

UNIPETROL a.s.

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

AS OF 31 DECEMBER 2011



UNIPETROL, a.s.
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TABLE OF CONTENTS

A. UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	6
CONSOLIDATED STATEMENT OF CASH FLOWS.....	7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	8

B. UNAUDITED CONDENSED INTERIM NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	18
NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	19
NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	20
NON-CONSOLIDATED STATEMENT OF CASH FLOWS.....	21



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AS OF 31 DECEMBER 2011

UNIPETROL, a.s.

Consolidated statement of financial position
prepared in accordance with International Financial Reporting Standards
As at 31 December 2011
(in thousands of Czech crowns)



	Note	31 December 2011 (unaudited)	31 December 2010 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	32,076,537	33,909,010
Intangible assets	10	2,694,618	1,908,948
Investment property		395,891	162,190
Other investments	11	522	192,425
Non-current receivables	12	80,165	130,224
Deferred tax asset		68,091	48,280
Total non-current assets		35,315,824	36,351,077
Current assets			
Inventories		11,609,463	10,193,515
Trade and other receivables		10,628,175	9,487,630
Other short-term financial assets	13	388,525	540,342
Prepayments and other current assets		125,059	141,780
Cash and cash equivalents		2,470,555	4,741,831
Current tax assets		36,208	14,623
Total current assets		25,257,985	25,119,721
Total assets		60,573,809	61,470,798
EQUITY AND LIABILITIES			
Equity			
Share capital		18,133,476	18,133,476
Statutory reserves		2,554,809	2,452,698
Other reserves		(55,671)	25,971
Retained earnings	14	15,327,499	18,187,563
Total equity attributable to equity holders of the Company		35,960,113	38,799,708
Non-controlling interests		(6,823)	--
Total equity attributable to equity holders of the Company		35,953,290	38,799,708
Non-current liabilities			
Loans and borrowings	15	2,005,374	2,013,357
Deferred tax liability		1,874,350	1,758,773
Provisions	16	363,391	392,789
Other non-current liabilities		102,773	146,823
Total non-current liabilities		4,345,888	4,311,742
Current liabilities			
Trade and other payables and accruals		17,791,695	16,741,752
Loans and borrowings	15	902,905	212,454
Provisions	16	1,173,292	1,301,691
Other short-term financial liabilities		388,472	80,325
Current tax liabilities		18,267	23,126
Total current liabilities		20,274,631	18,359,348
Total liabilities		24,620,519	22,671,090
Total equity and liabilities		60,573,809	61,470,798

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8 to 16.

UNIPETROL, a.s.

Consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the period ended 31 December 2011
(in thousands of Czech crowns)



	Note	2011 (unaudited)	2010 (audited)
Revenue	3	97,427,586	85,966,537
Cost of sales		(95,551,467)	(81,632,954)
Gross profit		1,876,119	4,333,583
Other income		1,059,517	891,615
Distribution expenses		(1,998,516)	(1,963,665)
Administrative expenses		(1,221,652)	(1,176,590)
Other expenses		(1,704,124)	(406,887)
Result from operating activities	5	(1,988,656)	1,678,056
Finance income		128,746	96,137
Finance costs		(703,056)	(588,500)
Net finance income (costs)	7	(574,310)	(492,363)
Profit (loss) before income tax		(2,562,966)	1,185,693
Income tax expense	8	(242,789)	(248,960)
Profit (loss) for the period		(2,805,755)	936,733
Other comprehensive income:			
Foreign currency translation differences - foreign operations		(10,103)	(7,644)
Effective portion of changes in fair value of cash flow hedges		(115,697)	--
Other transactions		75,180	(717)
Income tax on other comprehensive income		16,780	--
Other comprehensive income for the period, net of tax		(33,840)	(8,361)
Total comprehensive income for the period		(2,839,595)	928,372
Profit (loss) attributable to:			
Owners of the Company		(2,805,755)	936,733
Non-controlling interests		--	--
Profit (loss) for the period		(2,805,755)	936,733
Total comprehensive income attributable to:			
Owners of the Company		(2,839,595)	928,372
Non-controlling interests		(6,823)	--
Total comprehensive income for the period		(2,846,418)	928,372
Basic and diluted earnings per share (in CZK)		(15.47)	5.17

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8 to 16.



