thousand as at 31 December 2009). The provision for Bílina's river pollution (leakage of pyrolytic gas) was utilized and amounted to CZK 0 as at 30 September 2010 (CZK 5,000 thousand as at 31

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

22. PROVISIONS (CONTINUED)

December 2009). Provision for compensation of damage to Lesy Česká republika amounted to CZK 5,174 thousand as at 30 September 2010 (CZK 5,000 thousand as at 31 December 2009).

The provision for legal disputes is created for expected future outflows arising from legal disputes with third parties where the Group is the defendant. The Group has a provision for a penalty imposed by the Antimonopoly Office for a breach of the Economic Competition Protection Act in the amount of CZK 98,000 thousand. The provision as at 30 September 2010 included the nominal amount of penalty increased by interest in amount of CZK 31,107 thousand (CZK 25,511 thousand as of 31 December 2009). Provision for legal disputes - Aversen amounted to 6,000 CZK as at 30 September 2010 (CZK 6,000 thousand as at 31 December 2009).

Provisions for other future liabilities of the Group amounted to CZK 118,823 thousand as at 30 September 2010, out of which CZK 50,154 thousand was a provision for dismantling costs connected with liquidation of unused assets. The provision in connection with shutdown of Oxoalcohols plant was fully utilized. The Group created provisions in connection with planned shutdown of heating plant T200 in amount of CZK 54,426 thousand as at 30 September 2010.

Employment benefits provisions are created for retirement and anniversary benefits received by employees, discount rate used is 3.75 % p.a., used assumptions are based on Collective agreement.

Provision on CO2 allowances is created for estimated CO2 emissions in the reporting period.

23. FINANCE LEASE LIABILITY

	Minimum lease payments		Present value of minimum lease payments	
	30/09/2010	31/12/2009	30/09/2010	31/12/2009
Amounts payable under finance leases:				
Not later than one year	12,379	18,152	11,496	17,417
Later than one year and not later than five years	16,373	20,221	15,487	19,363
Less: future finance charges	(1,770)	(1,593)	--	--
Present value of lease obligation	26,983	36,780	26,983	36,780
Less: Amount due for settlement within 12 months			11,496	17,417
Amount due for settlement after 12 months			15,487	19,363

It is the Group's policy to lease certain fixtures and equipment under finance leases. For the year ended 30 September 2010, the average effective borrowing rate was 2.34%. Interest rates are fixed at the inception of the lease. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount. All lease obligations are denominated in Czech crowns.

24. OTHER NON - CURRENT LIABILITIES

	30/09/2010	31/12/2009
Deferred income from government grants	44,680	55,016
Amounts payable to business partners	91,832	92,388
Other liabilities	15,220	17,629
Total	151,732	165,033

A government grant has been obtained from the German Ministry for Environmental Protection and Safety of Reactors in order to execute a pilot environmental project targeted at limiting cross-

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

24. OTHER NON-CURRENT LIABILITIES (CONTINUED)

border pollution, in connection with the reconstruction of the T 700 power station and its desulphurization. The amount of the grant is amortized over the useful economic life of the respective assets financed by the grant.

All other non-current liabilities are denominated in Czech crowns.

25. TRADE AND OTHER PAYABLES AND ACCRUALS

	30/09/2010	31/12/2009
Trade payables	8,204,881	8,597,884
Other payables	2,051,241	1,956,007
Accrued expenses	208,498	76,099
Deferred income related to CO2 rights granted	357,949	--
Social security and other taxes	4,522,392	3,965,240
Total	15,344,961	14,595,230

The management consider that the carrying amount of trade and other payables and accruals approximate their fair value.

