ČESKÁ RAFINÉRSKÁ

Annual Report 2006



ANNUAL REPORT ČESKÁ RAFINÉRSKÁ, a.s. 2006

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Report of the CRC Board of Directors on 2006 Business Activity and Asset Status

This past year was a defining moment in the journey of ČESKÁ RAFINÉRSKÁ, a.s. ("Company") to its' vision of "Being acknowledged by all Stakeholders as a centre of excellence and preferred service provider." Specifically,

- Our unrelenting commitment to Health, Safety, Security and Environment (HSSE) resulted in no injury of Company employees, recognition by government and peers of our exemplary behavior, and the ability to meet the most stringent EU (European Union) motor fuel product quality requirements.
- Operationally, our actions improving plant reliability were rewarded, as improved cooperation with our "Processors" ² (i.e., those Shareholder³ companies granted crude processing rights at the Company) and attractive market conditions enabled record refinery utilization and crude throughput.
- Continued commitment of the Shareholders was demonstrated by their approval of capital investments designed for progress toward our vision and ongoing viability of the Company.
- Expansion of the Company's interaction with all Stakeholders (e.g., establishment of the Kralupy nad Vltavou Ecological Centre, achievement of Responsible Company Standard designation, etc.)

The following discussion provides specific details about the significant Company accomplishments during 2006.

¹ The context of "preferred service provider" relates to the Company changing its' business model to "toll processing" from "for profit" on 1st August 2003. In "toll processing", Shareholders/Processors determine and acquire the raw materials to be supplied, and finished products manufactured, including their sale. Title to raw materials and intermediates/finished products resulting from manufacturing of the raw materials resides with the Shareholders/Processors at all times.

The Company charges the Shareholders/Processors a "processing fee" its' manufacturing services. All market/price risk for both raw materials and finished products resides with the Shareholders/Processors. Regardless of business model, the Company is constantly focused on people, safety, equipment availability/reliability, and optimum operating cost.

² "Processors" are Agip Česká republika, s.r.o.; ConocoPhillips Czech Republic s.r.o.; Shell Czech Republic a.s.; and UNIPETROL RAFINÉRIE a.s.

³ "Shareholders" are ConocoPhillips Central and Eastern Europe Holdings B.V. (16.333%), ENI International B.V. (16.333%), Shell Overseas Investments B.V. (16.333%), and UNIPETROL, a.s. (51%).

Health, Safety, Security and Environment (HSSE)

Health, safety, security and environment are long-standing key Company priorities. This is evident in the Company's integrated management system (i.e., TMS - Total Management System) and continuous improvement efforts. HSSE performance for 2006, in comparison with previous years, is shown in Table 1.

Table 1: Key HSSE Performance Indicators

	2002	2003	2004	2005	2006
Employee Absences with Injuries	0	0	3	2	0
Total Recordable Injury Rate (LTI, MTC, for 1 million hours worked)	0.9	1.4	1.8	2.2	2.8
Leaks (over 200 litres)	5	3	4	2	5
Fires	4	9	5	3	3

Significant HSSE achievements during the year were:

- No lost time injuries of Company employees.
- Received the HR (Human Resource) Excellence Award from the Czech Republic Conference of HR Managers.
- A leading position in the national round of the European Week of Occupational Safety and Health Protection. This year's campaign was titled "Start Safely", and focused on young people joining the work force and reducing their injury rate.
- Control auditors' visits and application for ISO re-certification audit,
- Completion of the "Safe Company" program re-certification audit, confirming the Company's improvement of its' integrated management system (TMS).
- No extraordinary operation incident or event with negative impact on the environment or quality of life of inhabitants in neighbouring cities and municipalities.
- Awarded 1st place in the Unipetrol Group's (i.e., the Company's major shareholder) work safe competition.

While pleased with these achievements, the Company did not meet its' Total Recordable Injury Rate target (i.e., 1.2). Given this metric is a precursor to risk and performance for the Absences with Injuries metric, the Company will continue to improve safety performance by applying further specific measures and programs.

The worldwide discussion on global warming was significantly elevated during 2006. The Company's contribution to this dialog was issuing a statement of principles endorsing permanently sustainable development, and committing the Company to:

- A responsible attitude,
- Saving natural resources (e.g., utilization of bio-fuel components, etc.),
- Reducing utility (e.g., electricity, natural gas, water, etc.) consumption, and
- Minimize environmental impact from Company operations.

More detailed information and comments may be found in the Company's report titled "2006 Report on Health, Safety, Security, Quality and Environmental Impact".

Production Activities

2006 saw significant improvement in Company operations towards its goals of improved unit reliability/availability and utilization. Major operating focus during the year was:

• Improved Unit Reliability / Availability

In previous years, unplanned unit shutdowns were a primary contributor to below industry average unit reliability/availability rates. Industry benchmarks indicate "Pacesetter refineries" have exceptional safety and maintenance performance. To address this issue, the Company is implementing a multi-year Asset Management program focused on human and equipment reliability. Major program accomplishments during the year were:

- Achieving "Self Regulating Company" designation by state supervisory bodies. This goal was achieved when the Company successfully demonstrated its RBI (Risk Based Inspection) methodology at the New Refinery Litvínov (NRL) complex.
- Reorganization of the Maintenance area, creating Area Asset teams. This action brings focused responsibility and accountability for equipment maintenance, availability, and reliability.
- Increased focus on the effectiveness and ownership of business processes that deliver added value. This focus was started in the Maintenance area.

The Company is adopting a criticality and risk-based approach to ensure equipment function, integrity and safeguarding when setting maintenance and inspection strategy. With the "Self Regulating Company" designation, the Company may now use its RBI methodology when conducting inspection works. This is in contrast to a practice with pre-defined maintenance time intervals that are not representative of equipment's particular characteristics and operating conditions.

The Company achieved improved results in the year 2006 in the key areas of unit availability and utilization – see Table below.

Table 2: Key Operation Performance Indicators

(in %)	2002	2003	2004	2005	2006
Fluid Catalytic Cracker (FCC) Availability	79.8	85.8	83.2	81.0	95.5
New Hydro Cracker (NHC) Availability	99.3	85.8	96.0	99.0	96.0
Vis Breaking Unit (VBU) Availability	86.0	80.8	87.0	84.0	100.0
Utilization (Both Plants – Solomon Basis)	63.3	67.1	66.4	78.5	79.0

FCC and VBU performance in 2006 were all-time records!

While RBI and other actions taken have yielded improved unit reliability / availability, there is room for further improvement, as witnessed by the following significant unplanned unit shutdowns during 2006:

Kralupy:

• FCC (December): Replacement of the wet gas compressor rotor due to excessive vibration. An improved designed rotor was used in the replacement.

Litvínov:

- Isomeration (May): Compressor failed due to incorrect assembly.
- Hydro Cracking Unit (October): Exchange poor performing catalyst, using opportunity of shutdown of Chemopetrol's ethylene unit.

Record Volume of Crude Processed

As noted in the following graph, more than 7.2 million tons were processed during 2006. This is approximately 2% more than was processed in 2005, and the highest crude volume processed in the Company's history! This record was achieved due to attractive market conditions (e.g., global demand for refined products exceeding refining capacity) and improved unit reliability/availability.

8 6 4 2 2 2002 2003 2004 2005 2006 □ Litvínov ■ Kralupy

Crude Processed

• Clean Fuels Production

In 2006, all motor fuels were produced in compliance with the volume of aromatic fusions and sulphur in gasoline and diesel requirements (i.e., regulations EU 98/70/EC and 2003/17/EC requiring motor fuels with sulphur volume under 50 mg/kg). The Company also began production of a limited volume of diesel fulfilling the "Clean Fuels 2009" program (i.e., sulphur volume no more than 10 mg/kg).

Bio-fuels Production

The Company began manufacturing bio-fuel products in late 2006 from its' new bio-fuels facilities. First production was 2.2 kilo tons of diesel containing RME (Rape oil Methyl Ester) for export market.

• <u>Performance Improvement</u>

A Hydrocarbon Management Review (HMR) study began this year. The objective of this study is to identify no- or minimum-cost opportunities to increase the Company's contribution to Shareholders/Processors. Contributions are expected in either improved refinery operations (e.g., yield structure, operating costs, etc.) and/or added value to Shareholder's/Processor's Value Chain (i.e., from raw material acquisition to refined product sale).

Risk Management

The Company improved on its' risk management process during the year by adopting a consistent, systematic methodology applied at a division and section level. Keys to this new methodology are its' focus on risk identification, criticality, prioritization and mitigation.

Financial situation

The Company posted a pre-tax profit of CZK 381 Million (CZK 268 Million after-tax) on turnover of CZK 9,257 Million. These results correspond to the Company's business plan expectations. Key financial metrics are shown in Table 3.

Table 3: Key Financial Metrics

CZK Billion*	2002**	2003**	2004	2005	2006
Turnover	40.7	32.8	8.9	9.3	9.3
Net Profit After Tax	(0.74)	0.33	0.02	0.26	0.27
Fixed Cash Expenses	1.88	2.00	2.07	1.76	1.71
Investment Expenditures ***	1.18	0,83	0.93	0.48	1.44

^{*} Unconsolidated data, based on Czech Accounting Standards

Investment Program

The Company's 2006 Investment Program was focused in the following areas:

1. Stay-in-Business

The major achievement was completion of the bio-fuels program. This program was initiated by the Company to fulfil requirements of EU 2003/30/EC (i.e., support bio-fuels as a renewable source of energy as a partial substitute of classical fossil fuels in motor fuels). Bio-fuels partially displace the use of crude oil for motor fuels production and result in less air emissions when consumed. This program included four total projects, two at each refinery location focused on two key areas, as follows:

- 1. Rape oil methyl ester addition to diesel, maximum 5 % of the volume of presumed maximum diesel production.
- 2. Bio-ethanol addition to gasoline, maximum 10 % of the volume from presumed maximum production of gasoline

^{**} Data not fully comparable to other periods due to conversion to Processing Mode effective 1st August 2003

^{***} Cash flow basis

All four projects were completed by 30 November at a combined cost of CZK 262.6 Million

In addition, construction of the Selective Hydrogenation of Fluid Catalytic Cracker Gasoline unit was started at Kralupy. This unit will enable production of gasoline with sulphur volume up to 10 ppm. This project is in support of the "Clean Fuels 2009" program (i.e., sulphur volume no more than 10 mg/kg). Project completion and unit start-up is expected in November 2007.

2. Expand Capacity and Development

Significant investment activities included:

- Expansion of the Kralupy dispatching terminal, enabling the handling of more transports, was completed.
- Modernization of the Hydro Cracking Unit's capacity up to 165 t/hr was started at Litvínov. This project will be completed during the 2007 Litvínov turnaround. This project will provide improved refinery conversion, leading to higher quality products.

3. Environmental Protection

Primary projects in this category were a noise emission reduction project at Kralupy and starting of the Low NOx (Nitrogen Oxides) burner project in Litvínov.

4. Other Projects

A number of minor projects were started and/or completed during the year addressing availability/reliability and energy efficiency improvement issues.

A breakdown of the 2006 Investment Program is shown in Table 4.

Table 4: 2006 Investment Program (by Locality and Project Category)

CZK Million	Litvínov	Kralupy	Both	Total
Major projects	295.3	400.7	0.0	696.0
General Improvements	306.2	131.7	41.1	479.0
Mandatory projects	13.9	43.7	66.8	124.4
Minor projects	55.1	32.2	23.6	110.9
Projects Requested by Processors	4.2	20.5	0.5	25.2
Total	674.7	628.8	132.0	1,435.5

Personnel

The Company's key personnel activities during 2006 were focused in the following areas:

• Evaluation and Compensation Procedure Improvement

Targets defining the relation between employees' performance evaluation and their salary adjustment were set.

• Education Programs

A "Managerial Skills" program was specially developed to assist managers in the development of soft (e.g. communication, presentation, etc.) skills.

The Company successfully obtained a "Development of Human Resources Operation Program of the European Social Fund" grant. This grant was for the Company's "Support of employee education to increase the competitiveness of the enterprise" program.

Development and implementation of e-learning courses, accessible to all employees via the Intranet, continued.

• Healthy Lifestyles Promotion

The "Aktivitalita" project, covering events for improving physical activity and exercise, was promoted by the Company during 2006. An aspect of this project was declaring 2006 the "Year of Sport". With this declaration, the Company sponsored a variety of sporting events (e.g., badminton, bowling, skiing, etc.) for employee participation.

