



UNIPETROL, a.s.

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

AS OF 31 DECEMBER 2010

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

Non-consolidated statement of financial position
prepared in accordance with International Financial Reporting Standards
As at 31 December 2010
(in thousands of Czech crowns)



	Note	31 December 2010 (unaudited)	31 December 2009 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	397,215	371,551
Intangible assets	9	1,187	5,607
Investment property	10	162,190	162,627
Investments in subsidiaries and joint ventures	11	14,354,116	14,274,717
Other investments	12	4,251	4,151
Loans to subsidiaries	14	2,662,294	2,963,304
Receivables from subsidiaries	15	168	73,564
Deferred tax asset	19	421	--
Total non-current assets		17,581,842	17,855,521
Current assets			
Trade and other receivables	16	175,655	275,225
Loans to subsidiaries	17	6,514,103	8,280,334
Loans to related companies	18	500,035	250,214
Prepaid expenses		9,251	9,167
Cash and cash equivalents	20	2,863,092	253,876
Assets classified as held for sale	13	--	1,093
Total current assets		10,062,136	9,069,909
Total assets		27,643,978	26,925,430
EQUITY AND LIABILITIES			
Equity			
Share capital	21	18,133,476	18,133,476
Reserves	22	1,654,065	1,640,975
Retained earnings	23	4,971,986	4,472,958
Total equity		24,759,527	24,247,409
Non-current liabilities			
Loans and borrowings	24	2,000,000	2,000,000
Provisions		400	--
Deferred tax liability	19	--	3,510
Total non-current liabilities		2,000,400	2,003,510
Current liabilities			
Trade and other payables and accruals	25	119,149	194,359
Loans and borrowings	24	734,890	448,772
Dividends payable		30,012	31,380
Total current liabilities		884,051	674,511
Total liabilities		2,884,451	2,678,021
Total equity and liabilities		27,643,978	26,925,430

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 5 to 23.

UNIPETROL, a.s.

Non-consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the year ended 31 December 2010
(in thousands of Czech crowns)



	Note	31 December 2010 (unaudited)	31 December 2009 (audited)
Revenue	3	164,330	243,681
Cost of sales		(71,227)	(107,316)
Gross profit		93,103	136,365
Other income		3,462	6,475
Administrative expenses		(179,277)	(267,103)
Other expenses		(48,827)	(3,742)
Results from operating activities	5	(131,539)	(128,005)
Finance income		958,192	754,993
Finance costs		(270,340)	(313,461)
Net finance income	6	687,852	441,532
Profit before income tax		556,313	313,527
Income tax expense	7	(44,192)	(51,663)
Profit for the year		512,121	261,864
Total comprehensive income for the year		512,121	261,864
Basic and diluted earnings per share (in CZK)		2.82	1.44

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 5 to 23.

UNIPETROL, a.s.

Non-consolidated statement of changes in equity
prepared in accordance with International Financial Reporting Standards
For the year ended 31 December 2010
(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 2009	18,133,476	1,391,365	20,748	7,455	4,432,501	23,985,545
Profit for the year	--	--	--	--	261,864	261,864
Total comprehensive income for the year	--	--	--	--	261,864	261,864
Allocation of profit to reserves	--	221,407	--	--	(221,407)	--
Balance as at 31 December 2009	18,133,476	1,612,772	20,748	7,455	4,472,958	24,247,409
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 year	--	--	--	--	512,121	512,121
Total comprehensive income for the year	--	--	--	--	512,121	512,121
Allocation of profit to reserves	--	13,093	--	--	(13,093)	--
Revaluation of investments	--	--	--	(3)	--	(3)
Balance as at 31 December 2010	18,133,476	1,625,865	20,748	7,452	4,971,986	24,759,527

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 5 to 23.

UNIPETROL, a.s.