26. CURRENT BANK LOANS

The short-term borrowings as at 30 September 2010 were as follows:

	USD	EUR	CZK	Total
Balance as at 1 January 2010	11,737	113,020	15,311	140,068
Loans taken	1	898,392	3,650,941	4,549,334
Accrued interest as balance sheet date	--	--	57	57
Conversion from/to short term – long term	--	--	12,000	12,000
Repayment	(11,736)	(755,126)	(3,676,165)	(4,443,027)
Repayment of accrued interest	(1)	(4)	(1,280)	(1,285)
FX differences	--	(188)	--	(188)
Balance as at 30 September 2010	1	256,094	864	256,959

Short-term bank loans are subject to normal credit terms and their carrying amounts approximate fair values. Average effective interest rate as at 30 September 2010 was 1.70 % (31 December 2009: 2.23 %)

27. 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 SYNTHOS Kralupy a.s., with its registered office at Kralupy nad Vltavou, O. Wichterleho 810, District Mělník, Postal Code: 278 52, Czech Republic, Id. No: 25053272 .

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

The environmental audit of plots of land owned by UNIPETROL, a.s. 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.’s operation on the

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

environment. The Share Purchase Agreement provides that liability for the environmental conditions originating prior to the closing of the transaction lies with UNIPETROL, a.s. 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, UNIPETROL, a.s. and SYNTHOS Kralupy a.s. executed the agreement pursuant to which UNIPETROL, a.s. undertook to create in favour of SYNTHOS Kralupy a.s. the pre-emptive right and other rights to certain plots of land owned by UNIPETROL, a.s. 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 UNIPETROL, a.s. 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 UNIPETROL, a.s., and Zakłady Azotowe ANWIL Spółka Akcyjna (further Anwil), 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 UNIPETROL, a.s. 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 UNIPETROL, a.s. 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.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

27. COMMITMENTS AND CONTINGENCIES (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.

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. for an alleged cartel in the area of Emulsion Syrene 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 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.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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. 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.

Litigation between the Group and Tax Directorate Ústí nad Labem about the validity of the investment incentive utilization for the year 2005

The Group obtained investment incentives for acquisition of production equipment in the form of income tax relief that could have been claimed from 2001 till 2005. However in 2006 the Group received an updated interpretation of the respective tax legislation based on which it is not certain whether or not the conditions for the utilization of tax incentives would be considered as being met and whether the Group would be allowed to utilize tax incentives. Subsequently the Group decided not to utilize the incentives in the 2005 tax return filed on 2 October 2006. CZK 325,097 thousand of income tax paid for 2005 represents the amount that the Group is claiming back due to not utilizing the tax incentive in 2005 tax return.

The Group performs all steps necessary to claim income tax back and on 4 February 2009 the Regional Court in Usti nad Labem abrogated the unfavourable decisions of Tax Authorities and commanded the case to the relevant Tax Directorate for the new administrative proceedings. The Tax Directorate when taking decision will be bound by the opinion of the Regional Court.

The Tax Directorate used its right and filed a Cassation Complaint to the Supreme Administration Court. The complaint has not suspensory effect.

The Supreme Administrative Court by its Judgement dated 26 August 2009 dismissed the cassation filed by the Tax Directorate against the decision of the Regional Court in Usti nad Labem. As a result of the Judgement, the Tax Directorate remains to be bound by the decision of the Regional Court in Usti nad Labem, according to which Group rightfully asserted the corporate income tax deduction resulting from the investment incentives for the fiscal year 2005.

In the reinstated tax proceedings, another decision rejecting the utilization of the tax incentive was issued on 27 May 2010 by the Local Tax Authority in Litvinov. The decision was issued regardless of the previous favourable opinion of the Regional Court in Usti nad Labem. Accordingly, in the tax proceedings, the Group filed an appeal against the said decision.

In this respect, on 11 June 2010 the Group also filed a petition with the Regional Court in Usti nad Labem against the unlawful intervention of the Tax Authorities claiming that the tax proceedings should be discontinued and paid tax returned to the Group.

Claims regarding reward for employees' invention

In the year 2001 the court case commenced on reward for the employees' intellectual work between UNIPETROL RPA, s.r.o. and its two employees. Employees demanded the reward in the amount of approx. CZK 1.8 million. UNIPETROL RPA, s.r.o. as a defendant did not agree and offered the reward amounting to approx. CZK 1.4 million, based on the experts' valuations.

