

**UNIPETROL, a.s.**

**SEMI-ANNUAL REPORT**  
**2009**

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## 1. BUSINESS ACTIVITIES AND FINANCIAL RESULTS IN THE FIRST HALF OF 2009

The Unipetrol Group reported net loss attributable to shareholders of the parent company of CZK -544 million for the first half of this year. The main reasons for significantly lower result than in the same period last year are even more difficult external environment with depressed quotations for refining and petrochemical products, effects of financial crisis lowering demand for our products, low refining and petrochemical margins.

The revenues in the first six months of this year amounted to CZK 30.308 billion, which means an 38% y/y decrease reflecting decreased quotations of crude oil and its derivatives – refining and petrochemical products. Almost 75% of Group revenues were generated in the Czech Republic.

### Consolidated, non-audited financial results (million CZK)

	H1 2008	H1 2009	y/y
Revenues	49,229	30,308	-38%
EBITDA	3,193	1,293	-60%
EBIT	1,491	-399	n/a
Net profit attributable to shareholders of the parent company	708	-544	n/a
Net profit attributable to shareholders of the parent company per share	CZK 3.91	CZK -3.00	n/a

Profitability of the refining segment, which was the main contributor to Unipetrol's financial results in the first half of 2008, was severely influenced by overall deterioration of external environment. This resulted in negative EBIT contribution in the first half of 2009 of CZK 392 million. Brent-Ural differential, which is important factor in the profitability of CEE oil refiners including Unipetrol got squeezed to multi-year lows. Unipetrol's model refining margin declined 52% y/y from USD 5.7/bbl in 1H2008 to USD 2.8/bbl in 1H2009.

Profitability of the petrochemical segment, which was under severe pressure already last year was similarly to refining segment negatively influenced by overall deterioration of external environment. Weak positive contribution in 1H2008 turned negative in 1H2009 with especially petrochemical olefin margin under pressure. Unipetrol's model olefin margin declined by 40% y/y from EUR 276/t to EUR 165/t, while polyolefin model margin remained stable. Declining demand for petrochemical products (-12% y/y) and lower quotations had material negative impact in 1H2009.

Retail segment declined as the economy slowed down but contribution of retail remained relatively robust when comparing to other segments. EBIT in retail segment declined by 6% y/y showing its defensive characteristics in the difficult market environment as unit margins, which were under pressure towards the end of last year, recovered materially in the course of 1H2009 and fixed costs were slashed down. Retail's positive EBIT contribution reached CZK 243 million in 1H2009 in comparison to CZK 258 million in 1H2008.

### EBIT Segment Breakdown (million CZK)

	H1 2008	H1 2009	y/y
EBIT, of which	1,491	-399	n/a
• Refining	1,146	-392	n/a
• Petrochemicals	130	-346	n/a
• Retail	258	243	-6%
• Others, Non-attributable, Eliminations	-43	96	n/a

## **2. EXPECTED DEVELOPMENT OF BUSINESS ACTIVITIES IN THE REMAINDER OF 2009**

The Company faced very difficult external environment in the first half of 2009. Not only that depressed crude oil price from the beginning of the period had negative effect on the pricing level of the subsequent refining and petrochemical products, but also demand for products was weaker. Customers tried to keep their level of inventories on the low level reflecting tougher business environment.

The external conditions started to slowly improve towards the end of the second quarter 2009 and the Company sees the improving trend continues into the third quarter 2009. The above mention signs of recovery are better visible in the petrochemical and retail than refining segment. Latter being still under pressure with excess capacities and Brent-Ural differentials squeezed to multi-year lows. Although the Company does expect modest recovery of external environment in all its segments through second half of 2009, there is continuously the need to address cost side of the business.

As the macroeconomic development and the financial results are still hard to forecast, Unipetrol decided not release any earnings guidance for 2009. However, the company had made public cost cutting targets in the 2009 optimization plan, which include among other overall fixed cost reduction by more than CZK 600m, or some 10% in comparison to 2008, variable cost savings estimated in the range of CZK 200m-300m, capital expenditures cut by over CZK 1bn, or more than 30% in comparison to 2008 and reduction of FTE staffing level below 4,000 employees, or down approx. 8% at the end of the period.

Unipetrol will continue in the implementation of 2009 optimization plan approved in April to achieve presented cost savings and improve profitability in these challenging times. At the same time the Company strives to put itself into pole position once markets pick up. Unipetrol sees current efforts to be on track and the Company does expect achieving targets by year-end 2009 as communicated to the markets.