Non-consolidated statement of cash flows
prepared in accordance with International Financial Reporting Standards
For the year ended 31 December 2010
(in thousands of Czech crowns)



	31 December 2010 (unaudited)	31 December 2009 (audited)
Cash flows from operating activities:		
Profit for the year	512,121	261,864
Adjustments for:		
Depreciation of property, plant and equipment	3,505	6,883
Amortisation of intangible assets	1,192	1,131
Loss (gain) on disposals of property, plant and equipment	(1,731)	6,256
Loss (Gain) on disposals of intangible assets	(36)	--
Profit on disposals of financial investments	(15,054)	--
Net finance income	(170,745)	(239,883)
Dividends income	(410,336)	(151,562)
Impairment losses on financial investments, property, plant and equipment, inventory and receivables	(55)	(536)
Foreign exchange gains	(4,640)	(2,628)
Income tax expense	44,192	51,663
	(41,587)	(66,812)
Changes in:		
- trade and other receivables and other current assets	175,544	287,258
- in trade and other payables and accruals	(121,300)	(48,532)
- in provisions	400	--
Cash generated from operating activities	13,057	171,914
Interest paid	(297,087)	(343,531)
Net cash used in operating activities	(284,030)	(171,617)
Cash flows from investing activities:		
Proceed from sale of property, plant and equipment and intangible assets	10,064	9,961
Proceed from sale of financial investments	16,147	--
Interest received	466,908	586,504
Dividends received	410,336	151,562
Acquisition of property, plant and equipment and intangible assets	(33,689)	(12,388)
Acquisition of investment property	(112)	(4,214)
Acquisition of financial investments	(79,502)	(109,446)
Change in loans to subsidiaries	2,033,022	1,410,933
Change in loans to related companies	(249,821)	49,817
Net cash from investing activities	2,573,353	2,082,729
Cash flows from financing activities:		
Change in loans and borrowings	321,261	(1,659,744)
Dividends paid	(1,368)	(17,150)
Net cash from (used in) financing activities	319,893	(1,676,894)
Net change in cash and cash equivalents	2,609,216	234,218
Cash and cash equivalents at beginning of the year	253,876	19,658
Cash and cash equivalents at the end of the year	2,863,092	253,876

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 5 to 23.

UNIPETROL, a.s.

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

Year ended 31 December 2010

(in thousands of CZK)

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UNIPETROL, a.s.

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Year ended 31 December 2010

(in thousands of CZK)

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 31 December 2010 are as follows:

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

Members of the statutory and supervisory bodies as at 31 December 2010 were as follows:

	Position	Name
Board of directors	Chairman	Piotr Chelminski
	Vice-Chairman	Marek Serafin
	Member	Mariusz Kędra
	Member	Martin Durčák
	Member	Ivan Ottis
	Member	Artur Paździor
Supervisory board	Chairman	Dariusz Jacek Krawiec
	Vice-Chairman	Ivan Kočárník
	Vice-Chairman	Slawomir Robert Jedrzejczyk
	Member	Piotr Kearney
	Member	Zdeněk Černý
	Member	Krystian Pater
	Member	Rafał Sekula
	Member	Andrzej Jerzy Kozłowski
	Member	Bogdan Dzudzewicz

Changes in the board of directors during 2010 were as follows:

Position	Name	Change	Date of change
Vice-Chairman	Wojciech Ostrowski	Elected for a new Term of office	18 June 2010
Vice-Chairman	Wojciech Ostrowski	Resigned as member and Vice-Chairman	30 September 2010
Member	Mariusz Kędra	Elected as a member	1 October 2010

Changes in the supervisory board during 2010 were as follow:

Position	Name	Change	Date of change
Member	Krystian Pater	Elected for new Term of office as a member	29 June 2010
Member	Zdeněk Černý	Elected for new Term of office as a member	29 June 2010

2. SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and accounting policies

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 2009.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods but which the Company has not early adopted. The Company 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 Company's future unconsolidated financial statements is being analyzed.

B Basis of preparation

The financial statements 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 IFRS's 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 non-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 non-consolidated financial statements as at and for the year ended 31 December 2009.

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.

UNIPETROL, a.s.

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

Year ended 31 December 2010

(in thousands of CZK)

3. REVENUE

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

	2010	2009
Fees for use of land	105,221	102,962
Revenue from services	59,109	140,719
Total revenue	164,330	243,681

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

The following table shows the most significant types of operating expenses analysed by nature and operating incomes categories.