UNIPETROL, a.s.

Consolidated statement of changes in equity
prepared in accordance with International Financial Reporting Standard
For the period ended 31 December 2011
(in thousands of Czech crowns)



	Share capital	Statutory reserves	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 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	--	27,424	--	--	--	909,309	936,733	--	936,733
Other comprehensive income									
Foreign currency translation differences	--	--	(7,644)	--	--	--	(7,644)	--	(7,644)
Total other comprehensive income	--	--	(7,644)	--	--	(717)	(8,361)	--	(8,361)
Total comprehensive income for the period	--	27,424	(7,644)	--	--	908,592	928,372	--	928,372
Balance as at 31 December 2010	18,133,476	2,452,698	5,223	20,748	--	18,187,563	38,799,708	--	38,799,708
Balance as at 1 January 2011	18,133,476	2,452,698	5,223	20,748	--	18,187,563	38,799,708	--	38,799,708
Total comprehensive income for the period									
Profit or loss	--	92,430	--	--	--	(2,898,185)	(2,805,755)	--	(2,805,755)
Other comprehensive income									
Foreign currency translation differences	--	--	(10,103)	--	--	--	(10,103)	--	(10,103)
Effective portion of changes in fair value of cash flow hedges, net of tax	--	--	--	--	(93,715)	--	(93,715)	--	(93,715)
Change of the Group structure	--	9,681	--	--	--	38,121	47,802	(6,823)	40,979
Net change in fair value of adjustment to Investment property, net of tax	--	--	--	22,176	--	--	22,176	--	22,176
Total other comprehensive income	--	9,681	(10,103)	22,176	(93,715)	38,121	(33,840)	(6,823)	(40,663)
Total comprehensive income for the period	--	102,111	(10,103)	22,176	(93,715)	(2,860,064)	(2,839,595)	(6,823)	(2,846,418)
Balance as at 31 December 2011	18,133,476	2,554,809	(4,880)	42,924	(93,715)	15,327,499	35,960,113	(6,823)	35,953,290

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8 to 16.

UNIPETROL, a.s.

Consolidated statements of cash flows
prepared in accordance with International Financial Reporting Standards
For the period ended 31 December 2011
(in thousands of Czech crowns)



	2011 (unaudited)	2010 (restated)
Cash flows from operating activities:		
Profit for the period	(2,805,755)	936,733
Adjustments for:		
Depreciation of the property, plant and equipment and amortisation of intangible assets	3,107,046	3,495,539
Gain on disposals of property, plant and equipment and intangible assets	14,028	(159,305)
Net foreign exchange losses	330,023	117,773
Interest and dividend, net	192,433	177,193
Net loss (gain) from derivatives	(244,557)	99,660
Impairment losses on financial investments, property, plant and equipment and intangible assets	1,389,218	(72,477)
Other non cash transaction		
Income tax expense	242,789	248,960
Changes in:		
- in trade receivables and other current assets	(652,408)	(202,254)
- in inventories	(1,375,034)	(1,597,349)
- in trade and other payables and accruals	(496,694)	2,062,931
- in provisions	866,826	(16,169)
Interest paid	(298,949)	(285,298)
Income tax paid	(154,424)	(150,192)
Net cash from operating activities	114,542	4,655,745
Cash flows from investing activities:		
Proceed from disposals of property, plant and equipment and intangible assets	222,304	1,945,748
Proceed from disposals of short-term financial assets	280,537	359,405
Proceed from disposals of CELIO, a.s.	--	78,323
Interest received	34,454	13,387
Dividends received	--	7,759
Change in loans granted	505,633	(251,963)
Acquisition of property, plant and equipment and intangible assets	(3,591,821)	(3,089,309)
Acquisition of short-term financial assets	(280,537)	--
Settlement of financial derivatives	(194,005)	--
Acquisition of additional shareholding in subsidiary	(460)	--
Net cash used in investing activities	(3,023,895)	(936,650)
Cash flows from financing activities:		
Change in loans and borrowings	638,784	(124,295)
Payment of finance lease liabilities	(11,211)	(18,016)
Dividends paid	(2,025)	(1,368)
Net cash from (used in) financing activities	625,548	(143,679)
Net change in cash and cash equivalents	(2,283,805)	3,575,417
Cash and cash equivalents at the beginning of the period	4,741,831	1,185,721
Effects of exchange rates changes on the balance of cash held in foreign currencies	12,529	(19,306)
Cash and cash equivalents at the end of the period	2,470,555	4,741,831

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8 to 16.





