

UNIPETROL, a.s.

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

AS OF 30 JUNE 2011



UNIPETROL, a.s.

Non-consolidated statement of financial position
prepared in accordance with International Financial Reporting Standards
As at 30 June 2011
(in thousands of Czech crowns)



	Note	30 June 2011 (unaudited)	31 December 2010 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	396,627	397,215
Intangible assets		845	1,187
Investment property		162,190	162,190
Investments in subsidiaries and joint ventures		14,354,033	14,354,116
Other investments		4,249	4,251
Loans to subsidiaries	10	2,498,608	2,662,294
Receivables from subsidiaries		132	168
Deferred tax asset		--	421
Total non-current assets		17,416,684	17,581,842
Current assets			
Trade and other receivables		460,957	175,655
Loans to subsidiaries	10	10,256,477	6,514,103
Loans to related companies	11	500,034	500,035
Prepaid expenses		8,181	9,251
Cash and cash equivalents		323,905	2,863,092
Total current assets		11,549,554	10,062,136
Total assets		28,966,238	27,643,978
EQUITY AND LIABILITIES			
Equity			
Share capital		18,133,476	18,133,476
Reserves		1,679,586	1,654,065
Retained earnings	12	5,695,926	4,971,986
Total equity		25,508,988	24,759,527
Non-current liabilities			
Loans and borrowings	13	2,000,000	2,000,000
Provisions		400	400
Deferred tax liability		4,154	--
Total non-current liabilities		2,004,554	2,000,400
Current liabilities			
Trade and other payables and accruals		86,210	107,175
Loans and borrowings	13	1,337,793	734,890
Dividends payable		28,693	30,012
Current tax liabilities		--	11,974
Total current liabilities		1,452,696	884,051
Total liabilities		3,457,250	2,884,451
Total equity and liabilities		28,966,238	27,643,978

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 23 to 28.

UNIPETROL, a.s.

Non-consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the 6 month period ended 30 June 2011
(in thousands of Czech crowns)



	Note	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Revenue	3	69,488	91,487
Cost of sales		(31,840)	(36,317)
Gross profit		37,648	55,170
Other income		1,671	2,038
Administrative expenses		(76,570)	(92,927)
Other expenses		(124)	(16)
Results from operating activities	5	(37,375)	(35,735)
Finance income		933,811	653,841
Finance costs		(129,895)	(144,937)
Net finance income	7	803,916	508,904
Profit before income tax		766,541	473,169
Income tax expense	8	(16,995)	(21,441)
Profit for the period		749,546	451,728
Other comprehensive income:			
Revaluation of investment property		(85)	--
Other comprehensive income for the period, net of tax		(85)	--
Total comprehensive income for the period		749,461	451,728
Basic and diluted earnings per share (in CZK)		4.13	2.49

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 23 to 28.

UNIPETROL, a.s.

Non-consolidated statement of changes in equity
prepared in accordance with International Financial Reporting Standards
For the 6 month period ended 30 June 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	--	--	--	--	451,728	451,728
Total comprehensive income for the period	--	--	--	--	451,728	451,728
Allocation of profit to reserves	--	13,093	--	--	(13,093)	--
Balance as at 30 June 2010	18,133,476	1,625,865	20,748	7,455	4,911,593	24,699,137
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	--	--	--	--	749,546	749,546
Total comprehensive income for the period	--	--	--	--	749,546	749,546
Allocation of profit to reserves	--	25,606	--	--	(25,606)	--
Other movements	--	--	(85)	--	--	(85)
Balance as at 30 June 2011	18,133,476	1,651,471	20,663	7,452	5,695,926	25,508,988

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 23 to 28.

UNIPETROL, a.s.

Non-consolidated statement of cash flows
prepared in accordance with International Financial Reporting Standards
For the 6 month period ended 30 June 2011
(in thousands of Czech crowns)



	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Cash flows from operating activities:		
Profit for the period	749,546	451,728
Adjustments for:		
Depreciation of property, plant and equipment	1,595	2,365
Loss / (gain) on disposals of property, plant and equipment	(1,068)	(776)
Profit on disposals of financial investments	--	(15,054)
Interest and dividends, net	(804,638)	(494,828)
Reversal of impairment losses on financial investments, property, plant and equipment, inventory and receivables	(30)	(25)
Foreign exchange gain (loss)	17	(20)
Income tax expense	16,995	21,441
Changes in:		
- trade and other receivables and other current assets	79,126	140,255
- in trade and other payables and accruals	(50,113)	(115,272)
Interest paid	(16,119)	(28,460)
Net cash used in operating activities	(24,689)	(38,646)
Cash flows from investing activities:		
Dividends received	363,411	307,734
Interest received	99,724	120,074
Proceed from sale of property, plant and equipment and intangible assets	982	5,111
Proceed from sale of financial investments	--	16,147
Acquisition of property, plant and equipment and intangible assets	(579)	(4,379)
Acquisition of financial investments	--	(76,500)
Change in loans to subsidiaries	(3,473,169)	(220,323)
Change in loans to related companies	1	(249,821)
Net cash used in investing activities	(3,009,630)	(101,957)
Cash flows from financing activities:		
Change in loans and borrowings	492,873	710,646
Dividends paid	(1,319)	(1,027)
Net cash from financing activities	491,554	709,619
Net change in cash and cash equivalents	(2,542,765)	569,016
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	3,578	(220)
Cash and cash equivalents at the end of the period	323,905	822,672

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 23 to 28.