2010	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(712)	(1,711)	--	(2,423)
Repairs and maintenance	(525)	(1,261)	--	(1,786)
Services related to administration of investments in subsidiaries	(1,071)	(2,574)	--	(3,645)
Advertising expense	(2,739)	(6,588)	--	(9,327)
Legal services	(1,817)	(4,368)	--	(6,185)
Advisory services	(2,875)	(6,914)	--	(9,789)
Non-cancellable operating lease rentals	(1,410)	(3,390)	--	(4,800)
Travel expense	(1,361)	(3,272)	--	(4,633)
Telecommunication fees	(288)	(694)	--	(982)
Representation cost	(324)	(779)	--	(1,103)
Accounting, HR and other administrative services	(13,730)	(33,017)	--	(46,747)
IT services	(5,742)	(13,808)	--	(19,550)
Other services	(5,570)	(13,402)	--	(18,972)
Staff cost including remuneration of board members	(26,212)	(63,036)	--	(89,248)
Social and health insurance	(5,472)	(13,158)	--	(18,630)
Depreciation	(1,029)	(2,476)	--	(3,505)
Amortization	(350)	(842)	--	(1,192)
Impairment of PPE and intangibles (recognised) / released	--	--	--	--
Impairment to trade receivables (recognised) / released	--	--	(48,231)	(48,231)
Profit / (loss) on disposal of PPE	--	--	1,767	1,767
Insurance	--	(1,532)	--	(1,532)
Other expense	--	(6,455)	(595)	(7,051)
Other income	--	--	1,695	1,695
Operating expenses	(71,227)	(179,277)	(45,365)	(295,869)
Revenue				164,330
Results from operating activities				(131,539)

UNIPETROL, a.s.

Notes to the condensed non-consolidated financial statements

prepared in accordance with International Financial Reporting Standards

Year ended 31 December 2010

(in thousands of CZK)

5. OPERATING EXPENSES AND INCOMES (CONTINUED)

2009	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(860)	(2,068)	--	(2,928)
Repairs and maintenance	(581)	(1,396)	--	(1,977)
Services related to administration of investments in subsidiaries	(5,422)	(13,040)	--	(18,462)
Advertising expense	(18,156)	(43,661)	--	(61,817)
Legal services	(4,418)	(10,624)	--	(15,042)
Advisory services	(2,452)	(5,897)	--	(8,349)
Non-cancellable operating lease rentals	(1,315)	(3,162)	--	(4,477)
Travel expense	(1,370)	(3,294)	--	(4,664)
Telecommunication fees	(447)	(1,075)	--	(1,522)
Representation cost	(695)	(1,673)	--	(2,368)
Accounting, HR and other administrative services	(17,420)	(41,891)	--	(59,311)
IT services	(7,251)	(17,436)	--	(24,687)
Other services	(6,765)	(16,270)	--	(23,035)
Staff cost including remuneration of board members	(32,538)	(78,247)	--	(110,785)
Social and health insurance	(5,273)	(12,681)	--	(17,954)
Depreciation	(2,021)	(4,862)	--	(6,883)
Amortization	(332)	(799)	--	(1,131)
Impairment of PPE and intangibles (recognised) / released	--	--	471	471
Impairment to trade receivables (recognised) / released	--	--	65	65
Profit / (loss) on disposal of PPE	--	--	(3,460)	(3,460)
Insurance	--	(1,906)	--	(1,906)
Other expense	--	(7,121)	(282)	(7,403)
Other income	--	--	5,939	5,939
Operating expenses	(107,316)	(267,103)	2,733	(371,686)
Revenue				243,681
Results from operating activities				(128,005)

6. FINANCE INCOME AND FINANCE EXPENSE

	2010	2009
Finance income		
Interest income:		
- loans and receivables	425,568	522,634
- bank deposits	7,121	20,556
Dividend income*	410,336	151,562
Profit from sale of investments in subsidiaries	15,054	--
Income from receivable to UNIPETROL TRADE a.s.	93,730	54,075
Other finance income	6,383	6,166
Total finance income	958,192	754,993
Finance costs		
Interest expense:		
- bank overdrafts, loans and borrowings	(261,942)	(303,299)
- finance leases	(2)	(8)
Borrowing costs recognized in the comprehensive income statement	(261,944)	(303,307)
Net foreign exchange losses	(386)	(1,770)
Other finance expenses	(8,010)	(8,384)
Total finance costs	(270,340)	(313,461)
Net finance income	687,852	441,532

* The information about dividends received is included in Notes 14 and 15.

UNIPETROL, a.s.

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

Year ended 31 December 2010

(in thousands of CZK)

7. INCOME TAX

	2010	2009
Current tax – Czech Republic	(48,123)	(48,153)
Deferred tax	3,931	(3,510)
Income tax expense	(44,192)	(51,663)

Domestic income tax is calculated in accordance with Czech tax regulations at the rate of 19 % in 2010 (2009: 20 %) of the estimated taxable income for the year. The deferred tax has been calculated using tax rate approved for years 2010 and forward i.e. 19 %.