Index

1. Description of the parent company and structure of the consolidated group	9
2. Basis of preparation and significant accounting policies	10
3. Revenues	11
4. Operating segments	11
5. Operating expenses and incomes	12
6. Impairment allowances of assets	12
7. Finance income and finance costs	13
8. Income tax	13
9. Property, plant and equipment	13
10. Intangible assets	13
11. Other investments	14
12. Non-current receivables	14
13. Other short-term financial assets and financial liabilities	14
14. Retained earnings and dividends	14
15. Loans and borrowings	14
16. Provisions	15
17. Commitments and contingencies	15
18. Related parties	16

**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 31 December 2011 are as follows:

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

Structure of consolidated group

The subsidiaries and joint-ventures forming the consolidated group of UNIPETROL, a.s., and the Group's interest in the capital of subsidiaries and joint-ventures held either directly by the parent company or indirectly by the consolidated subsidiaries and allocation of subsidiaries into the Operating segments is presented in the consolidated financial statements of the Group as at and for the year ended 31 December 2010. There were no changes in the structure of the Group in the period ended 31 December 2011 except the issues mentioned below.

On 1 June 2010 CHEMAPOL (SCHWEIZ) AG and on 1 January 2011 UNIPETROL TRADE a.s. were put under liquidation due to restructuring process of UNIPETROL TRADE Group. The liquidation of UNIPETROL TRADE a.s. finished as at 27 September 2011. It is expected that liquidation of CHEMAPOL (SCHWEIZ) AG will be completed in 2012.

On 17 February 2011 PARAMO a.s. bought 2 legal entities: Paramo Oil s.r.o. and Paramo Asfalt s.r.o. which were included in the consolidation group of UNIPETROL and allocated to Refinery segment. As at 31 December 2011 the entities were not conducting any operational activity.

Based on the UNIPETROL, a.s. management decision POLYMER INSTITUTE BRNO, s.r.o., Výzkumný ústav anorganické chemie, a.s., MOGUL SLOVAKIA, s.r.o., HC VERVA Litvínov, a.s., UNIPETROL RAFINÉRIE s.r.o., CHEMOPETROL, a.s. and UNIPETROL AUSTRIA HmbH in liquidation were included starting from 1 January 2011 into consolidation group. The 2010 figures presented in the consolidated financial statements were not restated due to low materiality of the impact.



2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and general principles of preparation

The consolidated financial statements of the Company for the period ended 31 December 2011 comprise the Company and its subsidiaries (together referred as the "Group") and the Group's interest in jointly controlled entities.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

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

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

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2010.

B Significant accounting policies

The Group used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied in its consolidated financial statements as at and for the year ended 31 December 2010.

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

Amendments to IFRS that came into force on or after 1 January 2011 have no effect on current and previously presented financial results and equity.

Certain new standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods.

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

C Functional and presentation currency

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

D Information on seasonality and cyclicity of Group's operations

The Group does not report any material seasonal or cyclical character of its operation in the period ended 31 December 2011.

3. REVENUES

	31/12/2011	31/12/2010
Gross sales of finished goods and revenue from services	112,434,704	103,440,618
Less: Excise tax	(24,415,258)	(24,212,030)
Net revenues from sales of finished goods and services	88,019,446	79,228,588
Gross sales of merchandise and materials	10,701,469	6,950,395
Less: Excise tax	(1,293,329)	(212,446)
Net revenues from sales merchandise and materials	9,408,140	6,737,949
Total revenues	97,427,586	85,966,537

4. OPERATING SEGMENTS

Revenues and result by operating segments

Period ended 31/12/2011	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
Total external revenues	55,377,071	9,845,311	32,027,656	177,548	--	97,427,586
Inter segment revenues	20,414,032	230,761	1,449,313	598,141	(22,692,247)	--
Total segment revenue	75,791,103	10,076,072	33,476,969	775,689	(22,692,247)	97,427,586
Result from operating activities	(2,474,707)	364,567	(117,010)	238,494	--	(1,988,656)
Net finance costs						(574,310)
Loss before income tax						(2,562,966)
Income tax expense						(242,789)
Loss for the period						(2,805,755)