Stakeholders

The Company maintained its' commitment to Stakeholders (i.e., customers, vendors, employees, communities where we operate, and government entities) in the following key areas:

Certifications

The Company achieved "Responsible Company Standards" (RCS) certification from Donors Forum of Czech Republic. This designation is based on a transparent assessment of a company's proactive and consistent activity in the areas of environmental care, care for employees and neighbourhood support. By receiving the RCS designation, the Company ranks among those leading business companies with a systematic and transparent approach to supporting public needs.

The Company joined the European Road Safety Charter. This campaign, created by the European Commission, urges companies to undertake actions to bring down the traffic accident rate and related death toll. By joining, the Company has made a 3-year commitment to promote traffic safety within the Company and local communities. This commitment includes supporting the nation-wide BESIP (English translation is "Safe Driving Campaign") foundation's, efforts to implement safe driving campaigns.

Communication

The Company provided frequent information to the public and media on its' investment program activities, products quality, key facility shutdowns, and regional activities. The Company also made numerous presentations to the students, public, being promoted at community, sports or cultural events in both regions.

Community Relations

Significant events during the year included:

- Litvínov Záluží industrial area Open Day in May marked the 10th anniversary. More than 900 people attended the Open Day.
- Establishment of the Kralupy nad Vltavou Ecological Centre in October, in cooperation with other Kralupy area industrial companies. This ecological centre provides interactive information on the local environment status and ecological advices.

Charity / Philanthropy

The Company continued its' long history of working with local government and non-profit organizations in the cities and municipalities in the refineries' neighbourhood (i.e., Litvínov, Most, Meziboří, Kralupy nad Vltavou, Veltrusy and Chvatěruby) to provide much needed community support. Education, social services, and youth activities were the major focus areas for this year's efforts.

The Company's "2006 Report on Corporate Social Responsibility", prepared according to Responsible Company Standards (see above), details the Company's activities regarding Stakeholders.

Changes in Board of Directors, Executive Management, and Supervisory Board

Board of Directors

Mr. Eric V. Anderson and Mr. Lennart Heldtander resigned from the Board. Mr. Terry L. Long and Mr. Robert A. Chalmers were elected to 3-year terms to the Board. Additionally, Mr. Long was also elected Vice Chairman of the Board.

Executive Management

- Chief Financial Officer: Mr. Eric V. Anderson resigned and Mr.Terry L. Long was appointed.
- Technical Director: Mr.Lennart Heldtander resigned and Mr. Robert A. Chalmers was appointed.

Supervisory Board

After Mr. Ivan Ottis demitted his membership, Mr. Ladislav Varhaník was elected as its' new Chairman. Furthermore, Mr. Jacek Stanik was elected as a member of the Supervisory Board. At the end of the year, Ms. Gabriela Plintovičová and Mr. Valter D'Angeli demitted their membership. The General Meeting elected Mr. Martin Jaroš and Mr. Andrea Moretti as new Supervisory Board members.

Looking to the Future

2007 promises to be another exciting and challenging year for ČESKÁ RAFINÉRSKÁ, a.s. The excitement and challenges will come from the following significant events:

- Total shutdown of the Litvínov refining complex for major maintenance and plant investment.
- Investment Program:
 - o Completion of the New Hydro Cracker revamp and Selective Hydrogenation of Fluid Catalytic Cracker Gasoline investment projects.
 - o Conversion of the MTBE (Methyl Tert-Butyl Ether) plant to one producing ETBE (Ethyl Tert-Butyl Ether).
- Expectation of continued high crude processing throughput.
- ISO certification (18001) and recertification (9001 and 14001).
- Receive results of the:
 - o Hydrocarbon Management Review study and develop an improvement plan, including implementation of those projects of highest immediate value.
 - o Refining industry's benchmark "Solomon Study" and formulate further improvement actions.

Litvínov, on 10 April 2007

Ivan Souček

Chairman of the Board of Directors

ČESKÁ RAFINÉRSKÁ a.s.

Report of the Supervisory Board of ČESKÁ RAFINÉRSKÁ, a.s. for the Ordinary General Meeting of the Company 27 April 2007

Report of the Supervisory Board of ČESKÁ RAFINÉRSKÁ, a.s. on the Company's regular financial statements for 2006, the proposal for the distribution of the profit and the examination of the Report on the relationships between the controlling and controlled person and on the relationships between the controlled person and other persons controlled by the same controlling person for 2006.

PricewaterhouseCoopers Audit, s.r.o. audited the regular financial statements for 2006 and expressed an auditor's statement of no reservations. In view of the auditor's statement, the Supervisory Board states that the regular financial statements reflects truly, in all material aspects, the assets, liabilities, equity and financial standing of Česká rafinérská, a.s. as at 31 December 2006 and its results for 2006 in accordance with the accounting act and relevant regulations of the Czech Republic.

The Supervisory Board also states that it did not discover any material misstatements in the submitted annual financial statements as at 31 December 2006 or in other documents that the Company's Board of Directors submitted to the Supervisory Board for discussion in 2006 that would suggest that the accounting records were not maintained properly in accordance with reality and legal regulations.

The Supervisory Board recommends the Ordinary General Meeting approves the financial statements for 2006 and also approve the proposal of the Board of Directors for the distribution of the 2006 profit.

The Supervisory Board has examined the Report on relationships between the controlling and controlled person and on relationships between the controlled person and other persons controlled by the same controlling person for 2006 as prepared by the Company's Board of Directors and submitted to the Supervisory Board. The Supervisory Board has no comments concerning the submitted report.

Given in Kralupy nad Vltavou, dated 11 April 2007

Ing. Ladislav Varhaník

Chairman of the Supervisory Board

ČESKÁ RAFINÉRSKÁ, a.s.



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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ČESKÁ RAFINÉRSKÁ, A.S.

Report on the Annual Report

We have audited the annual report of ČESKÁ RAFINÉRSKÁ, a.s. (the "Company") for consistency with the financial statements for the year ended 31 December 2006 which are included in this Annual Report on pages 14-46. The Board of Directors is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report of the Company for the year ended 31 December 2006 is consistent, in all material respects, with the financial statements referred to above.

Report on review of the Report on Relations

In addition we have also reviewed the accompanying report on relations between the Company and its controlling party and between the Company and the other persons controlled by the same controlling party for the year ended 31 December 2006 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Board of Directors of the Company. Our responsibility is to review the accuracy of information included in the Report.

PricewaterhouseCoopers Audit, s.r.o., registered seat Kateřinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.



Shareholders of ČESKÁ RAFINÉRSKÁ, a.s. Independent auditors' report

Report on review of the Report on Relations (continued)

We conducted our review in accordance with the International Standard on Review Engagements 2400 and related application guidance of the Chamber of Auditors of the Czech Republic for review of the report on relations. These standards require that we plan and perform the review to obtain moderate assurance as to whether the Report is free of material misstatement. A review is limited primarily to inquiries of Company personnel, analytical procedures and examination, on a test basis, of factual accuracy of data. A review therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Report has not been properly prepared, in all material respects, in accordance with the requirements of Article 66a of the Commercial Code.

13 April 2007

PricewaterhouseCoopers Audit, s.r.o.

Prica waterhousdoopus Hidsz, J.L. a.

represented by Partner

Petr Šobotník

Auditor, Licence No. 113

INDEPENDENT AUDITORS REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2006



PricewaterhouseCoopers Audit, s.r.o. Kateřinská 40/466 120 00 Prague 2 Czech Republic Telefon +420 251 151 111 Fax +420 251 156 111

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ČESKÁ RAFINÉRSKÁ, A.S.

We have audited the accompanying financial statements of ČESKÁ RAFINÉRSKÁ, a.s. (the "Company"), which comprise the balance sheet as at 31 December 2006, the income statement, statement of changes in equity, cash flow statement for the year then ended and notes, including a summary of significant accounting policies (the "financial statements"). Details of the Company are disclosed in note 1 to these financial statements.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers Audit, s.r.o., registered seat Kateřinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.



Shareholders of ČESKÁ RAFINÉRSKÁ, a.s. Independent auditors' report

Auditors' Responsibility

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2006, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

15 March 2007

PricewaterhouseCoopers Audit, s.r.o.

Represented by Partner

Petr Šobotník

Auditor, Licence No. 113

Company name: ČESKÁ RAFINÉRSKÁ, a.s.

Identification number: 62741772 Legal form: Joint-stock company Primary business: Refining of crude oil Balance sheet date: 31 December 2006

Date of preparation of the financial statements: 15 March 2007

BALANCE SHEET

(in CZK thousands)

			Current year			Prior year 2005
			Gross	Provisions	Net	Net
		TOTAL ASSETS	35,209,501	(9,817,093)	25,392,408	23,715,983
A.		STOCK SUBSCRIPTION RECEIVABLE			-	
		T				
B.		FIXED ASSETS	25,018,401	(9,083,293)	15,935,108	15,108,891
B. I.		Intangible assets	1.395.732	(870,761)	524,971	230,546
B. I.	1	Research and development	62,020	(41,086)	20,934	19,345
	2	Software	703,194	(622,617)	80.577	82,700
	3	Royalties	266,422	(207,058)	59,364	72,251
	4	Other intangible fixed assets	296,101	-	296,101	-
	5	Intangible assets in the course of construction	67,995	-	67,995	56,250
				-	_	
B. II.		Tangible assets	22,968,579	(8,212,532)	14,756,047	14,224,255
	1	Constructions/ Buildings	4,468,828	(704,350)	3,764,478	3,723,378
	2	Equipment	15,704,427	(6,515,914)	9,188,513	9,576,300
	3	Other tangible fixed assets	168,662	(61,440)	107,222	112,830
	4	Tangible assets in the course of construction	776,390	-	776,390	379,746
	5	Advances paid for tangible fixed assets	580,960	-	580,960	8,897
	6	Adjustment to acquired fixed assets	1,269,312	(930,828)	338,484	423,104
B. III.		Long-term investments	654,090	_1	654,090	654,090
D. III.	1	Other financial investments	654,090	-	654,090	654,090
C.		CURRENT ASSETS	9,961,789	(733,800)	9,227,989	8,289,613
C. I.		Inventories				
U. I.		inventories	1,358,072	(232,011)	1,126,061	1,119,832
C. I.	1	Raw materials	1,358,072 1,163,187	(232,011) (223,511)	1,126,061 939,676	1,119,832 898,281
	1 2	Raw materials				898,281
			1,163,187	(223,511)	939,676	
C. I.	2	Raw materials Finished goods	1,163,187 172,629	(223,511) (8,500) -	939,676 164,129	898,281 183,181
C. I.	3	Raw materials Finished goods Prepayments for inventory Long-term receivables	1,163,187 172,629 22,256	(223,511) (8,500) - (209,674)	939,676 164,129	898,281 183,181
C. II. C. II.	2 3 1	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables	1,163,187 172,629 22,256 209,674 209,674	(223,511) (8,500) - (209,674) (209,674)	939,676 164,129 22,256	898,281 183,181 38,370
C. II. C. III. C. IIII.	2 3	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables	1,163,187 172,629 22,256 209,674 209,674 6,147,551	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - - 5,855,436	898,281 183,181 38,370 - - 5,631,350
C. II. C. II.	1	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166	(223,511) (8,500) - (209,674) (209,674)	939,676 164,129 22,256 - - 5,855,436 496,051	898,281 183,181 38,370 - - 5,631,350 523,277
C. II. C. III. C. IIII.	1 1 2	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Trade receivables Trace receivables	1,163,187 172,629 22,256 209,674 209,674 6,147,551	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - - 5,855,436	898,281 183,181 38,370 - - 5,631,350 523,277 67,595
C. II. C. III. C. IIII.	1	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Trade receivables Short-term prepayments	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - - 5,855,436 496,051 8,085	898,281 183,181 38,370 - - 5,631,350 523,277 67,595 13,699
C. I. C. II. C. III.	1 1 2	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Trade receivables Trace receivables	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - - 5,855,436 496,051	898,281 183,181 38,370 - - 5,631,350 523,277 67,595
C. II. C. II. C. III.	1 1 2 3 4	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Taxes and state subsidies receivable Short-term prepayments Other receivables	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - - 5,855,436 496,051 8,085 - 5,351,300	898,281 183,181 38,370 - - 5,631,350 523,277 67,595 13,699 5,026,779
C. II. C. III. C. III. C. III.	1 1 2 3 4	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Taxes and state subsidies receivable Short-term prepayments Other receivables Financial assets	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085 - 5,351,300	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - - 5,855,436 496,051 8,085 - 5,351,300 2,246,492	898,281 183,181 38,370 - - 5,631,350 523,277 67,595 13,699 5,026,779
C. II. C. II. C. III. C. IIII.	1 1 2 3 4	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Taxes and state subsidies receivable Short-term prepayments Other receivables Financial assets Cash in hand	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085 - 5,351,300 2,246,492 1,286	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - - 5,855,436 496,051 8,085 - 5,351,300 2,246,492 1,286	898,281 183,181 38,370 - - 5,631,350 523,277 67,595 13,699 5,026,779 1,538,431
C. II. C. III. C. III. C. III.	1 1 2 3 4	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Taxes and state subsidies receivable Short-term prepayments Other receivables Financial assets	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085 - 5,351,300	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - 5,855,436 496,051 8,085 - 5,351,300 2,246,492 1,286 1,148,026	898,281 183,181 38,370 - - 5,631,350 523,277 67,595 13,699 5,026,779
C. II. C. III. C. III. C. III.	1 1 2 3 4	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Taxes and state subsidies receivable Short-term prepayments Other receivables Financial assets Cash in hand Cash at bank	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085 - 5,351,300 2,246,492 1,286 1,148,026	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - - 5,855,436 496,051 8,085 - 5,351,300 2,246,492 1,286	898,281 183,181 38,370 - - 5,631,350 523,277 67,595 13,699 5,026,779 1,538,431 1,385 887,046
C. II. C. III. C. III. C. III.	1 1 2 3 4	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Trade receivables Taxes and state subsidies receivable Short-term prepayments Other receivables Financial assets Cash in hand Cash at bank	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085 - 5,351,300 2,246,492 1,286 1,148,026	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - 5,855,436 496,051 8,085 - 5,351,300 2,246,492 1,286 1,148,026	898,281 183,181 38,370 - - 5,631,350 523,277 67,595 13,699 5,026,779 1,538,431 1,385 887,046
C. II. C. III. C. III. C. IV. D.	1 1 2 3 4	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Trade receivables Taxes and state subsidies receivable Short-term prepayments Other receivables Financial assets Cash in hand Cash at bank Short-term investments OTHER ASSETS - TEMPORARY ACCOUNTS OF ASSETS	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085 - 5,351,300 2,246,492 1,286 1,148,026 1,097,180	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 	898,281 183,181 38,370 - 5,631,350 523,277 67,595 13,699 5,026,779 1,538,431 1,385 887,046 650,000 317,479
C. II. C. III. C. III. C. IV.	1 1 2 3 4	Raw materials Finished goods Prepayments for inventory Long-term receivables Trade receivables Short-term receivables Taxes and state subsidies receivable Short-term prepayments Other receivables Financial assets Cash in hand Cash at bank Short-term investments	1,163,187 172,629 22,256 209,674 209,674 6,147,551 788,166 8,085 - 5,351,300 2,246,492 1,286 1,148,026 1,097,180	(223,511) (8,500) - (209,674) (209,674) (292,115)	939,676 164,129 22,256 - 5,855,436 496,051 8,085 - 5,351,300 2,246,492 1,286 1,148,026 1,097,180	898,281 183,181 38,370 - 5,631,350 523,277 67,595 13,699 5,026,779 1,538,431 1,385 887,046 650,000