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Machinery and equipment	Vehicles and other	Construction in progress	Total
Cost					
Balance as at 01/01/2009	359,943	17,268	23,788	759	401,758
Additions	5,840	--	1,408	832	8,080
Disposals	(2,448)	(13,977)	(3,837)	(467)	(20,729)
Additions from investment property	846	--	--	--	846
Transfer to investment property	(643)	--	--	--	(643)
Other	1,560	--	--	--	1,560
Balance as at 31/12/2009	365,098	3,291	21,359	1,124	390,872
Additions	28,595	--	5,063	--	33,658
Disposals	(3,848)	--	(8,916)	--	(12,764)
Reclassifications	--	--	830	(1,124)	(294)
Balance as at 31/12/2010	389,845	3,291	18,336	--	411,472
Depreciation					
Balance as at 01/01/2009	--	4,277	12,554	--	16,831
Charge for the period	--	1,052	4,406	--	5,458
Disposals	--	(2,950)	(18)	--	(2,968)
Balance as at 31/12/2009	--	2,379	16,942	--	19,321
Charge for the period	--	335	3,170	--	3,505
Disposals	--	--	(8,569)	--	(8,569)
Balance as at 31/12/2010	--	2,714	11,543	--	14,257
Impairment					
Balance as at 01/01/2009	--	--	--	467	467
Reversal of impairment losses	--	--	--	(467)	(467)
Balance as at 31/12/2009	--	--	--	--	--
Balance as at 31/12/2010	--	--	--	--	--
Carrying amount as at 01/01/2009	359,943	12,991	11,234	293	384,461
Carrying amount as at 31/12/2009	365,098	912	4,417	1,124	371,551
Carrying amount as at 31/12/2010	389,845	577	6,793	--	397,215

UNIPETROL, a.s.

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

Year ended 31 December 2010

(in thousands of CZK)

9. INTANGIBLE ASSETS

	Software	Licences, patents and trade marks	Goodwill	Assets under development	Other intangible assets	Total
Cost						
Balance as at 01/01/2009	13,610	--	--	--	8,882	22,492
Additions	--	4,308	--	--	--	4,308
Balance as at 31/12/2009	13,610	4,308	--	--	8,882	26,800
Additions	--	--	--	31	--	31
Disposals	--	(4,308)	--	--	--	(4,308)
Reclassifications	210	--	--	294	(210)	294
Other	5,750	--	--	--	--	5,750
Balance as at 31/12/2010	19,570	--	--	325	8,672	28,567
Amortization						
Balance as at 01/01/2009	11,628	--	--	--	8,434	20,062
Charge for the year	620	323	--	--	188	1,131
Balance as at 31/12/2009	12,248	323	--	--	8,622	21,193
Charge for the year	624	431	--	--	137	1,192
Disposals	--	(754)	--	--	--	(754)
Reclassifications	181	--	--	--	(181)	--
Other	5,750	--	--	--	--	5,750
Balance as at 31/12/2010	18,803	--	--	--	8,578	27,381
Impairment						
Balance as at 01/01/2009	--	--	--	--	5	5
Reversal of impairment losses	--	--	--	--	(5)	(5)
Balance as at 31/12/2009	--	--	--	--	--	--
Balance as at 31/12/2010	--	--	--	--	--	--
Carrying amount as at 01/01/2009	1,982	--	--	--	443	2,425
Carrying amount as at 31/12/2009	1,362	3,985	--	--	260	5,607
Carrying amount as at 31/12/2010	767	--	--	325	95	1,187

10. INVESTMENT PROPERTY

Investment property as at 31 December 2010 comprised land owned by the Company and leased to third parties. The changes recorded during 2010 are presented in following table:

	31/12/2010	31/12/2009
Investment property at 1 January	162,627	160,057
Purchases	112	4,214
Disposals	(549)	(1,441)
Transfer to Property, plant and equipment	--	(846)
Transfer from Property, plant and equipment	--	643
Change in fair value	--	--
Total balance at 31 December	162,190	162,627

Rental income amounted to CZK 20,698 thousand in 2010 (2009: CZK 20,494 thousand). Operating costs relating to investment property amounted to CZK 1,314 thousand (2009: CZK 1,301 thousand).

Future rental income is as follows:

	Less than one year	Between one and five years
Total future rental income	21,008	90,527

Depending on the characteristics of the investment property, its fair value was assessed by an independent surveyor based on comparison approach. Comparison approach was applied assuming that the value of assessed property was equal to the market price of a similar property.