Period ended 31/12/2010	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
Total external revenues	46,389,674	8,498,507	30,978,308	100,048	--	85,966,537
Inter segment revenues	18,311,815	296,895	1,289,311	528,405	(20,426,426)	--
Total segment revenue	64,701,489	8,795,402	32,267,619	628,453	(20,426,426)	85,966,537
Result from operating activities	465,565	547,396	714,772	(49,677)	--	1,678,056
Net finance costs						(492,363)
Profit before income tax						1,185,693
Income tax expense						(248,960)
Profit for the period						936,733

Assets by operating segments

31/12/2011	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
Segment assets	24,979,183	6,554,371	26,172,363	3,568,372	(1,287,591)	59,986,698
Unallocated corporate assets						587,111
Total assets						60,573,809

31/12/2010	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
Segment assets	26,156,910	6,676,068	24,132,333	4,857,607	(1,337,018)	60,485,900
Unallocated corporate assets						984,898
Total assets						61,470,798

5. OPERATING EXPENSES AND INCOMES**Cost of sales**

	31/12/2011	31/12/2010
Cost of finished goods and services sold	(87,613,495)	(76,645,741)
Cost of merchandise and raw materials sold	(7,937,972)	(4,987,213)
Cost of sales - total	(95,551,467)	(81,632,954)

Cost by nature

	31/12/2011	31/12/2010
Materials and energy	(77,930,990)	(66,267,245)
Cost of merchandise and raw materials sold	(7,937,972)	(4,987,213)
External services	(6,243,064)	(6,277,179)
Depreciation and amortisation	(3,107,046)	(3,495,539)
Personal expenses	(2,629,829)	(2,577,257)
Repairs and maintenance	(1,099,079)	(1,214,770)
Insurance	(209,163)	(261,960)
Taxes and charges	(58,949)	(54,410)
Non-cancellable operating leasing	(61,659)	(44,641)
Research expenditures	(11,042)	(27,211)
Other	(1,875,115)	(577,654)
Change in inventories	687,016	604,457
Cost of products and services for own use	1,133	526
Operating expenses		
Distribution expenses	1,998,516	1,963,665
Administrative expenses	1,221,652	1,176,590
Other operating expenses	1,704,124	406,887
Cost of finished goods, services, merchandise and raw materials sold	(95,551,467)	(81,632,954)

Other operating incomes

	31/12/2011	31/12/2010
Gain on sale of non-current non-financial assets	15,124	180,545
Reversal of provisions	179,702	55,553
Reversal of receivables impairment allowances	39,998	99,799
Reversal of impairment allowances of property plant and equipment and intangible assets	91,187	153,625
Penalties and compensations earned	253,943	81,213
CO2 allowances grant derecognition	388,063	254,135
Other	91,500	66,745
Total	1,059,517	891,615

Other operating expenses

	31/12/2011	31/12/2010
Loss on sale of non-current non-financial assets	(29,152)	(21,240)
Recognition of provisions	(83,678)	(117,436)
Recognition of receivables impairment allowances	(27,758)	(124,970)
Recognition of impairment allowances of property plant and equipment and intangible assets	(1,488,602)	(85,939)
Addition to provisions for consumption of CO2 allowances	(14,757)	--
Donations	(6,791)	(14,145)
Other	(53,386)	(43,157)
Total	(1,704,124)	(406,887)

6. IMPAIRMENT ALLOWANCES OF ASSETS

	31/12/2011	31/12/2010
Property plant equipment		
Recognized	(1,284,914)	(85,939)
Released	91,187	153,625
Intangible assets		
Recognized	(203,688)	--
Receivables		
Recognized	(27,758)	(124,970)
Released	39,998	99,799
Inventories		
Recognized	(366,702)	(86,116)
Released	111,870	43,107

7. FINANCE INCOME AND FINANCE COSTS

	31/12/2011	31/12/2010
Finance income		
Interest income	73,637	81,225
Dividend income	--	7,759
Net gain arising on derivatives	54,062	--
Other finance income	1,047	7,153
Total finance income	128,746	96,137
Finance costs		
Interest expense	(266,694)	(268,957)
Less: amounts capitalised on qualifying assets	624	2,780
Net foreign exchange losses	(330,023)	(117,773)
Net loss arising on derivatives	--	(99,660)
Other finance expenses	(106,963)	(104,890)
Total finance costs	(703,056)	(588,500)
Net finance costs	(574,310)	(492,363)