			Current year 2006	Prior year 2005
		TOTAL EQUITY & LIABILITIES	25,392,408	23,715,983
Α.		EQUITY	16,777,184	16,753,496
			-, , -	-,,
A. I.		Share capital	9,348,240	9,348,240
A. I.	1	Share capital	9,348,240	9,348,240
A II.		Reserve funds and other reserves	476,306	463,456
A II.	1	Statutory reserve fund	476,306	463,456
A. III.		Retained earnings	6,684,802	6,684,802
III.	1	Retained profits	6,684,802	6,684,802
A. IV.		Profit for the current period	267,836	256,998
В.		ILIABILITIES	8,615,224	6,962,487
			5,0:0,==:	0,002,101
B. I.		Provisions	520,638	436,284
I.	1	Tax-deductible provisions	444,325	405,383
	2	Other provisions	76,313	30,901
B. II.		Long-term liabilities	565,356	267,655
II.	1	Other liabilities	318,340	134,109
	2	Deferred tax liability	247,016	133,546
B. III.		Short-term liabilities	7,529,230	6,238,851
B. III.	1	Trade payables	737,044	704,180
	2	Liabilities to employees	21,961	18,795
	3	Liabilities for social security and health insurance	14.284	11,913
	4	Taxes and state subsidies payable	5,649,503	5,026,149
	5	Short-term advanced payables	899,469	347,304
	6	Anticipated liability	120,863	130,442
	7	Other payables	86,106	68
B. IV.		Bank loans and overdrafts		19,697
D. IV.	1	Short-term bank loans and overdrafts	- 	19,697
		Dior-teim pank loans and overdials	1	19,097
C.		OTHER LIABILITIES - TEMPORARY ACCOUNTS OF LIABILITIES		

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

(in thousands CZK)

		Current year	Prior year 2005
I.	Sales of goods	283,494	490,102
A.	Cost of goods sold	278,952	462,621
+	Gross margin	4,542	27,481
•	oroso margin	1,012	21,101
II.	Sales of production	8,973,690	8,804,223
	1 Sales of own products and services	8,972,074	8,802,678
:	2 Activation	1,616	1,545
В.	Cost of sales	6,772,030	6,412,68
B.	1 Raw materials and consumables	3,028,870	2,654,297
В.	2 Services	3,743,160	3,758,384
+	Added value	2,206,202	2,419,023
- T	raded value	2,200,202	2,410,020
C.	Personnel expenses	496,410	465,356
	1 Wages and salaries	353,974	333,457
	2 Emoluments of board members	3,456	3,309
	3 Social security costs	122,789	115,873
C.	4 Other social costs	16,191	12,717
D.	Taxes and charges	4,707	5,803
E.	Depreciation of long-term assets	1,066,051	1,224,225
—· III.	Sale of long-term assets and raw materials	31,918	12,017
	1 Sale of long-term assets	21,981	3,708
	2 Sale of raw materials	9,937	8,309
F.	Net book value of long-term assets and raw materials sold	61,656	4,238
	Net book value of long-term assets sold	59,786	1,613
	Net book value of raw materials sold	1,870	2,625
G.	Increase/(decrease) in operating provisions	218,417	258,149
IV.	Other operating income	1,349,711	20,467
H.	Other operating charges	1,391,582	169,676
	I		
*	Operating result	349,008	324,060
VI.	Income from sales of securities and shares	-	2,967
J.	Securities and shares sold	_	167
VII.	Income from long-term investments	-	6,098
VIII.	Income from short-term investments	19,178	8,784
X.	Interest income	24,201	21,720
N.	Interest expense	9,695	6,481
XI.	Other financial income	23,632	31,611
О.	Other financial expense	25,018	43,937
*	Financial result	32,298	20,595
			·
Q.	Tax on profit or loss on ordinary activities	113,470	93,501
Q.	1 - deferred	113,470	93,501
**	Profit or loss on ordinary activities after taxation	267,836	251,154
XIII.	Extraordinary income		5,968
R.	Extraordinary charges	-	124
*	Profit (loss) on extraordinary items after taxation	-	5,844
***	Net profit (loss) for the financial period	267,836	256,998
		-	,
	Profit or loss before taxation	381,306	350,499

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

(in thousands CZK)

At 1 January 2005						
	9,348,240	10,377	462,544	6,667,473	18,241	16,506,875
Distribution of profit/loss			912	17,329	(18,241)	-
Dividend Approved						
Revaluation of assets and liabilities		(10,377)				(10,377)
Net profit/loss for 2005		(10,011)			256,998	256,998
At 31 December 2005						
	9,348,240	-	463,456	6,684,802	256,998	16,753,496
Distribution of profit/loss			12,850		(12,850)	-
Dividend Approved					(244,148)	(244,148)
Revaluation of assets and liabilities					<u> </u>	
Net profit/loss for 2006					267,836	267,836
At 31 December 2006						·
	9,348,240	-	476,306	6,684,802	267,836	16,777,184

CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2006

(in thousands CZK)

		Current year	Prior year 2005
	Cash flows from operating activities		
Z.	Net profit/(loss) from ordinary activities before tax	381,306	344,655
A. 1.	Adjustments for non cash movements	1,309,130	1,462,240
	Depreciation of fixed assets and receivables	1,150,672	1,308,846
	2. Change in allowances	49,441	25,993
	Change in provisions (Profit) / loss from disposals of fixed assets	84,355	147,536
	(Profit) / loss from disposals of fixed assets Net interest expense (income)	37,805	(4,896) (15,239)
	6. Other non cash movements	(14,506) 1,363	(15,239)
A *	Net cash flow from ordinary activities before tax, changes in working capital, paid interests and extraordinary items	1,690,436	1,806,895
A. 2.	Working capital changes	658,562	(1,758,183)
	(Increase)/decrease in inventories	(38,400)	(78,406)
	2. (Increase)/decrease in receivables	34,726	(179,162)
	(Increase)/decrease in other receivables and prepayments	(163,144)	1,853,942
	4. Increase/(decrease) in payables	(402,807)	12,592
	5. Increase/(decrease) in payables, bank loans and accruals	1,228,187	(3,367,149)
A **	Net cash flow from ordinary activities before tax, paid interests and extraordinary items	2,348,998	48,712
A. 3.	Interest received	24,201	21,720
A. 4.	Interest paid	(65)	(6,481)
A. 6.	Cash movements relating to extraordinary items	-	5,844
A ***	Net cash flow from ordinary activities	2,373,134	69,795
	Cash flows from investing activities		
B. 1.	Acquisition of fixed assets	(1,435,499)	(484,294)
B. 2.	Proceeds from sale of fixed assets	14,574	6,675
B. 3.	Interest received	-	-
B ***	Net cash flow from investing activities	(1,420,925)	(477,619)
	Cash flows from financing activities		
C. 1.	Change in long and short-term liabilities and loans	-	(425,649)
C. 2.	Changes in equity	(244,148)	(147,702)
C ***	Net cash flow from financing activities	(244,148)	(573,351)
F.	Net increase/(decrease) in cash and cash equivalents	708,061	(981,175)
P.	Cash and cash equivalents at the beginning of the year	1,538,431	2,519,606
R.	Cash and cash equivalents at the end of the year	2,246,492	1,538,431

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

GENERAL INFORMATION

ČESKÁ RAFINÉRSKÁ, a.s., (the "Company") is a joint-stock company that was incorporated on 28 April 1995 and has its registered office in Litvínov, Záluží 2, Czech Republic. The identification number of the Company is 62741772. The Company's main business activity comprises the refining of crude oil into finished products and petrochemical feedstock.

Shareholders of the Company who hold a 10% or greater interest in the Company's share capital are as follows:

Unipetrol, a.s.	51%
ConocoPhillips Central and Eastern Europe Holdings B.V.	16 1/3%
Eni International B.V.	16 1/3%
Shell Overseas Investments B.V.	16 1/3%

The Company is a part of the consolidated group of Unipetrol. Since 31 May 2005, Unipetrol has become a part of the consolidated group of PKN Orlen.

Decision-making processes within the Company are further specified in the Articles of Incorporation.

Based on the Processing Agreement concluded between the Company and its Shareholders in January 2003, the Company started operating as a processing refinery on 1 August 2003. Most of the current commercial activities of the Company are preformed with the subsidiaries of its shareholders, which became Company's four main customers (the "Processors").

The members of the statutory and supervisory bodies as at 31 December 2006 were as follows:

Board of Director	ors	Member since
Chairman	Ivan Souček	15 October 2002
Vice chairman	Terry Lee Long	1 March 2006
Member	Rudolf Bureš	6 April 2004
Member	Miroslav Kornalík	14 December 2005
Member	Andrej Mieczyslav Stegenta	14 December 2005
Member	Oscar Magnoni	12 November 1999
Member	Robert Arthur Chalmers	16 September 2006

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

GENERAL INFORMATION (continued)

Supervisory Boa	ard	Member since	
Chairman	Ladislav Varhaník	22 June 2006	
Vice chairman	Josef Gros	26 May 2004	
Member	Jacek Stanik	6 May 2006	
Member	Jaroslaw Kamil Jablonski	13 December 2005	
Member	Martin Jaroš*	14 December 2006	
Member	Andrea Moretti*	15 December 2006	
Member	Jan Klimeš	29 April 2002	
Member	Ilona Pokorná	29 April 2002	
Member	Jaroslav Stránský	16 June 2005	

^{*} The change in the Supervisory Board was approved by the General Meeting held on 14 December 2006 and was not recorded in Commercial Register at the date of financial statements.