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1. DESCRIPTION OF THE COMPANY*Establishment of the parent company*

UNIPETROL, a.s. (the "Company") is a joint stock company established by the National Property Fund of the Czech Republic by a foundation agreement dated 27 December 1994. The Company was registered in the Register of Companies at the Regional Commercial Court in Prague on 17 February 1995. The Company is listed and registered on the Prague Stock Exchange.

Registered office of the Company

UNIPETROL, a.s.
Na Pankráci 127
140 00 Praha 4
Czech Republic

Principal activities

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

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

Ownership structure

The shareholders as at 30 June 2011 are as follows:

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**A Statement of compliance and general principles of preparation**

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

These condensed non-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 Company'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 Company used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied in its non-consolidated financial statements as at and for the year ended 31 December 2010.

The non-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 Company's accounting periods beginning on or after 1 January 2011 or later periods.

The Company 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C Functional and presentation currency**

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

D Information on seasonality and cyclicity Company's operations

The Company does not report any material seasonal or cyclical character of its operation in the period ended 30 June 2011.

3. REVENUE

	30/06/2011	30/06/2010
Fees for use of land	53,403	51,969
Revenue from services	16,085	39,518
Total revenue	69,488	91,487

4. BUSINESS SEGMENTS

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

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

	30/06/2011	30/06/2010
Cost of finished goods and services sold	(31,840)	(36,317)
Total	(31,840)	(36,317)

Cost by nature

	30/06/2011	30/06/2010
Materials and energy	(1,162)	(866)
External services	(51,981)	(68,508)
Personnel costs	(52,075)	(52,410)
Depreciation and amortisation	(1,595)	(2,365)
Taxes and charges	(1,174)	(1,276)
Other	(547)	(3,835)
Operating expenses	(108,534)	(129,260)
Administrative expenses	76,570	92,927
Other operating expenses	124	16
Cost of finished goods, services, merchandise and raw materials sold	(31,840)	(36,317)

Other operating incomes

	30/06/2011	30/06/2010
Profit on sale of non-current non-financial assets	1,068	776
Insurance income	414	479
Reversal of receivables impairment allowances	30	25
Other	159	758
Total	1,671	2,038

Other operating expenses

	30/06/2011	30/06/2010
Donations	(53)	-
Other	(71)	(16)
Total	(124)	(16)

6. IMPAIRMENT ALLOWANCES OF ASSETS**Impairment allowances**

In the period ended 30 June 2011 receivables allowances in amount of CZK 30 thousand were released (period ended 30 June 2010: CZK 25 thousand). There were no other impairment allowances on assets recognised or released in the periods ended 30 June 2011 and 30 June 2010.

7. FINANCE INCOME AND FINANCE EXPENSE

	30/06/2011	30/06/2010
Finance income		
Interest income	205,243	224,807
Dividend income	725,543	410,336
Net foreign exchange gains	--	20
Profit from sale of investments in subsidiaries	--	15,054
Other finance income	3,025	3,624
Total finance income	933,811	653,841
Finance costs		
Interest expense	(126,148)	(140,315)
Net foreign exchange losses	(17)	--
Other finance expenses	(3,730)	(4,622)
Total finance costs	(129,895)	(144,937)
Net finance income	803,916	508,904

8. INCOME TAX

	30/06/2011	30/06/2010
Current tax	(12,420)	(20,710)
Deferred tax	(4,575)	(731)
Income tax expense	(16,995)	(21,441)

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

During the six month ended 30 June 2011 the Group acquired assets with a cost of CZK 579 thousand (six month ended 30 June 2010: CZK 4,267 thousand).

Assets with a carrying amount of CZK 3,876 thousand were disposed during six months ended 30 June 2011 (six months ended 30 June 2010: CZK 8,377 thousand), resulting in a gain on disposal of CZK 1,068 thousand (six months ended 30 June 2010: CZK 776 thousand), which is included in other operating income in the statement of comprehensive income.

10. LOANS TO SUBSIDIARIES

	30/06/2011	31/12/2010
Non – current loans		
Non-current loans	2,498,608	2,662,294
Total non – current loans	2,498,608	2,662,294
Current loans		
Cash pooling	2,061,003	1,577,295
Operating loans	8,195,474	4,936,808
Total current loans	10,256,477	6,514,103

Non-current loans to subsidiaries

The Company provided to its subsidiaries UNIPETROL RPA, s.r.o., BENZINA, s.r.o. and BUTADIEN KRALUPY a.s. non-current loans amounting to CZK 2,498,608 thousand as at 30 June 2011.