8. INCOME TAX

	31/12/2011	31/12/2010
Current tax	(31,842)	(153,957)
Deferred tax	(110,946)	(95,003)
Income tax recognised in profit and loss	(242,789)	(248,960)
Income tax recognised in other comprehensive income	16,780	--
Income tax - total	(226,009)	(248,960)

9. PROPERTY, PLANT AND EQUIPMENT**Acquisitions and disposals**

During the twelve month period ended 31 December 2011 the Group acquired assets with a cost of CZK 2,595,386 thousand (twelve month period ended 31 December 2010: CZK 1,487,182 thousand).

Assets with a carrying amount of CZK 50,983 thousand were disposed during twelve month period ended 31 December 2011 (twelve month period ended 31 December 2010: CZK 69,471 thousand) resulting in a net loss on disposal of CZK 10,890 thousand (twelve month period ended 31 December 2010: net gain of CZK 10,479 thousand), which is included in other operating expenses (income) in the statement of comprehensive income.

Impairment

Based on requirements of IAS 36 Impairment of assets, the Group recorded impairment charge to fixed assets of its subsidiary PARAMO, a.s. as at 31 December 2011. The impairment analysis relating to all subsidiaries has not yet been completed and results of comprehensive impairment analysis will be included in annual consolidated financial statements for the year ended 2011.

10. INTANGIBLE ASSETS**Acquisitions and disposals**

During the twelve month period ended 31 December 2011 the Group acquired intangible assets with a cost of CZK 1,031,690 thousand including CO2 allowances with a cost CZK 948,423 thousand (twelve month period ended 31 December 2010: CZK 1,691,517 thousand and CZK 1,521,675 thousand respectively).

In the year 2011 the Group was granted CO2 allowances in amount of CZK 1,366,108 thousand (in the year 2010: CZK 1,242,692 thousand) and till 31 December 2011 disposed CO2 allowances with a carrying amount of CZK 174,069 thousand (the twelve month period ended 31 December 2010: CZK 1,711,559 thousand) resulting in a net loss on disposal of CZK 3,138 thousand (the twelve months ended 31 December 2010: net gain of CZK 148,790 thousand) which is included in other operating expenses (income) in the statement of comprehensive income. There were no other intangible assets disposed by the Group in the twelve month period ended 31 December 2011. During the twelve month period ended 31 December 2010 the Group disposed other intangible assets with carrying amount of CZK 3,554 thousand, resulting in a net gain on disposal of CZK 36 thousand.

Impairment

The Group recorded impairment charge in amount of CZK 173,129 thousand to CO2 allowances as at 31 December 2011. The value of CO2 allowances outstanding as at 31 December 2011 (i.e. those allowances that will not be used to settle the provision created for covering CO2 emissions) which according to the Group estimates will not be utilized to cover potential shortages in 2012 was reduced to market value.

11. OTHER INVESTMENTS

The Group had equity investments in amount of CZK 522 thousand as at 31 December 2011 (CZK 192,425 thousand as at 31 December 2010) which represent ownership interests in companies that do not have quoted market price and whose fair value cannot be reliably measured and therefore are carried at acquisition cost less any impairment losses. The change in amount of other investments was caused by inclusion of equity investments in which the Group has over 50% shareholding into the consolidation group.

12. NON-CURRENT RECEIVABLES

The Group has provided a loan to ČESKÁ RAFINÉRSKÁ, a.s. in the amount of CZK 143,617 thousand (31 December 2010: CZK 174,952 thousand) for reconstruction of production unit. Part of this receivable in amount of CZK 73,562 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 under current receivables. The Group also presents non-current receivables from cash deposits to operators of fuel stations in amount of CZK 17,577 thousand (31 December 2010: CZK 23,066 thousand) and prepayments for investments in amount of CZK 7,818 thousand (31 December 2010: CZK 37,110 thousand). The management considers that carrying amount of receivables approximates their fair value.