The Company operates the two largest oil refineries, located in Kralupy nad Vltavou and Litvínov, in the Czech Republic. The Litvínov refinery has the capacity to process 5 million tonnes of crude oil per year; the Kralupy refinery has the capacity to process 3 million tonnes of crude oil per year.

The Company is divided into five divisions: Finance, Technical, General Affairs, Planning and Development, and CEO.

1. BASIS OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in the Czech Republic for the years 2006 and 2005.

The financial statements have been prepared under the historical cost convention, except as disclosed below.

Comparable data for the year 2005 were taken from previous audited financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2. ACCOUNTING POLICIES

The valuation principles applied by the Company for preparation of the financial statements for the years 2006 and 2005 are as follows:

a) Intangible assets

Intangible assets are recorded at cost, which includes costs incurred in bringing the assets to their present location and condition. All research costs are expensed. Development costs are capitalised as intangible assets and recorded at the lower of costs or the value of future economic benefits if the value of future economic benefits can be reasonably estimated. All other development costs are expensed as incurred.

Intangible assets with unit costs exceeding CZK 60 thousand and with a useful life of over 1 year are amortised applying the straight-line basis over their estimated useful life. The useful lives of assets were set as follows:

	Years
Research and development	2-6
Software	2 - 5
Royalties	3 - 10

Intangible assets with a unit cost of less than CZK 60 thousand are expensed upon acquisition.

A provision for impairment is established whenever the carrying value of an asset is greater than its estimated recoverable amount.

b) Tangible assets

Tangible assets with a unit cost of more than CZK 40 thousand are recorded at acquisition cost, which includes freight, customs duties and other related costs. Interest costs incurred in connection with construction of tangible fixed assets are not capitalised. The costs of property enhancements are capitalised. Repairs and maintenance expenditures are expensed as incurred. Tangible fixed assets with a unit cost of less than CZK 40 thousand are treated as inventory and are expensed upon consumption.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2. ACCOUNTING POLICIES (continued)

b) Tangible fixed assets (continued)

A provision for impairment is established whenever the carrying value of an asset is greater than its estimated recoverable amount.

In accordance with the Act on Reserves, the Company creates a reserve for major repairs of tangible fixed assets, which the Company's management expects to incur in future accounting periods (Note 12). The value of the reserve is based on the total estimated costs of major repairs of tangible fixed assets.

A valuation adjustment to acquired property was recognised in 1995 as the difference between the value of property in accordance with valuation done for the purposes of contributing those assets to the Company and the net book value of the property as recorded in the accounting records of the contributing entities (Note 4).

Depreciation

Tangible assets are depreciated applying the straight-line basis over their estimated useful lives which are as follows;

	Years
Buildings and constructions	50
Plant, machinery and equipment	4 - 20
Motor vehicles	6 - 11
Furniture and fittings	4 - 8
Other tangible fixed assets	4 - 30
Valuation adjustment to acquired property	15

In 2005, the Company performed analysis of its depreciation plan for individual depreciation groups. Based on this analysis, the useful lives of significant portion of fixed assets were estimated at the upper limit of above intervals. Also the depreciation formula was adjusted accordingly. Assets with changed useful lives are depreciated applying the straight-line basis over the ratio of actual net book value and remaining useful life of the asset. In case of significant property enhancement, the remaining useful life of the asset is reviewed

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2. ACCOUNTING POLICIES (continued)

b) Tangible fixed assets (continued)

In 2006, the Company completed modernisation of a production unit in cost of CZK 374,518 thousand, which is operated solely on behalf of two processors: UNIPETROL RAFINÉRIE a.s. and AGIP Česká republika, s.r.o. Operation of this asset is governed by the special agreement concluded for the period of 10 years. The useful life of this asset was estimated for 10 years.

c) Long-term financial assets

Long-term financial assets consist of held-to-maturity long-term loans.

d) Investment in subsidiaries and associated undertaking

A subsidiary is an enterprise that is controlled by the Company, which means that the Company has the power to govern the subsidiary's financial and operating policies and to obtain benefits from the subsidiary's activities.

Equity investments in subsidiaries and associates are recorded using the equity method. Under this method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the investor's share of the equity capital in a subsidiary or an associated undertaking.

e) Inventories

Inventories are stated at the lower of cost or net realisable amount. Cost includes appropriate overheads incurred to bring inventory to its present state and location (mainly transport, customs duty, etc.). The weighted average cost method is applied for all disposals.

Value of spare parts is adjusted by a provision based on their expected utilisation and the estimate of the remaining useful life of the related assets.

A provision for spare parts is created on the basis of a detailed analysis of the expected utilisation at year-end and remaining useful life.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2. ACCOUNTING POLICIES (continued)

f) Receivables

Receivables are stated at their nominal value. The valuation of doubtful receivables is adjusted through a provision for the doubtful amount to their net realisable value.

A provision for doubtful receivables is created on the basis of a detailed analysis of the collectibility of doubtful receivables at year-end.

g) Short-term financial assets

Short-term financial assets consist of cash equivalents, cash in hand and in the bank, and held-to-maturity debt securities falling due within one year.

h) Share capital

The Share capital of the Company is recorded at the amount recorded in the Commercial Register maintained by the Regional Court.

In accordance with the Commercial Code and the articles of association, the Company must create a statutory reserve fund from profit. In the first year in which a profit is generated, a joint-stock company is obliged to allocate 20% of profit after tax (however, not more than 10% of share capital) to the statutory reserve fund. In subsequent years, the Company allocates 5% of the profit after tax, until the value of the reserve fund from profit reaches 20% of the share capital. This fund can only be used to offset losses.

i) Liabilities

Long-term liabilities and current liabilities are recorded at their nominal values. Short- and long-term loans are recorded at their nominal values. Any portion of a long-term loan due within one year of the balance sheet date is recorded as a short-term loan.

j) Financial leases

The Company accounts for leased assets by expensing the lease payments and capitalising the residual value of those assets at the time of the contract expiration and exercising of the purchase option. Lease payments paid in advance are recorded as prepaid expenses and amortised over the lease term. Amounts payable in future periods but not yet due are disclosed in the notes but not recognised in the balance sheet.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2. ACCOUNTING POLICIES (continued)

k) Provisions

Provisions are recognised when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The Company recognises tax deductible provisions relating to future repairs of property, plant and equipment.

1) Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the Czech National Bank rate of exchange rate on the date of the transaction.

All monetary assets and liabilities denominated in foreign currencies have been translated at the year-end exchange rate published by the Czech National Bank.

All foreign exchange gains and losses are recognised in the profit and loss account. Since 2002, unrealised exchange rate gains and losses are also recognised in the profit and loss account.

m) Revenues and expenses recognition

Revenues and expenses are recognised on an accrual basis.

A processing fee is charged to individual Processors based on the Processing Agreement.

Sales are recognised when goods are shipped and title passes to the customer or upon the performance of services. Sales are shown net of discounts and Value Added Tax.

n) Extraordinary items and changes in accounting policies

Extraordinary gains and losses represent one-off effects of events outside the scope of the Company's activities and the effects of changes in accounting policies.

o) Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax assets are recognised if it is probable that sufficient future taxable profit will be available against which the assets can be utilised.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2. ACCOUNTING POLICIES (continued)

p) Related parties

The Company's related parties are considered to be the following:

- group companies;
- shareholders, of which the Company is a subsidiary or an associate, directly or indirectly, and subsidiaries and associates of these shareholders;
- members of the Company's statutory and supervisory bodies and management and parties close to such members, including the subsidiaries and associates of the members and their close parties;
- companies with the same management member.

Material transactions and outstanding balances with related parties are disclosed in Note 20.

q) Pension plan

In 2006, the Company provided a contribution to the Employee Pension Scheme according to Act 42/1994 and its amendment no. 170/1999 Coll. Regular contributions are made to the state budget to fund the national pension plan.

r) Subsequent events

The effects of events that occurred between the balance sheet date and the date of preparation of the financial statements are recognised in the financial statements in the case that these events provide further evidence of conditions that existed at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, and such events are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed but not recognised in the financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

3. INTANGIBLE FIXED ASSETS

2006 Cost

(C71/2000)	Opening	A 44i	Diamonala	Tuonafona	Closing
(CZK'000)	balances	Additions	Disposals	Transfers	balances
Research and development	51,408	3,680	-	6,932	62,020
Software	651,230	34,342	(72)	17,694	703,194
Royalties	257,933	4,016	-	4,473	266,422
Other intangible fixed assets	-	1,645,542	(1,349,441)	-	296,101
Intangible assets					
in the course of construction	56,250	23,002	_	(11,257)	67,995
2006 Total	1,016,821	1,710,582	(1,349,513)	17,842	1,395,732

2006 Accumulated depreciation

	Opening	Depreciation		Closing
(CZK'000)	balances	charge	Disposals	balances
Research and development	(32,063)	(9,023)	-	(41,086)
Software	(568,530)	(54,158)	71	(622,617)
Royalties	(185,682)	(21,376)	-	(207,058)
2006 Total	(786,275)	(84,557)	71	(870,761)
2006 Net book value	230,546			524,971

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

3. INTANGIBLE FIXED ASSETS (continued)

2005 Cost

	Opening				Closing
(CZK'000)	balances	Additions	Disposals	Transfers	balances
Research and development	42,101	5,211	-	4,096	51,408
Software	619,746	19,548	(312)	12,248	651,230
Royalties	251,111	3,322	-	3,500	257,933
Intangible assets					
in the course of construction	41,262	30,463	-	(15,475)	56,250
2005 Total	954,220	58,544	(312)	4,369	1,016,821

2005 Accumulated depreciation

	Opening	Depreciation		Closing
(CZK'000)	balances	charge	Disposals	balances
Research and development	(26,018)	(6,041)	(4)	(32,063)
Software	(463,964)	(104,811)	245	(568,530)
Royalties	(164,381)	(21 299)	(2)	(185,682)
2005 Total	(654,363)	(132,151)	239	(786,275)
2005 Net book value	299,857			230,546

Research and development costs represent external studies, which are amortised over their estimated useful lives. Management also expects these projects to be technically viable and commercially profitable.

Other intangible assets represent greenhouse emissions allowances. According to the Government Decree of 20 July 2005 about the National Allocation Plan of the Czech Republic for years 2005 – 2007, the Company, as an operator of the equipment producing CO2 emissions, was allocated 1,100,247 pcs of greenhouse emissions allowances per year. As at 31 December 2005 the Company did not have the account opened with the Allowance Register yet, and therefore the allowances were not reflected in the Company's accounts for the year then ended. In 2006, the Company was assigned of 2,200,494 pcs of greenhouse emissions allowances for the trading period 2005 and 2006. To cover the production of greenhouse gases in 2006 and 2005, the Company used 909,819 pcs and 802,742 pcs of emission allowances respectively. In 2006, the Company sold 80,951 pcs of emission allowances.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

4. TANGIBLE FIXED ASSETS

2006 Cost

	Opening				Closing
(CZK'000)	Balances	Additions	Disposals	Transfers	balances
Constructions	4,324,061	93,229	(2,333)	53,871	4,468,828
Machinery and equipment	15,299,964	367,318	(98,438)	135,583	15,704,427
Artworks and collections	1,090	-	-	-	1,090
Other tangibles fixed assets	167,595	3	(26)	-	167,572
Tangible assets					
in the course of construction	379,746	579,051	-	(182,407)	776,390
Advances for tangible fixed assets	8,897	596,952	-	(24,889)	580,960
Adjustment to acquired property	1,269,312	-	-	-	1,269,312
2006 Total	21,450,665	1,636,553	(100,797)	(17,842)	22,968,579

2006 Accumulated depreciation and provisions

	Opening	Depreciation			Closing
(CZK'000)	balances	charge	Disposals	Provisions	balances
Constructions	(600,683)	(101,226)	776	(3,217)	(704,350)
Machinery and equipment	(5,723,664)	(864,756)	88,015	(15,509)	(6,515,914)
Other tangibles fixed assets	(55,855)	(5,585)	-	-	(61,440)
Adjustment to acquired property	(846,208)	(84,620)	_	-	(930,828)
2006 Total	(7,226,410)	(1,056,187)	88,791	(18,726)	(8,212,532)
2006 Net book value	14,224,255				14,756,047

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

4. TANGIBLE FIXED ASSETS (continued)

2005 Cost

	Opening				Closing
(CZK'000)	Balances	Additions	Disposals	Transfers	balances
Constructions	4,202,730	83,718	(2,277)	39,890	4,324,061
Machinery and equipment	14,957,807	112,100	(65,755)	295,812	15,299,964
Artworks and collections	1,090	-	-	-	1,090
Other tangibles fixed assets	167,593	28	(26)	-	167,595
Tangible assets					
in the course of construction	403,211	316,606	-	(340,071)	379,746
Advances for tangible fixed assets	3,650	5,247	-	-	8,897
Adjustment to acquired property	1,269,312	-	-	-	1,269,312
2005 Total	21,005,393	517,699	(68,058)	(4,369)	21,450,665

2005 Accumulated depreciation

	Opening	Depreciation		Closing
(CZK'000)	balances	charge	Disposals	balances
Constructions	(501,925)	(99,397)	639	(600,683)
Machinery and equipment	(4,801,776)	(980,617)	58,729	(5,723,664)
Other tangibles fixed assets	(50,269)	(5,586)	-	(55,855)
Adjustment to acquired property	(761,587)	(84,621)	-	(846,208)
2005 Total	(6,115,557)	(1,170,221)	59,368	(7,226,410)
2005 Net book value	14,889,836			14,224,255

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

4. TANGIBLE FIXED ASSETS (continued)

The valuation adjustment of CZK 1,269,312 thousand to acquired property was recognised in 1995 as the difference between the value of property in accordance with the valuation done for the purposes of contributing those assets to the Company and the net book value of the property as recorded in the accounting records of the contributing entities (Note 2b). The amount is depreciated on a straight-line basis over 15 years.