The Company is also analyzing its asset base and is trying to find further space for optimization. Ammonia and urea production is under evaluation and the decision should be taken in second half of 2009. Divestment of Celio is under process and the completion is scheduled for 2009/2010 period depending on the progress in coming months. The Company is also working of further structure simplification of UNIPETROL TRADE, with implementation by year-end 2009.

In the field of retail distribution unit margins have improved and the Company saw their stabilization in past couple months. However the crude oil price as well as Czech currency continues to be volatile and thus predictions in this area for the rest of the year remains difficult. From the investment point of view the plan is to continue with implementation of new central cash register system. The Company is working on extending retail network with potential 3 new stations under DODO (dealer owned dealer operated) concept by year end.

### **3. FINANCIAL STATEMENTS AND NOTES**

Non-consolidated financial statements as at 30 June 2009 with notes

Consolidated financial statements as at 30 June 2009 with notes

**UNIPETROL, a.s.**

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

**AS OF 30 JUNE 2009 AND 2008**

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

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# UNIPETROL, a.s.

Non-consolidated statement of financial position  
prepared in accordance with International Financial Reporting Standards  
As at 30 June 2009  
(in thousands of Czech crowns)

	Note	30 June 2009 unaudited	31 December 2008 audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	368,078	384,461
Intangible assets	9	6,220	2,425
Investment property	10	160,700	160,057
Investments in subsidiaries and joint ventures	11	14,272,894	14,165,271
Other investments	12	4,151	4,151
Loans to subsidiaries	14	3,046,205	3,006,223
Receivables from subsidiaries	15	84,741	84,556
<b>Total non-current assets</b>		<b>17,942,989</b>	<b>17,807,144</b>
<b>Current assets</b>			
Trade and other receivables	16	304,179	552,163
Loans to subsidiaries	17	11,332,262	9,691,662
Loans to related entity	18	100,000	300,031
Prepaid expenses		6,627	5,790
Cash and cash equivalents	20	45,248	19,658
Assets classified as held for sale	13	1,093	1,093
<b>Total current assets</b>		<b>11,789,409</b>	<b>10,570,397</b>
<b>Total assets</b>		<b>29,732,398</b>	<b>28,377,541</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	18,133,476	18,133,476
Reserves		1,640,975	1,419,568
Retained earnings	22	4,458,978	4,432,501
<b>Total equity</b>		<b>24,233,429</b>	<b>23,985,545</b>
<b>Non-current liabilities</b>			
Loans and borrowings	23	2,026,563	2,000,000
Finance lease liability		23	86
Deferred tax	19	3,763	--
<b>Total non-current liabilities</b>		<b>2,030,349</b>	<b>2,000,086</b>
<b>Current liabilities</b>			
Trade and other payables and accruals	24	179,201	194,726
Dividends payable	22	33,966	48,530
Loans and borrowings	25	3,255,453	2,148,654
<b>Total current liabilities</b>		<b>3,468,620</b>	<b>2,391,910</b>
<b>Total liabilities</b>		<b>5,498,969</b>	<b>4,391,996</b>
<b>Total equity and liabilities</b>		<b>29,732,398</b>	<b>28,377,541</b>

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 5 to 27.



# UNIPETROL, a.s.

Non-consolidated statement of comprehensive income  
prepared in accordance with International Financial Reporting Standards  
For the period ended 30 June 2009  
(in thousands of Czech crowns)

	Note	30 June 2009 unaudited	30 June 2008 unaudited
Revenue	3	172,671	201,932
Cost of sales		(61,545)	(58,033)
<b>Gross profit</b>		<b>111,126</b>	<b>143,899</b>
Other income		30,768	1 033
Administrative expenses		(124,957)	(182,372)
Other expenses		(3,657)	(15,042)
<b>Operating profit (loss) before finance income</b>	5	<b>13,280</b>	<b>(52,482)</b>
Finance income		436,995	740,150
Finance expenses		(165,782)	(155,577)
<b>Net finance income</b>	6	<b>271,213</b>	<b>584,573</b>
<b>Profit before tax</b>		<b>284,493</b>	<b>532,091</b>
Income tax expense		(36,609)	--
<b>Profit/(loss) for the period</b>		<b>247,884</b>	<b>532,091</b>
<b>Total comprehensive income for the period</b>		<b>247,884</b>	<b>532,091</b>
<b>Basic and diluted earnings per share (in CZK)</b>		<b>1,37</b>	<b>2,93</b>

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 5 to 27.