13. OTHER SHORT-TERM FINANCIAL ASSETS AND FINANCIAL LIABILITIES**Other short-term financial assets**

	31/12/2011	31/12/2010
Loans	33,289	533,435
Derivatives at fair value through profit and loss	234,238	6,907
Cash flow hedge instruments – currency forwards	120,998	--
Total	388,525	540,342

Other short-term financial liabilities

	31/12/2011	31/12/2010
Liabilities from cash pooling	88,599	49
Derivatives at fair value through profit and loss	63,180	80,276
Cash flow hedge instruments – currency forwards	236,693	--
Total	388,472	80,325

Fair value hierarchy

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

14. 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 30 June 2011 decided on appropriation of the profit for 2010 amounting to CZK 512,121 thousand. In accordance with Article 26 (1) of the Company's Articles of Association CZK 25,606 thousand was allocated to the reserve fund and CZK 486,515 thousand to retained earnings.

15. LOANS AND BORROWINGS

	31/12/2011	31/12/2010
Non – current loans and borrowings		
Unsecured bonds issued	2,000,000	2,000,000
Finance lease liability	5,374	13,357
Total non – current loans and borrowings	2,005,374	2,013,357
Current loans and borrowings		
Current portion of unsecured bonds issued	68,655	102,634
Unsecured bank loans	825,455	86,748
Current portion of secured bank loans	--	12,017
Current portion of finance lease liability	8,795	11,055
Total current loans and borrowings	902,905	212,454

15. LOANS AND BORROWINGS (CONTINUED)**Unsecured bonds issued**

Using the actual market interest rate, based on the analysis of the current market conditions, the fair value of the aggregate liability arising from the bonds is currently estimated at CZK 2,358,684 thousand (31 December 2010: CZK 2,518,730 thousand).

Analyses of bank loans

	Total
Balance as at 1 January 2011	98,765
Loans taken	6,896,605
Repayment	(6,170,358)
Interests	1,100
FX differences	(657)
Balance as at 31 December 2011	825,455

Finance lease liabilities

	31/12/2011	31/12/2010
Future minimum lease payments	15,244	26,284
Present value of future minimum lease payments	14,169	24,412

16. PROVISIONS

	Long – term provision		Short – term provision	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Provisions for environmental damages and land restoration	319,050	315,995	--	--
Provisions for legal disputes	8,883	24,769	136,173	135,036
Provision on CO2 allowances	--	--	977,965	1,082,904
Employee benefits provision	28,432	30,049	--	--
Other provisions	7,026	21,976	59,154	83,751
Total	363,391	392,789	1,173,292	1,301,691

The Group decreased provision for shutdown of heating plant T200 included under other provisions by amount of CZK 37,110 thousand (long-term part: CZK 14,950 thousand, short-term part: CZK 22,160 thousand).

Provision on CO2 allowances was created for estimated CO2 emissions in the period ended 31 December 2011 and 31 December 2010.

17. COMMITMENTS AND CONTINGENCIES**Capital Commitments**

As at 31 December 2011 the Group had capital commitments for the acquisition of property, plant and equipment in the amount of CZK 228,435 thousand (as at 31 December 2010: CZK 334,243 thousand).

Contingent liabilities and commitments related to Purchase of shares of PARAMO, a.s., the sale of shares in KAUČUK, a.s. (currently SYNTHOS Kralupy a.s.) and the sale of shares in SPOLANA a.s. are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

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

Claims related to fines imposed by the European Commission

In 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 Styrene Butadiene Rubber ("ESBR"). UNIPETROL, a.s. and SYNTHOS Kralupy a.s., its subsidiary at that time were jointly imposed a fine of EUR 17.5 million which they reimbursed to the Commission. At the same time both companies appealed to the Court of First Instance in Luxembourg.

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.

Furthermore the Italian group Eni one of the entities fined by the European Commission initiated proceedings 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 claims were dismissed by the Court.

As notified on July 13 2011 General Court of the European Union quashed a decision of the European Commission of November 2006 which found UNIPETROL, a.s. and its former subsidiary SYNTHOS Kralupy

17. COMMITMENTS AND CONTINGENCES (CONTINUED)

a.s. liable for participation in a cartel. The Court concluded that the Commission had failed to prove cartel conduct on the part of UNIPETROL, a.s. and SYNTHOS Kralupy a.s.. Both companies thus became entitled to reimbursement for a previously jointly paid EUR 17.5 million fine. UNIPETROL, a.s. has received EUR 9.8 million, which corresponds to the penalty paid and part of the accrued interest.