In 2005, a lease agreement for the isomerisation unit expired. The agreement including amendments was concluded in 1994 – 1998. The total lease amount was CZK 585,703 thousand and was fully repaid in 2001. The unit was according to the Czech Accounting Standards capitalised at its acquisition cost of CZK 8 thousand. The estimated useful economic life of the unit is 30 years from concluding of agreement.

5. LONG-TERM FINANCIAL ASSETS

Summary of changes in other long-term financial assets:

	As at			As at
(CZK'000)	31 December 2005	Additions	Revaluation	31 December 2006
Other long-term				
financial assets	654,090	-	-	654,090

Other long-term financial assets represent a commodity loan of 110 thousand tonnes of crude oil to the Processors. The commodity loan was provided for the entire period during which the Company operates in the processing refinery mode in accordance with the processing agreement signed between the Company and the Processors on 31 July 2003. The loan bears an interest rate of 2.818% p.a. and is to be repaid in 2023 in a single installment. The loan was valued using market prices of crude oil as at 1 August 2003. The loan has not been revalued as at 31 December 2006 as there is no supporting evidence as to what is the expected value of relative crude oil at maturity date.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

5. LONG-TERM FINANCIAL ASSETS (continued)

Summary of changes in investment in subsidiaries and associated undertakings:

	As at			As at			As at
	1. January			31. December			31. December
(CZK'000)	2005	Disposal	Revaluation	2005	Disposal	Revaluation	2006
Subsidiaries	10,544	10,544	-	-	-	-	

In 1999, a subsidiary – ČESKÁ RAFINÉRSKÁ SLOVAKIA s.r.o. was established with its registered office in Bratislava. The company was incorporated on 24 November 1999 and its business activities were purchase and sale of goods. In April 2005, the subsidiary paid out dividends of CZK 6,098 thousand. The subsidiary was sold on 31 October 2005.

6. INVENTORIES

(CZK'000)	31 December 2006	31 December 2005
Raw material	1,163,187	1,093,762
Finished goods	172,629	187,540
Advances paid for inventories	22,256	38,370
Total inventories	1,358,072	1,319,672
Provision	(232,011)	(199,840)
Net book value	1,126,061	1,119,832

Raw material represents mainly spare parts as at 31 December 2006 amounting to CZK 1,097,155 thousand (31 December 2005: CZK 1,039,738 thousand).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

7. RECEIVABLES

(CZK'000)	31 December 2006	31 December 2005
Long-term receivables	209,674	279,674
Adjustment to long-term receivables	(209,674)	(279,674)
Long-term receivables net	-	-
Short-term trade receivables	788,166	746,848
- receivables overdue more		
than 360 days	261,785	123,539
State tax receivables	8,085	67,595
Advances paid	-	13,699
Other receivables	5,351,300	5,026,779
Total receivables	6,147,551	5,854,921
Provision for doubtful receivables	(292,115)	(223,571)
Net receivables	5,855,436	5,631,350

As at 31 December 2006 and 2005, the Company recorded a long-term trade receivable that will be gradually settled by 2010. Due to uncertainty of the collectibility of this receivable, the Company established a provision in the full amount of the long-term receivable.

All trade receivables more than 90 days overdue, not covered by a provision, are secured by deposits, bills of exchange or insurance.

Other receivables include mainly a receivable for paid excise tax due from the Processors.

The Company has receivables from related parties (Note 20).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

8. PROVISIONS

Provisions reflect a temporary diminution in the value of assets (Notes 4, 6 and 7).

Changes in the provision accounts were as follows (CZK'000):

		Receivables	Receivables	Tangible	
Provisions	Inventories	- tax allowed	- other	fixed assets	Total
Balance at 1 January 2005	192,386	66,351	418,355	-	677,092
Charge for the year	24,910	47,461	10,008	-	82,379
Written off during the year	(17,456)	(26,041)	(12,889)	-	(56,386)
Balance at 31 December 2005	199,840	87,771	415,474	_	703,085
Charge for the year	36,530	1,186	15	18,726	56,457
Written off during the year	(4,359)	(1,455)	(1,202)	-	(7,016)
Balance at 31 December 2006	232,011	87,502	414,287	18,726	752,526

The tax-allowed provisions are created in compliance with the Czech Act on Reserves.

9. FINANCIAL ASSETS

Short-term securities and shares represent short-term bank promissory notes held to maturity. Their nominal value as at 31 December 2006 is CZK 1,097,180 thousand (31 December 2005: CZK 650,000 thousand).

The Company has bank accounts, which allow the Company to maintain an overdraft facility. As at 31 December 2006, the overdraft balance, in accordance with the agreed limit, amounted to CZK 0 thousand, (31 December 2005: CZK 19,697 thousand), and were classified as short-term bank loans in the accompanying balance sheet (Note 14).

10. OTHER ASSETS

Prepaid expenses include mainly prepaid rent and remaining value of catalysts in use based on their technological parameters and number of hours they have been used in operation. Prepaid expenses are expensed in the income statement in the period when the relevant service is provided or material used.

Accrued revenues include mainly estimated items created for final Processing Fee settlement, and are accounted for to revenues in the period in which the relevant service is provided.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

11. EQUITY

Share capital of the Company comprises 934,824 registered shares fully subscribed and paid for, with a nominal value of CZK 10 thousand.

The shareholder structure is described in the financial statements in the Note 1.

The net profit for 2004 totalling CZK 18,241 thousand was approved and allocated by the General Meeting of Shareholders on 6 May 2005.

The net profit for 2005 totalling CZK 256,998 thousand was approved and allocated by the General Meeting of Shareholders on 14 December 2006.

12. RESERVES

The movements in the reserve accounts were as follows (CZK'000):

Reserves	Tax allowed	Other
Balance as at 1 January 2005	288,748	-
Change for the year	264,893	30,901
Used in the year	(148,258)	_
Balance as at 31 December 2005	405,383	30,901
Change in the year	114,275	57,753
Used in the year	(75,333)	(12,341)
Balance as at 31 December 2006	444,325	76,313

The tax allowed reserve for the purpose of repairs of tangible fixed assets was created in 2006 and 2005.

Other reserves represented mainly reserves for the purpose of repairs of tangible fixed assets created beyond the terms of the Act on Reserves in 2006 and 2005.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

13. LIABILITIES

As at 31 December 2006, the Company recognized a long-term liability in the amount of CZK 318,340 thousand (31 December 2005: CZK 134,109 thousand). This represents loans received from a related party (Note 20).

As at 31 December 2006 and 2005, the Company had no overdue short-term liabilities.

Payables to related parties are shown in Note 20.

Trade payables and other liabilities with the exception of excise tax payable to financial authorities were not secured by any of the Company's assets. The excise tax payables are secured by bank guarantees with a value of CZK 100,000 thousand.

14. BANK LOANS AND OTHER BORROWINGS

At 31 December 2006, the Company did not have any bank loan.

Loans overview (CZK'000):

Туре	31 December 2006	31 December 2005
Long-term loan due after 1 year	-	-
Current portion of long-term loan		
within one year	-	-
Overdrafts	-	19,697
Total	-	19,697

The interest expense relating to bank loans and short-term overdrafts for 2006 was CZK 65 thousand (2005: CZK 6,481 thousand).

Interest expense for the year 2006 in the amount of CZK 9,630 thousand relates to long-term liability (Note 20).

Long-term bank loan was paid in advance in June 2005.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

15. TAXATION

The calculation of 2006 and 2005 income tax is as follows (CZK'000):

	2006	2005
Profit/loss before tax	381,306	350,499
Non-taxable income	(4,789)	(39,217)
Non-tax deductible expenses	196,770	141,883
Difference between accounting		
and tax depreciation	(22,112)	(116,035)
Tax base (loss)	551,175	337,130
Utilised tax loss (portion of 2002, 2003)	(551,175)	(337,130)
Taxable income	-	-
Income tax rate	24%	26 %
Current tax due	-	-

The calculation of the 2006 income tax is based on the preliminary income tax calculation.

According to Income Tax Act, the Company may carry forward tax losses generated in 2001 and 2002 for up to seven years. The remaining tax loss carried forward from 2001 and 2002 amounted to CZK 345,093 thousand as at 31 December 2006.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

15. TAXATION (continued)

The Company has calculated deferred tax as follows (CZK'000):

			200)6	200	5
				Deferred		Deferred
			Deferred	tax	Deferred	tax
Deferred tax	Base	Tax rate *)	tax asset	liability	tax asset	liability
Difference between accounting and						
tax net book value of fixed						
assets	(2,471,960)	24%	-	(593,270)	-	(589,779)
Other differences:						
Provision to inventories	223,511	24%	53,643	-	46,915	-
Provision to finished goods	8,500	24%	2,040	-	1,046	-
Provision to receivables	414,287	24%	99,429	-	99,714	-
Provision to tangible fixed assets	18,726	24%	4,494	-	-	-
Adjustment to acquired fixed assets	(338,483)	24%	-	(81,236)	-	(101,545)
10% reinvestment tax relief	688,476	24%	165,234	-	175,283	-
Social and health expenses payable						
in the following year	6,305	24%	1,513	-	1,712	-
Reserves	76,313	24%	18,315	-	7,416	-
Tax loss	345,093	24%	82,822	-	225,692	-
Total			427,490	(674,506)	557,778	(691,324)
Net				(247,016)		(133,546)

^{*)} Tax rate stated above is in accordance with the valid tax rate enacted for the period of expected realization of deferred tax.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

16. LEASING

The Company uses assets under finance lease contracts that are not recorded as fixed assets in the financial statements (Note 2j).

Assets that are being used by the Company under finance leases as at 31 December 2006 are as follows (CZK'000):

		Financial	leases	Payments	due in
		payment	s as at	following y	ears as at
		31 Dece	ember	31 Decem	ber 2006
	Installments related to the			Due within	Due after
Description	whole rent period	2006	2005	1 year	1 year
Cars	11,026	9,493	6,736	1,533	

17. COMMITMENTS AND CONTINGENCIES

The Company has a long-term (15 year) transport contract with Mero ČR a.s., effective since 1 January 1996 and an annual transport contract with Transpetrol, a.s. which stipulate a minimum annual throughput of crude oil through the IKL and Druzba pipelines. Required minima were fulfilled in 2006 and 2005.

As at 31 December 2006 and 2005, the Company had not issued any guarantees.

18. REVENUE ANALYSIS

Revenue from ordinary activities has been generated as follows (CZK'000):

	2006	2005
	Domestic	Domestic
Sale of services	8,972,074	8,802,678
Sale of goods	283,494	490,102
Total revenues	9,255,568	9,292,780

Due to the conversion to a processing refinery, the Company has had only 4 main customers since 1 August 2003 and these are the Processors.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

19. EMPLOYEE ANALYSIS

The analysis of payroll expenses (CZK'000):

	2006		200)5
	Employees	Out of which	Employees	Out of which
	Total	management	Total	management
Average number of staff	688	26	693	26
Wages/salaries	353,974	49,181	333,457	36,077
Social insurance	122,789	17,137	115,873	12,854
Social expenses	16,191	437	12,717	567
Total personnel expenses	492,954	66,755	462,047	49,498

In 2006, the members and former members of the statutory and supervisory boards received bonuses and other remuneration totalling CZK 3,456 thousand (2005: CZK 3,309 thousand).