A carrying amount of the loan provided to BENZINA s.r.o. was CZK 2,215,733 thousand and fair value amounted to CZK 2,839,348 thousand as at 30 June 2011. Part of the loan due within twelve months is presented in current assets.

Movement table of operating loans to subsidiaries:

	Non-current loans		Current loans	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Balance at beginning of the period	2,662,294	2,963,304	4,936,808	6,878,136
Loans granted	--	77,361	4,914,436	6,828,279
Repayments	--	(51,000)	(1,819,456)	(9,096,978)
Reclassification to current from non-current loans to subsidiaries	(163,686)	(327,371)	163,686	327,371
Balance at end of the period	2,498,608	2,662,294	8,195,474	4,936,808

Current loans to subsidiaries

The Company provided current loans to its subsidiaries: UNIPETROL RPA, s.r.o., BENZINA s.r.o., PARAMO a.s., Butadien Kralupy a.s..

11. CURRENT LOANS TO RELATED COMPANIES

As at 30 June 2011 the Company had a short-term loan to related entity SPOLANA a.s. The carrying amount of the loan amounted CZK 500,034 thousand as at 30 June 2011 (31 December 2010 – CZK 500,035 thousand). The interest rates were based on appropriate inter-bank rates and the fair value of the loan approximated its carrying amount at 30 June 2011. Zakłady Azotowe ANWIL Spółka Akcyjna provided full guarantee for the loan obligation of SPOLANA a.s..

12. RETAINED EARNINGS AND DIVIDENDS

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.

13. LOANS AND BORROWINGS

	30/06/2011	31/12/2010
Non – current loans and borrowings		
Unsecured bonds issued	2,000,000	2,000,000
Total non – current loans and borrowings	2,000,000	2,000,000
Current loans and borrowings		
Current portion of unsecured bonds issued	212,685	102,634
Unsecured bank loans	5,632	15,967
Unsecured loans from subsidiaries	1,119,476	616,289
Total current loans and borrowings	1,337,793	734,890

Analyses of bank loans

	Total
Balance at beginning of the period	15,967
Loans taken	2,340,640
Repayments	(2,350,975)
Balance at end of the period	5,632

Loans from subsidiaries

The current loans from subsidiaries are connected with a cash-pool structure. During the year 2011 the Company had cash-pooling agreements with following banks and subsidiaries:

Banks: CITIBANK a.s., ING Bank N.V., organizační složka and Česká spořitelna, a.s., Credit Agricole, S.A., RBS, N.V..

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

Cash on bank accounts with the above mentioned banks is pooled among the Company and subsidiaries listed above. The agreements enable the Company and the subsidiaries to take bank overdrafts at the total amount within the range from CZK 1,000,000 thousand to CZK 1,500,000 thousand at each bank. Interest income / expense is calculated from pooled balances and subsequently divided between the participants. The liabilities from cash-pooling bank loans amounted CZK 5,632 thousand and cash-pooling liabilities to subsidiaries in amount of CZK 1,119,476 thousand as at 30 June 2011 (as at 31 December 2010 CZK 10,695 thousand and CZK 616,289 thousand).

14. COMMITMENTS AND CONTINGENCIES**Capital Commitments**

As at 30 June 2011 and 31 December 2010 the Company didn't have had capital commitments for the acquisition of property, plant and equipment.

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 Company 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

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 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. As at the date of approval of these statements UNIPETROL a.s. has received EUR 9,8 million, which corresponds to the penalty paid and part of the accrued interest.

15. RELATED PARTIES*Ultimate controlling party*

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

	30/06/2011		
	PKN Orlen	Parties under control or significant influence of the Company	Entities under control or significant influence of PKN Orlen
Current receivables and loans	3	10,654,878	500,034
Current payables and loans	1,032	1,131,392	--
Non-current receivables and loans	--	2,498,608	--
Expenses	1,508	29,524	19
Revenues	162	58,295	50
Purchases of fixed assets	--	579	--
Sales of property, plant and equipment	--	222	--
Dividends income	--	725,543	--
Financial income and expense	--	198,222	6,250

	31/12/2010		
	PKN Orlen	Parties under control or significant influence of the Company	Entities under control or significant influence of PKN Orlen
Current receivables	108	6,539,449	500,178
Current payables including loans	1,812	627,776	--
Non-current receivables	--	2,710,053	--
Expenses	11,005	58,049	126
Revenues	119	141,496	100
Purchases of fixed assets	--	204	--
Sales of property, plant and equipment	--	3,590	--
Dividends income	--	410,336	--
Financial income and expense	--	412,237	11,067

16. SIGNIFICANT POST BALANCE SHEET EVENTS

Information on decision of the General Court of the European Union from 13 July 2011 is included in the note 14.

The Group's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 30 June 2011.

Signature of statutory representatives

3 August 2011

Piotr Chelminski

Mariusz Kedra

Chairman of the Board of Directors

Member of the Board of Directors