Claims regarding reward for employees' invention

In the year 2011 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 was held on 18. October 2011. The proceedings are still pending.

Guarantees

Based on the Group's request the bank guarantees relating to the security of customs debt and excise tax at customs offices were issued. Total balance of guarantees related to excise tax is CZK 1,414 million as at 31 December 2011 (31 December 2010 CZK 955 million).

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

During 2011 and 2010 a majority (62.99%) of the Company's shares were in possession of PKN Orlen.

Transactions with related parties:

31/12/2011	PKN Orlen	Parties under control or significant influence of the Group*	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	315	--	133,848	--
Current payables including loans	7,411,054	--	158,740	--
Non-current payables including loans	--	--	--	--
Expenses	54,878,810	--	1,889,797	--
Revenues	156,248	--	1,872,233	--
Interests income and expense	(3,940)	--	11,564	--

* Non-consolidated entities included into consolidation group in 2011

31/12/2010	PKN Orlen	Parties under control or significant influence of the Group*	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	24,725	38,183	185,200	--
Current payables including loans	5,680,150	13,356	162,806	--
Non-current payables including loans	--	4	--	--
Expenses	45,952,434	103,608	1,411,211	3,385
Revenues	1,190,751	186,900	1,699,031	340
Interests income and expense	(1,533)	--	19,527	--

* Non-consolidated entities included into consolidation group in 2011

Material transactions concluded by the Group Companies with related parties

In twelve month period ended 31 December 2011 and in 2010 there were no transactions concluded by the Group with related parties on other than market terms.

Transactions with key management personnel

In twelve month period ended 31 December 2011 and in 2010 the Group companies did not grant to key management personnel and their relatives any advances loans guarantees and commitments or other agreements obliging to render services to the Company and related parties. In twelve month period ended 31 December 2011 and in 2010 there were no significant transactions concluded with members of the Board of Directors, Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

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

In twelve month period ended 31 December 2011 and in 2010 members of the key management personnel of the Parent Company and the Group companies submitted statements that they have not concluded any transaction with related parties.

UNIPETROL, a.s.

**UNAUDITED INTERIM CONDENSED
NON-CONSOLIDATED
FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
FOR THE YEAR 2011**

UNIPETROL, a.s.

Non-consolidated statement of financial position
prepared in accordance with International Financial Reporting Standards
As at 31 December 2011
(in thousands of Czech crowns)



	31 December 2011 (unaudited)	31 December 2010 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	395,293	397,215
Intangible assets	522	1,187
Investment property	162,190	162,190
Investments in subsidiaries and joint ventures	14,354,201	14,354,116
Other investments	4,254	4,251
Loans to subsidiaries	2,382,459	2,662,294
Receivables from subsidiaries	102	168
Deferred tax asset	--	421
Total non-current assets	17,299,021	17,581,842
Current assets		
Trade and other receivables	153,684	175,655
Loans to subsidiaries	10,213,491	6,514,103
Loans to related companies	--	500,035
Prepaid expenses	8,241	9,251
Current tax assets	17,857	--
Cash and cash equivalents	1,358,652	2,863,092
Total current assets	11,751,925	10,062,136
Total assets	29,050,946	27,643,978
EQUITY AND LIABILITIES		
Equity		
Share capital	18,133,476	18,133,476
Reserves	1,679,760	1,654,065
Retained earnings	5,963,234	4,971,986
Total equity	25,776,470	24,759,527
Non-current liabilities		
Loans and borrowings	2,000,000	2,000,000
Provisions	400	400
Deferred tax liability	323	--
Total non-current liabilities	2,000,723	2,000,400
Current liabilities		
Trade and other payables and accruals	112,649	107,175
Loans and borrowings	1,133,208	734,890
Dividends payable	27,896	30,012
Current tax liabilities	--	11,974
Total current liabilities	1,273,753	884,051
Total liabilities	3,274,476	2,884,451
Total equity and liabilities	29,050,946	27,643,978

UNIPETROL, a.s.