20. RELATED PARTY TRANSACTIONS

No loans, guarantees or other benefits were granted to members of statutory bodies in 2006 and 2005, and they do not hold any shares of the Company.

Trade receivables and payables from these transactions arose under the same terms and conditions as with unrelated parties.

Related party receivables (CZK'000):

Related party	31 December 2006	31 December 2005
UNIPETROL, a.s.	1,643	-
Agip Česká republika, s.r.o.	1,227,068	1,295,030
CHEMOPETROL, a.s.	111,091	70,373
UNIPETROL DOPRAVA a.s.	43	43
ConocoPhillips Czech Republic s.r.o.	792,925	830,958
KAUČUK, a.s.	1,765	1,715
Shell Czech Republic a.s.	890,643	1,014,827
Výzkumný ústav anorganické chemie, a.s.	45	-
PARAMO, a.s.	-	4
UNIPETROL RAFINÉRIE a.s.	2,994,745	2,660,033
Total	6,019,968	5,872,983

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

20. RELATED PARTY TRANSACTIONS (continued)

Related party payables (CZK'000):

Related party	31 December 2006	31 December 2005
CHEMOPETROL, a.s.	102,738	98,255
UNIPETROL DOPRAVA, a.s.	106,673	129,998
HC CHEMOPETROL, a.s.	2	1
AGIP Česká republika, s.r.o.	7,820	3,132
ConocoPhillips Czech Republic s.r.o.	2,046	2,447
KAUČUK, a.s.	104,479	113,674
Shell Czech Republic a.s.	3,506	8,683
UNIPETROL, a.s.	20,868	18,191
SPOLANA a.s.	282	176
CELIO a.s.	1,089	-
Výzkumný ústav anorganické chemie, a.s	1,089	-
PARAMO, a.s.	52	-
B.U.T., s.r.o.	-	7
Polski Koncern Naftowy ORLEN S.A.	93	-
UNIPETROL RAFINÉRIE a.s.	24,444	150,808
Total	375,181	525,372

On 31 July 2003, the Company provided a long-term commodity loan in amount of CZK 654,090 thousand to processors (Note 5).

Loans received from related parties (CZK'000):

Related party	31 December 2006	31 December 2005
Long-term part		
UNIPETROL RAFINÉRIE a.s.	266,345	134,109
AGIP Česká republika, s.r.o.	51,995	-
Short-term part		
UNIPETROL RAFINÉRIE a.s.	71,976	-
AGIP Česká republika, s.r.o.	14,052	-

Long-term loan from UNIPETROL RAFINÉRIE a.s. and AGIP Česká republika, s.r.o. represents a loan for the modernisation of production unit with cost of CZK 374,518 thousand (Note 2b) and cost of first catalyst fill of this equipment in the amount of CZK 29,850 thousand. The loan installments will begin from the moment the equipment is transferred from Assets in the Course of Construction to Property, Plant and Equipment. Loan installments will be netted off with the receivable from processing fee arising to the processors from depreciation charge of this production unit and the catalyst consumption. The loan bears an interest rate floating on the basis of 1 M PRIBOR + margin 0.75 % p.a.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

20. RELATED PARTY TRANSACTIONS (continued)

Income and expenses resulting from transactions between related parties executed in 2006 amounted to (CZK'000):

Related party	Income / Sales	Expenses / Purchases
AGIP Česká republika, s.r.o.	1,469,398	46,701
ConocoPhillips Czech Republic s.r.o.	1,505,249	44,984
CHEMOPETROL, a.s.	6,554	1,060,756
CELIO a.s.	4	4,038
K-PROTOS, a.s.	-	8,392
Výzkumný ústav anorganické chemie,a.s.	83	3,331
HC CHEMOPETROL, a.s.	-	38
KAUČUK, a.s	16,659	739,591
PETROTRANS, a.s.	-	9
PARAMO, a.s.	17	2,137
Polski Koncern Naftowy ORLEN S.A.	-	119
Shell Czech Republic a.s.	1,420,295	48,260
SPOLANA a.s.	-	4,499
UNIPETROL, a.s.	1,048	18,712
UNIPETROL DOPRAVA, a.s.	382	827,107
UNIPETROL RAFINÉRIE a.s.	4,811,220	163,783
Total	9,230,909	2,972,457

Company sales of products and services to related parties in 2005 amounted to CZK 9,285,872 thousand .

In 2005 purchases of goods and services from related parties amounted to CZK 3,060,408 thousand.

Transactions were concluded on the arm's-length basis. Trade receivables and payables from these transactions arose under the same terms and conditions as with third parties.

As at 31 December 2006, based on Processing Agreement, the Company holds 84 thousand tonnes of crude oil, 67 thousand tonnes of semi-finished goods and 105 thousand tonnes of finished refinery goods for the Processors.

21. RESEARCH AND DEVELOPMENT COSTS

The Company did not incur any research and development costs in 2006 and 2005.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

22. EXTRAORDINARY INCOME AND EXPENSES

The Company did not asigned any extraordinary expenses and revenues in 2006.

23. SUBSEQUENT EVENTS

No events have occurred subsequent to year-end that would have a significant impact on the financial statements as at 31 December 2006.

24. CASH FLOW STATEMENT

The cash flow statement was prepared using the indirect method.

Statutory approvals

These financial statements have been approved for submission to the general meeting of shareholders by the Company's Board of Directors.

Person responsible Prepared on: Signature of Company's Signature of Company's for accounting statutory body statutory body (name, signature) Terry Lee Long Mojmír Zenáhlík Ivan Souček Chairman of the Board Vice-chairman of the of Directors Controller 15 March 2007 Board of Directors

with its registered seat in Litvínov, Záluží 2, Post Code 436 70
Identification No. 62741772
incorporated in the Commercial Register of the Regional Court in Ústí nad Labem,
Section B, Insert No. 696

REPORT ON THE RELATIONS BETWEEN THE CONTROLLED ENTITY AND OTHER ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY FOR THE YEAR ENDED 31. DECEMBER 2006 ("THE REPORT")

ČESKÁ RAFINÉRSKÁ, a.s., company with its registered seat in Litvínov, Záluží 2, Post Code 436 70, Identification No. 62741772 ("the Company") is part of a business consortium with UNIPETROL, a.s. acting as the controlling person, seated at Klimentská 10, 110 05 Praha 1, Identification No. 61672190. Since 31 May 2005, UNIPETROL, a.s. is part of a business consortium with Polski Koncern Naftowy ORLEN S.A., acting as the ultimate controlling entity, seated at ul. Chemików 7, 09-411 Plock, Poland. Patterns of the business consortiums are set out in Attachments hereto.

During accounting period 2006, the following relationships between the Company and its related parties took place:

Part I

Contracts concluded between the Company and its related parties in 2006 and fulfillments (considerations) rendered (received) by the Company in 2006 under these contracts.

Notes:

- a) Contracts referred to in the Report are categorized as purchases, sales and others.
- b) Transactions denominated in foreign currency are translated to CZK using the CNB rate of exchange on the date of the transaction.

1. THE CONTROLLING PARTY

UNIPETROL, a.s.

Relationship towards the Company: Direct controlling entity.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Under a contract entered into in the past period, the Company purchased - as a service – the insurance for members of the Company Board of Directors and Supervisory Board. For the said service, the Company provided a consideration in the amount of CZK 499 thousand.

Further, the Company purchased IT services and consultancy services (as per the Provider's scope of business), for which it provided consideration of CZK 730 thousand.

Sales:

In 2006, the Company entered to contracts based on which it received a consideration of CZK 1,048 thousand. These contracts relate to recharge of expenses incurred on review and audit of financial results of the Company reported in the format as specified by the controlling party and on the preparation of the financial statements.

Other contractual relationships:

Under the contracts on creation of easement to use the land by the Company, a consideration of CZK 17,483 thousand was provided by the Company.

In the previous period, the Company entered into two contracts, namely the Amended and Restated Shareholders' Agreement and the Cash Flow & Security Agreement. In 2006, no fulfillment was rendered or consideration received under those.

2. OTHER RELATED PARTIES CONTROLLED BY UNIPETROL, a.s.

CHEMOPETROL, a.s.

Relationship towards the Company: Entity directly controlled by UNIPETROL, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Utilities:

Under the contracts concluded in the previous and current period, the Company purchased utilities for which it provided a consideration of CZK 864,285 thousand. These transactions include the purchase and distribution of electricity and steam, purchase of clear and pure water, and condensate. Prices were based on preliminary price calculations.

Material and products:

During the current period, the Company entered into contracts for the purchase of ethanol and foaming agents. The provided consideration was CZK 440 thousand.

Further, within the previous period, the Company had entered into contracts for the purchase of nitrogen, carbon dioxide, air, propylene, soda and ammonia water. The total provided consideration was CZK 35,250 thousand. Prices were contracted on the usual market level taking into consideration both their historical values and other relevant information.

Services:

Over the said period, the Company has entered into contracts for services, including revisions of electrical appliances and use of pipe bridges. The Company provided consideration in the amount of CZK 16,047 thousand.

Consideration paid for services rendered based on contracts concluded in the previous period were:

Fulfillments	Consideration (in thousand CZK)
Roads and assets administration	3,176
Nitrogen compression	24,270
Waste water treatment	73,537
Other Services ¹	43,750
Total	144,733

Sales:

Utilities:

Under contract entered into in the previous period, the Company sold circulating condensate, for which it received consideration in the amount of CZK 5,250 thousand. The price was derived from agreed-on price calculations.

Services:

Under contracts concluded in the previous period, the Company sold services for which it received a consideration in the amount of CZK 503 thousand. The price was fixed through agreement. These services entailed rental of nonresidential premises and laboratory analyses.

Other:

The Company created accrual for price settlement regarding utility purchases in the amount of CZK 800 thousand.

Other contractual relationships:

Within the previous period, the Company entered into tripartite contracts on processing crude leftovers into hydrogen and hydrogen sulfide. In each case, the third party is a different subject. In the said contracts, the Company only acts as an administrator, and does not provide, nor obtain, any fulfillment or consideration whatsoever.

HC CHEMOPETROL, a.s.

Relationship towards the Company: Entity directly controlled by CHEMOPETROL, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

¹ such as guard, fencing, firefighting services, use of Fire-Fighters Emergency Team, communication, IT, and monitoring ANNUAL REPORT ČESKÁ RAFINÉRSKÁ, a. s., 2006

Purchases:

Under contract concluded within the given period, the Company purchased - as part of the system of staff bonuses – sports club season tickets for its employees, for which consideration was provided in the amount of CZK 38 thousand.

UNIPETROL DOPRAVA, a.s.

Relationship towards the Company: Entity directly controlled by CHEMOPETROL, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Under contract on goods transportation, which was entered into in the previous period, the Company received consideration of CZK 826,840 thousand.

Sales:

Based on a contract for passing on heat supplies and re-invoicing of payments made for the heat supplies, the Company received consideration in the amount of CZK 188 thousand.

Other:

The Company received consideration in the amount of CZK194 thousand, representing the amount re-invoiced for rail-tank cleaning services.

SPOLANA a.s.

Relationship towards the Company: Entity directly controlled by UNIPETROL, a.s. until 13 November 2006.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Under contract entered into in the said period, the Company purchased sodium lye for which a consideration was made equaling CZK 3,834 thousand.

VÝZKUMNÝ ÚSTAV ANORGANICKÉ CHEMIE, a.s.

Relationship towards the Company: Entity directly controlled by UNIPETROL, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Under contract entered into in the previous period, the Company purchased chemical analysis and expert opinion services for the amount of CZK 3,331 thousand.

Sales:

As payment for Services rendered in the form of oxidation stability evaluation, the Company received - over the said period – a consideration equaling CZK 83 thousand.

CELIO a.s.

Relationship towards the Company: Entity directly controlled by CHEMOPETROL, a.s.

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Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Under contract entered into in the said period, the Company paid consideration in the amount of CZK 4,038 CZK for waste storage services.

Sales:

As payment for Services rendered in the form of laboratory analyses, the Company received - over the said period - a consideration equaling CZK 4 thousand.

KAUČUK, a.s.