In 2005 Employees plaintiffs filed next petition to the court to extend the action to the amount of approx. CZK 82 million. The first instance hearing has not been settled by the court yet.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Guarantees

The Group issued the guaranty on behalf of HC Litvínov in favour of Association of ice hockey clubs in amount of CZK 7,000 thousand.

Based on the Group's request, Commerzbank AG, and HSBC, a.s. issued bank guarantees relating to the security of customs debt and excise tax at customs offices in Most and Domažlice. Total balance of guarantees related to excise tax is CZK 885 million as at 30 September (31 December 2009 CZK 1,205 million).

28. RELATED PARTIES

Parent and ultimate controlling party

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

Transaction with non-consolidated subsidiaries, associates and other related parties:

		30/09/2010		
	PKN Orlen	Parties under significant influence of the Group	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	84,679	66,021	361,177	--
Current payables including loans	4,329,130	12,611	116,113	--
Non-current payables including loans	--	4	--	--
Expenses	34,430,125	71,875	1,081,805	3,385
Revenues	904,873	171,112	1,311,540	340
Interests income and expense	(1,228)	--	16,320	--

		31/12/2009		
	PKN Orlen	Parties under significant influence of the Group	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	26	46,940	741,299	104
Current payables including loans	4,321,146	8,570	34,469	1,846
Non-current payables including loans	--	4	--	--
Expenses	32,894,819	86,342	900,960	13,412
Revenues	699,541	149,794	1,741,767	868
Purchases of property, plant and equipment	1,535	918	--	176
Interests income and expense	--	--	7,703	--
Dividends received	--	5,287	--	3,851

29. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 21 and 26, cash and cash equivalents and equity attributable to equity holders of the parent, comprising shared capital and retained earnings as disclosed in notes 19 and 20 respectively.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

29. FINANCIAL INSTRUMENTS (CONTINUED)

The net debt to equity ratio at the year end was as follows:

	30/09/2010	31/12/2009
Debt (i)	(2,626,489)	(2,397,617)
Cash and cash equivalents	2,213,303	1,185,721
Net debt	(413,186)	(1,211,896)
Equity (ii)	38,860,747	37,871,336
Net debt to equity ratio	1.06	3.20

(i) Debt is defined as long- and short-term borrowings and finance lease

(ii) Equity included all capital and reserves of the Group

Risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the risks outlined below relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other market price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using natural hedging and derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess funds. Compliance with policies and exposure limits is reviewed by the internal auditors on a regular basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities are exposed primarily to the risks of changes in foreign currency exchange rates, commodity prices and interest rates. The Group enters into financial derivative contracts to manage its exposure to interest rate and currency risk.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite. Optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Market price risks

The Group is exposed to commodity price risk resulting from the adverse changes in raw material, mainly crude oil prices. Management addresses these risks by means of a commodity, supplier and client risk management. The Group analyses the exposure and enters to a minor extent into derivative commodity instruments to minimise the risk associated with the purchase of crude oil.

Currency risk management

The currency risk arises most significantly from the exposure of trade payables and receivables denominated in foreign currencies, and the foreign currency denominated loans and borrowings. Foreign exchange risk regarding trade payables and receivables is mostly covered by natural hedging of trade payables and receivables denominated in the same currencies. Hedging instruments (forwards, currency swaps) are also used, to cover significant foreign exchange risk exposure of trade payables and receivables not covered by natural hedging.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

29. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	30/09/2010				Total
	CZK	EUR	USD	Other currencies	
Non-current receivables	130,127	--	--	--	130,127
Trade and other receivables	6,751,797	3,635,569	252,554	24,393	10,664,313
Prepayment and other current assets	150,636	--	--	--	150,636
Financial assets held to maturity	--	144,254	--	--	144,254
Loans granted	534,212	--	--	--	534,212
Cash and cash equivalents	1,755,482	406,121	19,923	31,777	2,213,303
Non-current loans and borrowings	(2,049,929)	--	--	--	(2,049,929)
Trade and other payables and accruals	(9,690,985)	(1,215,903)	(4,403,097)	(34,977)	(15,344,961)
Current portion of non-current loans and borrowings	(292,618)	--	--	--	(292,618)
Current loans and borrowings	(864)	(256,094)	(1)	--	(256,959)
Financial lease liability	(26,983)	--	--	--	(26,983)
Gross exposure	(2,739,125)	2,713,947	(4,130,621)	21,193	(4,134,605)
Derivatives	(576,800)	(757,050)	1,333,850	--	--
Net exposure	(3,315,925)	1,956,897	(2,796,771)	21,193	(4,134,605)