Non-consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the period ended 31 December 2011
(in thousands of Czech crowns)



	31 December 2011 (unaudited)	31 December 2010 (audited)
Revenue	140,030	164,330
Cost of sales	(69,874)	(71,227)
Gross profit	70,156	93,103
Other income	241,762	3,517
Administrative expenses	(168,037)	(179,277)
Other expenses	(149)	(48 882)
Results from operating activities	143,732	(131,539)
Finance income	1,165,560	958,192
Finance costs	(263,965)	(270,340)
Net finance income	901,595	687,852
Profit before income tax	1,045,327	556,313
Income tax expense	(28,473)	(44,192)
Profit for the period	1,016,854	512,121
Other comprehensive income:		
Revaluation of financial investments	89	(3)
Other comprehensive income for the period, net of tax	89	(3)
Total comprehensive income for the period	1,016,943	512,118
Basic and diluted earnings per share (in CZK)	5.61	2.82



UNIPETROL, a.s.

Non-consolidated statement of changes in equity
 prepared in accordance with International Financial Reporting Standards
 For the period ended 31 December 2011
 (in thousands of Czech crowns)



	Share capital	Statutory reserves	Fair value changes relating to investment property	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2010	18,133,476	1,612,772	20,748	7,455	4,472,958	24,247,409
Profit for the period	--	--	--	--	512,121	512,121
Other comprehensive income	--	--	--	(3)	--	(3)
Revaluation of financial investments	--	--	--	(3)	--	(3)
Total comprehensive income for the period	--	--	--	(3)	512,121	512,118
Allocation of profit to reserves	--	13,093	--	--	(13,093)	--
Balance as at 31 December 2010	18,133,476	1,625,865	20,748	7,452	4,971,986	24,759,527
Balance as at 1 January 2011	18,133,476	1,625,865	20,748	7,452	4,971,986	24,759,527
Profit for the period	--	--	--	--	1,016,854	1,016,854
Other comprehensive income	--	--	--	89	--	89
Revaluation of financial investments	--	--	--	89	--	89
Total comprehensive income for the period	--	--	--	89	1,016,854	1,016,943
Allocation of profit to reserves	--	25,606	--	--	(25,606)	--
Balance as at 31 December 2011	18,133,476	1,651,471	20,748	7,541	5,963,234	25,776,470

UNIPETROL, a.s.

Non-consolidated statement of cash flows
prepared in accordance with International Financial Reporting Standards
For the period ended 31 December 2011
(in thousands of Czech crowns)



	31 December 2011 (unaudited)	31 December 2010 (audited)
Cash flows from operating activities:		
Profit for the period	1,016,854	512,121
Adjustments for:		
Depreciation of property, plant and equipment and amortisation of intangible assets	3,166	4,697
Gain on disposals of property, plant and equipment	(1,068)	(1,731)
Gain on disposals of intangible assets	--	(36)
Profit on disposals of financial investments	--	(15,054)
Interest and dividends, net	(903,302)	(581,081)
Foreign exchange loss (gain)	(2,522)	1,646
Income tax expense	28,473	44,192
Changes in:		
- trade and other receivables and other current assets	5,658	170,695
- in trade and other payables and accruals	(34,693)	(121,300)
- in provisions	--	400
Interest paid	(290,284)	(297,087)
Net cash used in operating activities	(177,718)	(282,538)
Cash flows from investing activities:		
Dividends received	725,543	410,336
Interest received	472,037	466,908
Proceed from sale of property, plant and equipment and intangible assets	1,068	10,064
Proceed from sale of financial investments	--	16,147
Acquisition of property, plant and equipment and intangible assets	(579)	(33,689)
Acquisition of investment property	--	(112)
Acquisition of financial investments	--	(79,502)
Change in loans to subsidiaries	(3,457,075)	2,033,022
Change in loans to related companies	500,035	(249,821)
Net cash from (used in) investing activities	(1,758,971)	2,573,353
Cash flows from financing activities:		
Change in loans and borrowings	431,846	321,261
Dividends paid	(2,116)	(1,368)
Net cash from financing activities	429,730	319,893
Net change in cash and cash equivalents	(1,506,959)	2,610,708
Cash and cash equivalents at beginning of the period	2,863,092	253,876
Effects of exchange rates changes on the balance of cash held in foreign currencies	2,519	(1,492)
Cash and cash equivalents at the end of the period	1,358,652	2,863,092



Signature of statutory representatives

8 February 2012

Piotr Chelminski

Mariusz Kedra

Chairman of the Board of Directors

Member of the Board of Directors