Relationship towards the Company: Entity directly controlled by UNIPETROL, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Utilities:

Under contracts entered into in the previous period, the Company purchased utilities, (i.e. electric power, natural gas, technical gases, steam, high pressure boiler-feed water, and water) for which consideration totaled CZK 673,398 thousand. Prices were derived from agreed-on price calculations.

Services:

Within the said period, the Company concluded contracts, under which services were purchased. The consideration for the services rendered totaled CZK 16,116 thousand. Prices were fixed by agreement. Involved were services such as the provision of shared infrastructure, plot-related services, rental of nonresidential premises and related services, communication and postal services, IŘS² Energis support, and lab services.

Under contracts concluded in the previous period, the Company purchased services for which it provided consideration totaling CZK 48,806 thousand. Prices were fixed by agreement. Involved were services such as waste water discharge into open sewerage, MOPV services, asset protection, AB II safety guarding, camera system handling and firefighting services.

To relevant orders, the Company purchased various services in the amount totaling CZK 68 thousand.

Other:

The Company paid interest on arrears in the amount of CZK 3 thousand.

Sales:

Utilities:

Under contracts entered into in the previous period, the Company sold utilities, for which it received consideration of CZK 10,781 thousand. Prices were derived from agreed-on price calculations. Involved were high-quality FCC condensate and steam condensate.

Services:

Under contracts concluded in the previous period, the Company rendered services for which it received consideration totaling CZK 4,678 thousand. Prices were fixed by agreement. Involved were services: waste water treatment, lease of a specialty firefighting truck, distribution of firefighting water, storage, unloading and pumping of imported n-pentane, lifting and loading of railcar containers, and processing waters pumped from hydro-geological underground water protection wells.

Other contractual relationships:

Under the Contract on the provision of mutual *services* entered into in the previous period, the Company purchased services for which it provided consideration in the amount of CZK 1,200 thousand. Conversely, the Company provided services for which consideration totaling CZK 1,200 thousand was received. It entailed central degasification system services.

² i.e. Integrated Management System (IMS)

K – PROTOS, a.s.

Relationship towards the Company: Entity directly controlled by KAUČUK, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Under the contracts entered into in the said period, the Company purchased repair and maintenance of equipment services, for which consideration was made equaling CZK 3,721 thousand and CZK 4,671 thousand was paid for spare parts purchased.

PARAMO, a.s.

Relationship towards the Company: Entity directly controlled by UNIPETROL, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Under contract entered into in the said period, the Company purchased oil and lubricants for which consideration was made equaling CZK 2,137 thousand.

Sales:

As payment for Services rendered in the form of laboratory analyses, the Company received - over the said period - consideration equaling CZK 17 thousand.

Other contractual relationships:

Within the given period, the Company entered into a tripartite agreement on the transportation of crude oil via Drushba and Adria pipelines. The third party, and Provider of the service, is TRANSPETROL, a.s. company, Bratislava, Slovak Republic. Based on this contract, there was no fulfillment/consideration between Company and PARAMO, a.s.

UNIPETROL RAFINÉRIE a.s.

Relationship towards the Company: Entity directly controlled by UNIPETROL, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

In connection with the Processing Agreement concluded between the Company and Processors, the Company purchased products and feedstock for which consideration was made in the amount of CZK 141,405 thousand. The prices are based on formulas using international price quotations of crude oil and oil products.

Sales:

Products and feedstock:

On the basis of Processing Agreement, the Company sold products and feedstock, for which it received consideration in the amount of CZK 145,088 thousand. Prices were derived from agreed-on price calculations.

Services:

Under contracts entered into in the previous period, the Company rendered services for which it obtained consideration in the amount of CZK 4,665,158 thousand. Prices were derived from agreed-on price calculations. Involved were services as listed below:

Fulfillments	Considerations (in thousand CZK)
Processing fee	3,215,284
Other handling/processing services	1,440,474
First filling of IKL pipeline loan interest	9,400
Total	4,665,158

The Company entered into a Contract on shuttle transportation service in the previous period for which it obtained consideration totaling CZK 60 thousand.

Other:

Another contract that the Company entered into in the previous period is the Cash Flow & Security Agreement. Based on this contract the Company rendered CZK 655 thousand consideration. This involves interest income on pre-payments.

Other contractual relationships:

Within the given period, the Company entered into a Long-term Credit Agreement, whose purpose was financing of the project: "Revitalisation of Chamber 11 and D distiller, UNITS 3611, 3411". Based on this contract, the Company received CZK 338,321 thousand in consideration, while paying loan interest in the amount of CZK 8,004 thousand.

Further, within the previous period, the Company concluded a contract on the provision of statistical data. Under the said contract, no fulfillment was rendered nor received whatsoever.

PETROTRANS, a.s.

Relationship towards the Company: Entity directly controlled by BENZINA, a.s.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

The Company entered into a contract for transportation services. Based on this contract, consideration was made in the amount of CZK 9 thousand.

3. COMPANY DIRECTLY CONTROLLED UNIPETROL, a.s. AND OTHER RELATED PARTIES

POLSKI KONCERN NAFTOWY ORLEN S.A.

Relationship towards the Company: Direct controlling entity

Within the said period, the Company provided consideration in the amount of PLN 16 thousand (CZK 119 thousand) for business trips of members of the Company's Supervisory Board and the Board of Directors.

SPOLANA a.s.

Relationship towards the Company: Entity directly controlled by ANWIL S.A. (PKN ORLEN S.A. consolidation group member) since 14 November 2006.

Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever. Relationships as listed below were involved:

Purchases:

Within the said period, the Company entered into a contract for purchase of sodium lye. Based on this contract, consideration was made in the amount of CZK 665 thousand.

Part II

Other legal acts made for the benefit of related parties

Within the said period, no other legal acts were made for the benefit of related parties that would involve the Company.

Part III

Other measures adopted or implemented for the benefit of, or at instigation of, related parties

Within the said period, no measures whatsoever were adopted nor implemented for the benefit of, or at instigation of, related parties.

Litvínov, on 31 March 2007

in the name and on behalf of the Board of Directors of ČESKÁ RAFINÉRSKÁ, a.s.

Ivan Souček

Chairman of the Board of Directors

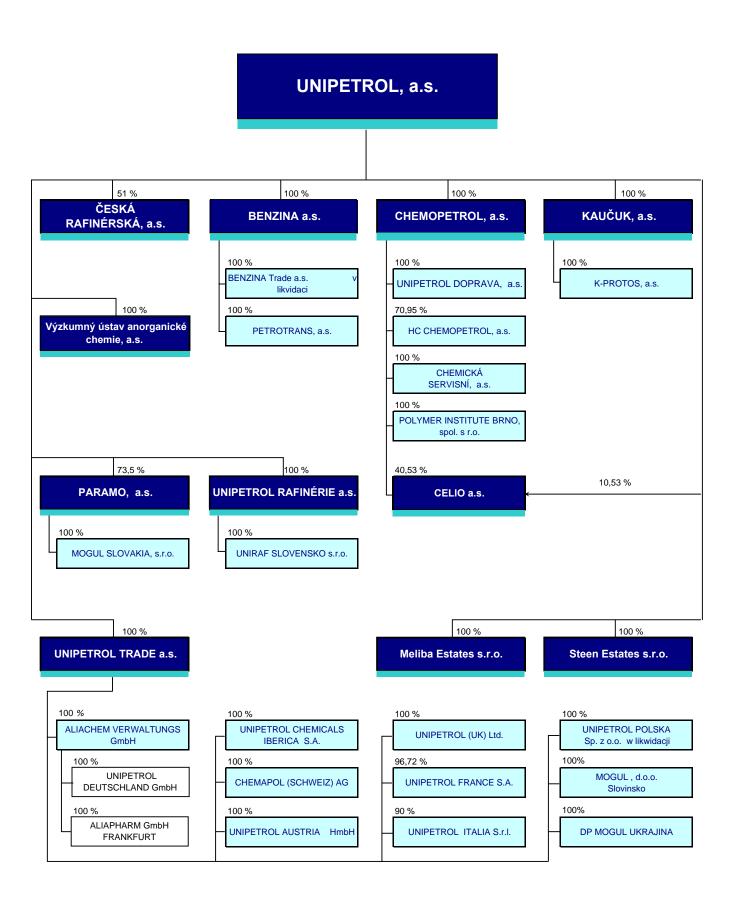
Terry Lee Long

Vice chairman of the Board of

Directors

UNIPETROL BUSINESS CONSORTIUM - CONTROLLED COMPANIES in 2006 1. 1. - 31. 12. 2006

		•				
COMPANY direct participations	Changes in control throughout 2006	Seat of company	Ident. No.	Capital Interest	Other shareholders within Consortium	
indirect participations	tinoughout 2000			% cosrporate stock	company	%
UNIPETROL, a.s controlled companies					•	
,			0500007	400.00		
CHEMOPETROL, a.s.		Litvínov	25003887	100,00		
KAUČUK, a.s.		Kralupy nad Vltavou	25053272	100,00		
BENZINA a.s.		Praha	60193328	100,00		
UNIPETROL RAFINÉRIE a.s.		Litvínov	25025139	100,00		
UNIPETROL TRADE a.s.		Praha	25056433	100,00		
Výzkumný ústav anorganické chemie, a.s.		Ústí nad Labem	62243136	100,00		
SPOLANA a.s.	controlled by 13.11.2006, then controlled by ANWIL S.A.	Neratovice	45147787	81,78		
	Controlled by ANVIE S.A.					
PARAMO, a.s.		Pardubice	48173355	73,52		
ČESKÁ RAFINÉRSKÁ, a.s.		Litvínov	62741772	51,00		
Synthesia, a.s. (by 1.4.2006 ALIACHEM a.s.)	controlled since 24. 1. 2006	Pardubice	60108916	38,79	AGROBOHEMIE, a.s.	55,01
CELIO a.s.		Litvínov 7	48289922	10,53	CHEMOPETROL, a.s.	40,53
Meliba Estates s.r.o.	controlled since 27.12.2006	Praha	27608051	100,00		
Steen Estates s.r.o.	controlled since 27.12.2006	Praha	27597075	100,00		
CHEMOPETROL, a.s controlled companies						
B.U.T., s.r.o.	controlled by 17.7.2006	Litvínov	25005120	100,00		
UNIPETROL DOPRAVA, a.s.		Litvínov	64049701	100,00	ļ	
HC CHEMOPETROL, a.s.		Litvínov	64048098	70,95		
CHEMICKÁ SERVISNÍ, a.s. POLYMER INSTITUTE BRNO, spol. s r.o.		Litvínov	25492110 60711990	100,00		
CELIO a.s.		Brno Litvínov 7	48289922	100,00 40,53	UNIPETROL, a.s.	10,53
occió d.s.		ERVINOV 7	40200022	40,00	ONI ETROE, d.o.	10,00
KAUČUK, a.s controlled companies						
K-PROTOS, a.s.		Kralupy nad Vltavou	25617214	100,00		
DENTINA						
BENZINA a.s controlled companies		Droho	26135710	100.00		I
BENZINA Trade a.s. in liquidation PETROTRANS, a.s.		Praha Praha	25123041	100,00 100,00		
Paramo Trysk, a.s. me rged with Benzina a.s. on 31.12.06	controlled since 31.1.2006	Pardubice	64259790	100,00		
ČS Žilina s.r.o.	controlled since 7.9.2006	Bratislava	35807539	100,00		
ČS Smižany s.r.o.	controlled since 7.9.2006	Bratislava	35808306	100,00		
ČS Milhosť s.r.o.	controlled since 7.9.2006	Bratislava	35807547	100,00		
UNIPETROL RAFINÉRIE a.s controlled companies					<u> </u>	
UNIRAF SLOVENSKO s.r.o.		Bratislava	35777087	100,00		1
OTHER DESCRIPTIONS OF THE PROPERTY OF THE PROP		Bratiolava	00111001	100,00		
UNIPETROL TRADE a.s controlled companies						
ALIACHEM VERWALTUNGS GmbH		Langen/Hessen, SRN		100,00		
UNIPETROL DEUTSCHLAND GmbH		Langen/Hessen, SRN		100,00		
ALIAPHARM GmbH FRANKFURT		Frankfurt /Main, SRN		100,00		
UNIPETROL CHEMICALS IBERICA S.A. CHEMAPOL (SCHWEIZ) AG		Barcelona, Španělsko Basel, Švýcarsko		100,00		
UNIPETROL AUSTRIA HmbH		Wien, Rakousko		100,00		
UNIPETROL (UK) LIMITED		Kingston upon Thames, V.Brit.		100,00		
ALIACHEM BENELUX B.V. in liquidation	disincorporation on 15. 8.2006	Le Amstelween, Nizoz. král.		100,00		
UNIPETROL FRANCE S.A.		Paris, Francie		96,72	ļ	
UNIPETROL ITALIA S.r.I. (by 04/06 ALIACHEM ITALIA S.r.I.)		Milano, Itálie		90,00	1	
UNIPETROL POLSKA Sp.z o.o. w likwidacji		Lodž, Polsko		100,00	-	
MOGUL, d.o.o. DP MOGUL UKRAJINA		Velenje, Slovinsko Kijev, Ukrajina		100,00		
		,51, 5ajina		100,00		
SPOLANA a.s controlled companies						
NeraPharm, spol. s r.o.		Neratovice	26499258	100,00		
DARAMO e a controlle de come de la					1	
PARAMO, a.s controlled companies	31.1.2006 transferred to Benzina a.s.	Pardubias	64250700	100.00	1	
Paramo Trysk a.s. MOGUL SLOVAKIA, s.r.o.	51.1.2000 transferred to Benzina a.s.	Pardubice Hradište pod Vrátnom, SR	64259790 36222992	100,00 100,00	1	
PETRA SLOVAKIA, s.r.o. "v likvidácii"	disincorporation on 29.3.2006	Ladomierská Vieska, SR	31600191	70,00	1	
Synthesia, a.s controlled companies					,	
Fatra, a.s.		Napajedla	27465021	100,00		
FATRA - HIF, s.r.o.		Napajedla	48584355	100,00		
Energetika Chropyně, a.s.		Chropyně	25517074	100,00	1	
Výzkumný ústav organických syntéz a.s.		Pardubice Pardubice	60108975	100,00	1	
SynBiol, a.s. (by 27.3.2006 "SYNTHESIA a.s.") OSTACOLOR s.r.o.		Pardubice Pardubice	26014343 25937421	100,00 100,00	1	
Synthesia Polska Sp. z o.o. (by 30.5.06 "Ostacolor Polska Sp.z.o.d	ı.)	Lodž, Polsko		100,00		