	31/12/2009				Total
	CZK	EUR	USD	Other currencies	
Non-current receivables	121,179	--	--	--	121,179
Trade and other receivables	6,338,899	2,778,656	168,085	24,384	9,310,024
Prepayments and other current assets	230,626	--	--	--	230,626
Financial assets held to maturity	359,405	--	--	--	359,405
Loans granted	250,214	--	--	--	250,214
Cash and cash equivalents	726,853	419,137	10,063	29,667	1,185,721
Non-current loans and borrowings	(2,012,000)	--	--	--	(2,012,000)
Trade and other payables and accruals	(9,061,357)	(1,083,545)	(4,367,648)	(82,680)	(14,595,230)
Current portion of non-current loans and borrowings	(208,769)	--	--	--	(208,769)
Current loans and borrowings	(15,309)	(113,022)	(11,737)	--	(140,068)
Finance lease liability	(36,780)	--	--	--	(36,780)
Gross exposure	(3,307,036)	2,001,226	(4,201,237)	(28,631)	(5,535,678)
Derivatives	(1,154,180)	(270,216)	1,424,396	--	--
Net exposure	(4,461,216)	1,731,010	(2,776,841)	(28,631)	(5,535,678)

Emission allowances risk

The Group monitors the emission allowances granted to the Group under National Allocation Plan and CO2 emissions planned. The Group enters into transactions on emission allowances market in order to cover for shortages or utilize the excess of obtained emission allowances over the required amount.

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of impairment losses, estimated by the Group's management based on prior experience and their assessment of the credit status of its customers.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management. Before accepting any new customer, the Group uses own or an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of debtors and, where appropriate, credit guarantee insurance cover is purchased or sufficient collateral on debtor's assets obtained.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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 Group's short, medium and long-term funding and liquidity management requirements. The Group 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.

Information about Group's risk exposure, other detailed aspects of the Group's financial risk management objectives and policies, and the Group's management of capital are described in the consolidated financial statements as at and for the year ended 31 December 2009.

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

UNIPETROL, a.s.

Notes to the condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 30 September 2010
(in thousands of CZK)

30. EMISSION ALLOWANCES

In 2008 the Group obtained allowances for carbon dioxide emissions according to the Czech National Allocation Scheme for years 2008-2012. The total number of the emission allowances allocated to the Group for the period 2008-2012 was 18,819,992 tons.

Information about emission allowances in the reporting period:	(in tons)
Emission allowances as at 31 December 2009	733,719
Emission allowances granted in 2010	3,763,984
Settled emission allowances for 2009	(3,144,744)
Emission allowances acquired in 2010	1,965,000
Sales of emissions allowances in 2010	(1,442,816)
Estimated utilization of allowances in nine month period ended 30 September 2010	(2,354,869)
Estimated emission allowances as at 30 September 2010	(479,726)
Forward purchase transactions	2,220,878
Total estimated emission allowances as at 30 September 2010	1,741,154

On 18 February 2010 the Group received CO₂ allowances in amount of 3,763,984 tons. On that day the market value of one CO₂ allowance was EUR 12.67.

In the nine month period ended 30 September 2010 the Group purchased 1,965,000 tons of CO₂ allowances for CZK 713,762 thousand and sold 1,442,816 tons of CO₂ allowances for CZK 534,884 thousand. These amounts are included in the statement of consolidated cash flows under investing activities in Acquisition of property, plant and equipment and intangible assets and Proceed from disposals of property, plant and equipment and intangible assets respectively.

31. SIGNIFICANT POST BALANCE SHEET EVENTS

The Group'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