UNIPETROL, a.s.

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

Year ended 31 December 2010

(in thousands of CZK)

11. INVESTMENTS IN SUBSIDIARIES AND JOINT – VENTURES

Investments in subsidiaries and joint – ventures as at 31 December 2010 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the period
Subsidiaries						
UNIPETROL RPA, s.r.o.	Litvínov	7,360,335	100.00	--	7,360,335	--
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	59,172	100.00	7,860	51,312	--
UNIPETROL TRADE a.s.	Praha 4	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 4	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,280	100.00	--	100,280	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	545,389	100.00	--	545,389	--
UNIPETROL AUSTRIA H.m.b.H.	Vídeň	2,899	100.00	--	2,899	--
Joint - ventures						
ČESKÁ RAFINÉRSKÁ, a.s. *)	Litvínov	3,872,299	51.221	--	3,872,299	409,761
Butadien Kralupy, a. s.	Kralupy	162,194	51.00	--	162,194	--
Total		16,634,046	--	2,279,930	14,354,116	409,761

*) In line with Articles of Association, adoption of decisions on all important matters in ČESKÁ RAFINÉRSKÁ, a.s. requires 67.5 % or greater majority of all votes.

Investments in subsidiaries and joint – ventures as at 31 December 2009 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the period
Subsidiaries						
UNIPETROL RPA, s.r.o.	Litvínov	7,360,335	100.00	--	7,360,335	--
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	59,172	100.00	7,860	51,312	--
UNIPETROL TRADE a.s.	Praha 4	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 4	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,28	100.00	--	100,28	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	545,389	100.00	--	545,389	--
Joint - ventures						
ČESKÁ RAFINÉRSKÁ, a.s. *)	Litvínov	3,872,299	51.225	--	3,872,299	150,082
Butadien Kralupy, a. s.	Kralupy	85,694	51.00	--	85,694	--
Total		16,554,647	--	2,279,930	14,274,717	150,082

*) In line with Articles of Association, adoption of decisions on all important matters in ČESKÁ RAFINÉRSKÁ, a.s. requires 67.5 % or greater majority of all votes.

UNIPETROL, a.s.

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12. OTHER INVESTMENTS

Other investments as at 31 December 2010 were as follows:

Company	Registered office	Cost of investment	Ownership percentage	Carrying amount	Dividend income for the period
ORLEN MALTA HOLDING	La Valetta	522	--	522	--
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.2	--	0.2	--
UNIPETROL DOPRAVA s.r.o.	Litvínov	1,799	0.12	1,799	150
UNIPETROL SLOVENSKO s.r.o.*	Bratislava	95	13,04	95	--
PETROTRANS, s.r.o.	Praha	781	0.63	781	359
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	954	1	954	66
UNIPETROL Deutschland GmbH	Langen/Hessen	100	1	100	
Total		4,251		4,251	575

Other investments as at 31 December 2009 were as follows:

Company	Registered office	Cost of investment	Ownership percentage	Carrying amount	Dividend income for the period
ORLEN MALTA HOLDING	La Valetta	522	--	522	--
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.2	--	0.2	--
UNIPETROL DOPRAVA s.r.o.	Litvínov	1,799	0.12	1,799	205
UNIPETROL SLOVENSKO s.r.o.*	Bratislava	95	13,04	95	--
PETROTRANS, s.r.o.	Praha	780.8	0.63	780.8	230
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	954	1	954	45
Total		4,151		4,151	480

13. ASSETS HELD FOR SALE

As at 31 December 2009 Company held 20 shares in CELIO a.s. in nominal value of 1,000 thousand CZK. The Company'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 1,093 thousand as at 31 December 2009.

On 24 March 2010 UNIPETROL, a.s. as the seller entered into an agreement for the sale and purchase of its shares (10.53 %) 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.

The closing of the sale of shareholding in CELIO, a.s. under the above agreement took place on 14 April 2010. UNIPETROL, a.s. sold its shareholding of 10.53 % in CELIO a.s. for the aggregate purchase price of CZK 16,147 thousand.

Dividend income amounted to CZK 1,000 thousand in period ended 31 December 2009.