Companies controlled by PKN S.A.			PKN ORLEN	Note		
	Seat of Company in directly and					
			trolled companies			
Companies directly controlled by PKN ORLEN S.A. Companies indirectly controlled by PKN ORLEN S.A.		% of corpo 1.1.2006	rate stock held 31.12.2006	-		
companies indirectly controlled by FAR ORGAN SA.				See separate list of companies controlled by UNIPETROI		
UNIPETROL, a.s.	Praha	62,99	62,99	a.s.		
ORLEN Deutschland AG ORLEN Budonaft Sp. z o.o.	Elmshorn Kraków	100,00 100,00	100,00			
ORLEN Automatyka Sp. z o.o.	Płock	52,42	52,42			
ORLEN Asfalt Sp. z o.o.	Płock	82,46	82,46	17,54 % Rafineria Trzebinia S.A.		
Inowrocławskie Kopalnie Soli "SOLINO" S.A.	Inowrocław	70,54	70,54			
B.H.T. Dromech S.A. Warszawa w upadłości ORLEN Gaz Sp. z o.o.	Warszawa Płock	81,14 100,00	81,14 100,00	entered bankruptcy proceedings		
ORLEN GAZ Sp. 2 0.0. ORLEN Petrogaz Wrocław Sp. 2 0.0.	Wrocław	51,61	100,00			
ORLEN KolTrans Sp. z o.o.	Płock	99,85	99,85			
Orlen Laboratorium Sp. z o.o.	Płock	94,94	94,94	0170000		
RAF -LAB Sp. z o.o. ORLEN Medica Sp. z o.o.	Jedlicze Płock	100,00 100,00	0,00 100,00	31.7.2006 merged with mather comp.		
Sanatorium Uzdrowiskowe "Krystynka" Sp. z o.o.	Ciechocinek	98,54	98,54			
ORLEN Morena Sp. z o.o.	Gdańsk	100,00	100,00			
ORLEN OR Sp. z o.o.	Płock Kraków	100,00	100,00	42.94.04 Possovio Trackinio C A		
ORLEN OIL Sp. z o.o. Petro-Oil Pomorskie Centrum Sprzedaży Sp. z o.o.	Gdańsk	51,69 24,00	51,69 100,00	43,84 % Rafineria Trzebinia S.A. controlled since 30.10. 2006		
Petro-Oil Lubelskie Centrum Sprzedaży Sp. z o.o.	Lublin	24,00	24,00	76 % ORLEN PetroProfit Sp.z o.o		
ORLEN OIL ČESKO s.r.o. Platinum Oil Mazowsze Sp. z o.o.	Brno Józefowo	100,00	100,00			
ORLEN PetroCentrum Sp. z o.o.	Płock	99,75 100,00	100,00			
ORLEN PetroProfit Sp. z o.o.	Niemce	100,00	100,00			
Petrooktan Sp. z o.o.	Świdnik	51,00	0,00	disincorporation 22.12. 2006		
Petromont Sp. z o.o. Petro-Oil Lubelskie Centrum Sprzedaży Sp. z o.o.	Niemce Lublin	85,00 76,00	0,00 76,00	controlled by 1. 8. 2006 24 % ORLEN OIL Sp.z o.o.		
Petroukraina LTD Lwów w likwidacji	Lwów	80,00	80,00	in liquidation		
ORLEN PetroTank Sp. z o.o.	Widełka	90,00	90,00			
ORLEN PetroZachód Sp. z o.o.	Poznań	51,83	100,00			
ORLEN Powiernik Sp. z o.o. ORLEN Projekt S.A.	Płock Płock	100,00 51,00	100,00 51,00			
ORLEN Frojekt S.A. ORLEN Transport Kędzierzyn-Koźle Sp. z o.o.	Kędzierzyn-Koźle	94,29	94,29			
ORLEN Transport Kraków Sp. z o.o.	Kraków	98,41	98,41			
RAF-TRANS Sp. z o.o.	Jedlicze	100,00	0,00	2. 6. 2006 merged with mother comp.		
ORLEN Transport Nowa Sól Sp. z o.o. ORLEN Transport Olsztyn Sp. z o.o.	Nowa Sól Olsztyn	96,80 94,89	96,80 94,89			
ORLEN Transport Plock Sp. z o.o.	Płock	97,55	97,55			
ORLEN Transport Słupsk Sp. z o.o.	Słupsk	97,06	97,06			
ORLEN Transport Szczecin Sp. z o.o.	Szczecin	99,56	99,56			
ORLEN Wir Sp. z o.o. Petrolot Sp. z o.o.	Płock Warszawa	51,00 51,00	51,00 51,00			
Petromor Sp. z o.o.	Gdańsk	51,31	51,31			
Petrotel Sp. z o.o.	Płock	80,65	75,00			
Rafineria Nafty Jedlicze S.A.	Jedlicze	75,00	75,00			
RAF-BIT Sp. z o.o. RAF-ENERGIA Sp. z o.o.	Jedlicze Jedlicze	100,00 99,65	100,00 99,65			
gRAF-KOLTRANS _E Sp. z o.o.	Jedlicze	100,00	100,00			
RAF-Służba Ratownicza, Sp. z o.o.	Jedlicze	88,19	88,19			
raf-remat, Sp. 20.0. raf-ekologia, Sp. 20.0.	Jedlicze Jedlicze	96,12 92,74	96,12 92,74			
Konsorcjum Olejów Przepracowanych "ORGANIZACJA ODZYSKU" S.A.	Jedlicze	81,00	81,00	8 % Rafineria Trzebinia S.A.		
"RAN-PETROMEX" Sp. z o.o.	Opole	51,00	51,00			
"RAN-WATT" Sp. z o.o. w likwidacji Rafineria Trzebinia S.A.	Toruń Trzebinia	51,00 77,15	51,00 77,15			
Ranneria Trzebinia S.A. Fabryka Parafin NaftoWax sp. z o.o Trzebinia	Trzebinia	100,00	100,00			
Energomedia sp. z o.o Trzebinia	Trzebinia	100,00	100,00			
Euronaft Trzebinia sp. z o.o Trzebinia	Trzebinia	99,99	99,99			
Zakładowa Straż Pożarna Sp. z o.o Trzebinia EkoNaft Sp. z o.o Trzebinia	Trzebinia Trzebinia	99,98	99,98 99,00			
ORLEN OÎL Sp. z o.o Kraków	Kraków	43,84	43,84	51,69 % PKN ORLEN S.A.		
ORLEN Asfalt Sp. z o.o Płock	Płock	17,54	17,54	82,46 % PKN ORLEN S.A.		
Konsorcjum Olejów Przepracowanych "ORGANIZACJA ODZYSKU" S.A. AMRELAKS M ,chocice Sp. z o.o.	Jedlicze M ,chocice Kapitulne	8,00 100,00	8,00 0,00	81,00 % Rafineria Nafty Jedlicze S.A. controlled by 3. 4. 2006		
Ship - Service S.A.	Warszawa	60,86	60,86			
Bor Farm Sp. z o.o.	Radowo Małe	100,00	0,00			
Ship Service Agro Sp. z o.o.	Szczecin Włajpoda Litua	100,00	100,00			
Ship-Service Kłajpeda VISŁA Płock S.A.	Kłajpeda , Litva Płock	50,00 100,00	0,00 100,00			
Zakład Budowy Aparatury S.A.	Płock	96,57	0,00	controlled by 1. 8. 2006		
ORLEN Centrum Serwisowe Sp. z o.o.	Opole	96,65	96,37			
Anwil S.A.	Włocławek	84,49	84,79			
Przedsiębiorstwo Rolne AGRO-AZOTY II Włocławek Sp.z o.o. w Ł .ce Przedsiębiorstwo Inwestycyjno - Remontowe REMWIL Sp. z o.o.	Czaplinek Włocławek	100,00 99,98	100,00 99,98			
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe PRO-LAB Sp. z o.o.	Włocławek	99,20	99,20			
SPOLANA a.s.	Neratovice	0,00	81,78	controlled since 14.11.2006 13,4% PKN ORLEN		

Companies controlled by PKN S.A.	Seat of company	Share of PKN ORLEN in directly and indirectly controlled companies % of corporate stock held 1.1.2006 31.12.2006		Note
(continued)				
Przedsiębiorstwo Usług Specjalistycznych i Projektowych CHEMEKO Sp. z o.o.	Włocławek	55,93	55,93	
Przedsiębiorstwo Usług Technicznych WIRCOM Sp. z o.o.	Włocławek	49,02	49,02	
Zakład Usługowo Produkcyjny EKO - DRÓG Sp. z o.o.	Włocławek	48,78	48,78	
APEX-ELZAR Sp. z o.o.	Włocławek	46,96	46,96	
Specjalistyczna Przychodnia Przemysłowa PROF-MED Sp. z o.o.	Włocławek	45,86	45,86	
Przedsiębiorstwo Produkcyjno-Handlowo Usługowe ARBUD Sp. z o.o.	Włocławek	45,26	45,26	
ORLEN EKO Sp. z o.o.	Płock	100,00	100,00	
ORLEN Administracja Sp. z o.o.	Płock	100,00	100,00	
ORLEN Upstream Sp. z o.o.	Warszawa	0,00	100,00	incorporated on 26, 04, 2006
ORLEN Prewencja Sp. z o.o.	Płock	0,00	100,00	incorporated on 09. 08. 2006
ORLEN Księgowoś ' Sp. z o.o.	Płock	0,00	100,00	incorporated on 22, 08, 2006
Etylobenzen Płock Sp. z o.o.	Płock	0,00	51,00	incorporated on 16. 10. 2006
Orlen Holding Malta Limited	Sliema, Malta	0,00	99,50	controlled since 13. 11. 2006
ORLEN Insurance Ltd	Sliema, Malta	0,00	100,00	controlled since 16, 11, 2006
AB Mazeikiu Nafta	Juodeikiai, Litva	0,00	84,20	controlled since 15. 12. 2006
SPOLANA a.s.	Neratovice	13,4	13,4	63% UNIPETROL,a.s. then ANWIL S.A.
Basell Orlen Polyolefins Sp. z o.o.	Płock	50,00	50,00	50 % Basell Europe Holdings B.V.
Basell Orlen Polyolefins Sprzedaż Sp. z o.o.	Płock	100,00	100,00	
Płocki Park Przemysłowo-Technologiczny S.A.	Płock	50,00	50,00	50 % City Plock
Centrum Komecjalizacji Technologii Sp .z o.o.	Płock	100,00	100,00	
Centrum Edukacji Sp. z o.o.	Płock	69,43	69,43	

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