14. 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 2,662,294 thousand as at 31 December 2010. The interest rates were based on 3M and 6M PRIBOR and fair value of loans approximates their carrying amount except for the loan provided to BENZINA s.r.o. in 1998. This loan bears effective interest rate 9.97% p.a. and fair value amounted to CZK 2,518,037 thousand as at 31 December 2010. Carrying amount of this loans amounts to CZK 2,104,661 thousand. The portion of non-current loans due within one year is reported as current loans to subsidiaries (note 17).

14. NON-CURRENT LOANS TO SUBSIDIARIES (CONTINUED)

Movement table of non-current loans to subsidiaries:

	31/12/2010	31/12/2009
Balance at beginning of the year	2,963,304	3,006,223
Loans granted	77,361	319,406
Repayments	(51,000)	--
Reclassification to current loans to subsidiaries	(327,371)	(362,325)
Balance at end of the year	2,662,294	2,963,304

15. NON-CURRENT RECEIVABLES FROM SUBSIDIARIES

Non-current receivables from subsidiaries include advance payment for Benzina's cards in amount CZK 168 thousand and receivable from UNIPETROL TRADE a.s., acquired by the Company in 2001 from Credit Lyonnais bank Praha, a.s. and Credit Lyonnais bank Slovakia, a.s. The receivable is payable in instalments out of which the last one is due on 31 December 2017. The receivable is denominated in CZK. During year 2010 the extraordinary instalment in amount of CZK 130,000 thousand was repaid. Due to planned liquidation of UNIPETROL TRADE a.s. the receivable was reclassified as short-term receivable and the allowance in amount of CZK 48,286 thousand was created.

16. TRADE AND OTHER RECEIVABLES

	2010	2009
Trade accounts receivable	144,776	231,898
Other receivables	210,629	174,847
Gross trade and other receivables	355,405	406,745
Impairment losses	(179,750)	(131,520)
Net trade and other receivables	175,655	275,225

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

Movement in the impairment loss amount

	2010	2009
Balance at beginning of the year	131,520	131,585
Increases	48,285	--
Release	(55)	(65)
Balance at end of the year	179,750	131,520

Recognition and reversal of receivables allowances are presented in other operating activity.

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.

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17. CURRENT LOANS TO SUBSIDIARIES

The Company provided loans to its subsidiaries UNIPETROL RPA, s.r.o., BENZINA s.r.o., PARAMO a.s., UNIPETROL TRADE a.s., UNIPETROL DOPRAVA, s.r.o., Butadien Kralupy a.s. and MOGUL SLOVAKIA, s.r.o.

The following table presents loans granted as at 31 December 2010 and 31 December 2009.

	2010	2009
Cash pooling	1,577,295	1,402,198
Operating loans	4,936,808	6,878,136
Total	6,514,103	8,280,334

The movements on operating loans were as follows:

	2010	2009
Balance as at 1 January	6,878,136	6,897,109
Loans granted	6,828,279	3,115,143
Repayment	(9,096,978)	(3,496,441)
Reclassification from non-current loans to subsidiaries	327,371	362,325
Balance as at 31 December	4,936,808	6,878,136

The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount except for the loan provided to BENZINA s.r.o. in 1998 (see note 14). The current loans provided to subsidiaries are not collateralised. The current loans to subsidiaries as at 31 December 2010 include the portion of non-current loans due within one year amounted to CZK 435,215 thousand (31 December 2009 – CZK 425,334 thousand).

The analysis of current loans by currency of denomination is as follows (in CZK thousands):

Denominated in	2010	2009
CZK	6,487,032	8,258,150
EUR	27,071	12,311
USD	--	9,873
Total	6,514,103	8,280,334

18. CURRENT LOANS TO RELATED COMPANIES

In 2010 the Company provided a short-term loan to related entity SPOLANA a.s. The carrying amount of the loan amounted CZK 500,035 thousand as at 31 December 2010 (31 December 2009 – CZK 250,214 thousand). The interest rates were based on appropriate inter-bank rates and the fair value of the loan approximated its carrying amount at 31 December 2010. Zakłady Azotowe ANWIL Spółka Akcyjna provided full guarantee for the loan obligation of SPOLANA a.s.

UNIPETROL, a.s.

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19. DEFERRED TAX

Deferred income taxes result from future tax benefits and costs related to the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. The deferred income taxes have been calculated using the tax rate expected to apply to periods when the respective asset is realized or liability is settled (i.e. 19 % in 2010 and onward).

The movement for the year 2010 in the Company's net deferred tax position was follows:

	2010	2009
Balance as at 1 January	(3,510)	--
Income statement charge	3,931	(3,510)
Balance as at 31 December	421	(3,510)

The movement in deferred tax assets and liabilities recognised during the period is as follows:

Deferred tax liabilities	01/01/2010	Recognised in profit or loss	31/12/2010
Property, plant and equipment	(4,868)	70	(4,798)
Finance lease	(14)	14	--
Total deferred tax liabilities	(4,882)	84	(4,798)

Deferred tax assets	01/01/2010	Recognised in profit or loss	31/12/2010
Personnel expenses	1,372	3,847	5,219
Total deferred tax assets	1,372	3,847	5,219

Deferred income tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

20. CASH AND CASH EQUIVALENTS

	2010	2009
Cash in hand	63	61
Cash at bank	2,863,029	253,815
Total	2,863,092	253,876

The carrying amount of these assets approximates their fair value.

The analysis of cash and cash equivalents by currency of denomination is as follows (in CZK thousands):

Denominated in	2010	2009
CZK	2,792,503	211,791
EUR	57,770	36,161
USD	12,819	5,924
Total cash and cash equivalents	2,863,092	253,876

21. SHARE CAPITAL

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

22. STATUTORY RESERVES

In accordance with the Czech Commercial Code, joint stock companies are required to establish a reserve fund for possible future losses and other events. Contributions must be a minimum of 20% of the profit for the period in the first year in which profits are generated and 5% of profit each year thereafter until the fund reaches at least 20% of the issued capital. The balance of Statutory reserve fund amounted as at 31 December 2010 to CZK 1,625,865 thousand (31 December 2009 – CZK 1,612,772 thousand).

23. RETAINED EARNINGS AND DIVIDENDS

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

The decision regarding appropriation of 2010 profit will be made on the annual general meeting of shareholders, which will be held in May / June 2011.

24. LOANS AND BORROWINGS

	2010	2009
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 secured bank loans		
Current portion of unsecured bonds issued	102,634	136,614
Unsecured bank loans	15,967	18,141
Unsecured loans from subsidiaries	616,289	294,017
Total current loans and borrowings	734,890	448,772

Unsecured bonds issued

In 1998 the Company issued 2,000 bonds at a total nominal value of CZK 2,000,000 thousand. The bonds mature 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 the bonds is CZK 2,102,634 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 2,518,730 thousand (CZK 2,634,838 thousand at 31 December 2009). Accrued interest, which will be repaid before 31 December 2011, is presented under current loans and borrowings in amount of CZK 102,634 thousand (CZK 136,614 thousand at 31 December 2009).

24. LOANS AND BORROWINGS (CONTINUED)**Unsecured bank loans**

As at 31 December 2010 the Company had bank loans amounting to CZK 15,967 thousand. The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount.

Currency analyses of bank loans (in CZK thousands) as at 31 December 2010:

	CZK	EUR	USD	Total
Balance at beginning of the year	6,674	1,788	9,679	18,141
Loans taken	3,655,571	657,089	3,607	4,316,267
Accrued interest	7	63	--	70
Repayments	(3,657,586)	(647,640)	(13,285)	(4,318,511)
Balance at end of the year	4,666	11,300	1	15,967

Loans from subsidiaries

The current loans from subsidiaries are connected with a cash-pool structure. During the year 2010 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., Commerzbank AG, HSBC Bank Plc, 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 between 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 10,695 thousand and cash-pooling liabilities to subsidiaries in amount of CZK 616,289 thousand as at 31 December 2010 (as at 31 December 2009 CZK 18,141 thousand and CZK 294,017 thousand).

25. TRADE AND OTHER PAYABLES AND ACCRUALS

	2010	2009
Trade payables	45,132	97,569
Wages and salaries	33,531	42,114
Other payables	19,305	20,254
Social security and other taxes	21,181	34,422
Total accounts payable	119,149	194,359

The average credit period for trade payables is 30 days.

Denominated in	2010	2009
CZK	109,214	188,745
EUR	8,394	3,889
USD	350	184
Other currencies	1,191	1,541
Total accounts payable	119,149	194,359

As of 31 December 2010 and 31 December 2009, the Company did not have any trade payables after their due dates. Management of the Company is of the opinion that the carrying amount of trade payables approximates their fair values.

26. OPERATING LEASES*The Company as a lessee***Operating lease arrangements**

At the balance sheet date, the Company had future minimum lease payments under non-cancelable operating leases for the following periods:

Non-cancelable operating lease commitments

	Minimum lease payments	
	2010	2009
Not later than one year	4,888	4,776
Later than one year and not later than five years inclusive	19,555	19,104
Later than five years	14,666	19,104
Total	39,110	42,984

Payments recognised as an expense were as follows:

	2010	2009
Non-cancelable operating lease	4,800	4,477
Cancellable operating lease	728	648
Total	5,528	5,125

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 CHEMICKA 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 KAUČUK, 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 Impacts of Operation of SYNTHOS Kralupy a.s. on Environment

The environmental audit of plots of land owned by the Company 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. operation on the environment. The share purchase agreement provides that liability for the environmental conditions originating prior to the closing of the transaction lies with the Company 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 the Company and SYNTHOS Kralupy a.s. executed the agreement pursuant to which UNIPETROL, a.s. undertook to create in favor of SYNTHOS Kralupy a.s. the pre-emptive right and other rights to certain plots of land owned by the Company in industrial area in Kralupy nad Vltavou which are used by SYNTHOS Kralupy a.s. for its operations.

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 the Company 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 RAFINĚRSKÁ, 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 the Company and Zakłady Azotowe ANWIL Spółka Akcyjna, 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 the Company 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, the Company 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.

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 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.

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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. 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.

Purchase of shares of PARAMO, a.s.

As described in the consolidated financial statements of the Group as at 31 December 2010 UNIPETROL, a.s. squeezed out the other shareholders of PARAMO, a.s. within the meaning of Sections 183i et seq. of the Commercial Code and became sole shareholder of PARAMO, a.s.

In accordance with the resolutions of the Extraordinary General Meeting of PARAMO, a.s. of 6 January 2009, all other shares in PARAMO, a.s. were transferred to the Company and the Company provided 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. became the sole shareholder of PARAMO, a.s.

In connection with the squeeze-out, certain 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 and filed a constitutional complaint with the Constitutional Court of the Czech Republic in this respect, asserting violation of their right to judge. The Czech Constitutional Court returned the matter to the High Court in Prague for a new decision on the removal of the case.

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 the District Court in Prague 4 to review 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 monetary consideration 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 favor 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. In case of the proceedings concerning the previous approval of the Czech National Bank, the action was dismissed by the District Court for Prague 4 in favor of the Czech National Bank and UNIPETROL, a.s. The claimants filed an appeal and the proceedings are pending before the Municipal 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.

UNIPETROL, a.s.

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28. RELATED PARTIES

Ultimate controlling party

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

	PKN Orlen	Parties under control of the Company	2010 Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables and loans	108	7,309,627	500,178	--
Current payables and loans	1,812	627,776	--	--
Non-current receivables and loans	--	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	--	--
Sales of intangible assets	--	3,590	--	--
Dividends income	--	410,336	--	--
Financial income and expense	--	423,302	11,067	--

	PKN Orlen	Parties under control of the Company	2009 Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	4	8,424,262	250,213	--
Current payables including loans	2,148	308,564	--	--
Non-current receivables	--	2,963,304	--	--
Expenses	13,682	111,901	18	--
Revenues	10	220,164	90	--
Purchases of fixed assets	4,308	446	--	--
Sales of property, plant and equipment	--	8,086	--	--
Dividends income	--	150,562	--	1
Financial income and expense	--	509,137	7,703	--

29. RISK MANAGEMENT

The Company manages below described categories of risks.

Currency risk management

The currency risk arises most significantly from the exposure of loans to subsidiaries denominated in foreign currencies (see notes 14 and 17).

Currency risk is mostly covered by natural hedging with bank loans and borrowings (see note 24) denominated in the same currencies.

Interest rate risk management

The Company has adopted a Debt Policy, which fully covers interest rate risk as well as transferring of external financial sources to subsidiaries. These external financial sources are transferred with similar conditions and interest rates including a mark up (see note 24). There are no loans and borrowings used for Company's own purposes.

Credit risk management

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Loans to subsidiaries (notes 14 and 17) principally consist of amounts due from Group companies. The Company does not require collateral in respect of these financial assets. At the balance sheet date there was a significant concentrations of credit risk that is shown in notes 14 and 17. The Company's management monitors the most significant debtors and assesses their creditworthiness. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

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

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

30. SIGNIFICANT POST BALANCE SHEET EVENTS

The Company'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 31 December 2010.

Signature of statutory representatives	9 February 2011
Piotr Chelminski	Mariusz Kedra
Chairman of the Board of Directors	Member of the Board of Directors