# UNIPETROL, a.s.

Non-consolidated statement of changes in equity  
prepared in accordance with International Financial Reporting Standards  
For the period ended 30 June 2009  
(in thousands of Czech crowns)

	Share capital	Reserves	Retained earnings	Total
<b>Balance at 1 January 2008</b>	<b>18,133,476</b>	<b>1,419,355</b>	<b>3,208,145</b>	<b>22,760,976</b>
Dividends	--	--	(3,200,559)	(3,200,559)
Total comprehensive income for the period	--	--	532,091	532,091
<b>Balance at 30 June 2008</b>	<b>18,133,476</b>	<b>1,419,355</b>	<b>539,677</b>	<b>20,092,508</b>

	Share capital	Reserves	Retained earnings	Total
<b>Balance at 1 January 2009</b>	<b>18,133,476</b>	<b>1,419,568</b>	<b>4,432,501</b>	<b>23,985,545</b>
Allocation of profit to reserves	--	221,407	(221,407)	--
Total comprehensive income for the period	--	--	247,884	247,884
<b>Balance at 30 June 2009</b>	<b>18,133,476</b>	<b>1,640,975</b>	<b>4,458,978</b>	<b>24,233,429</b>

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 5 to 27.

# UNIPETROL, a.s.

## Non-consolidated statement of cash flows

prepared in accordance with International Financial Reporting Standards

For the period ended 30 June 2009

(in thousands of Czech crowns)

	Note	30 June 2009 unaudited	30 June 2008 unaudited
<b>Cash flows from operating activities:</b>			
Profit/(loss) for the period		247,884	532,091
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	8,9	3,811	8,914
Loss on disposals of property, plant and equipment and intangible assets		3,460	155
Profit on disposals of financial investments		--	(331,041)
Interest income, net		(123,808)	(95,683)
Dividend income		(150,082)	(100,301)
Reversal of impairment losses on assets classified as held for sale, property, plant and equipment and receivables		(35)	(38)
Foreign exchange losses / (gains)		(1,534)	1,736
Income tax expense		36,609	--
<b>Operating profit before changes in working capital</b>		<b>16,305</b>	<b>15,833</b>
Change in trade receivables and prepaid expenses		248,215	(140,277)
Change in trade and other payables and accruals		(48,060)	(67,868)
Interest paid		(50,641)	(29,838)
<b>Net cash from operating activities</b>		<b>165,819</b>	<b>(222,150)</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment and intangible assets		(5,282)	(15,517)
Acquisition of financial investments		(107,623)	--
Proceed from sales of property, plant and equipment and intangible assets		9,961	880
Proceed from sales of financial investments		--	1,183,000
Interest received		191,207	96,631
Loans granted to subsidiaries		(1,680,582)	(3,907,438)
Repayment of borrowings by related entity		200,031	--
Dividends received		150,082	100,301
<b>Net cash used investing activities</b>		<b>(1,242,206)</b>	<b>(2,542,143)</b>
<b>Cash flows from financing activities:</b>			
Change in loans and borrowings		1,116,541	525,641
Dividends paid		(14,564)	--
<b>Net cash flow from financing activities</b>		<b>1,101,977</b>	<b>525,641</b>
<b>Net change in cash and cash equivalents</b>		<b>25,590</b>	<b>(2,238,652)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>19,658</b>	<b>2,272,023</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>45,248</b>	<b>33,371</b>

The non-consolidated financial statements are to be read in conjunction with the notes forming part of the non-consolidated financial statements set out on pages 5 to 27.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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### 1. DESCRIPTION OF THE COMPANY

#### *Establishment of the parent company*

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

#### *Registered office of the Company*

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

#### *Principal activities*

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

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

#### *Ownership structure*

The shareholders as at 30 June 2009 are as follows:

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

The non-consolidated financial statements of the Company as at and for the year ended 31 December 2008 are available upon request from the Company’s registered office or at website address.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 1. DESCRIPTION OF THE COMPANY (CONTINUED)

Members of the statutory and supervisory bodies as at 30 June 2009 were as follows:

	Position	Name
<b>Board of directors</b>	Chairman	Krzysztof Urbanowicz
	Vice-Chairman	Wojciech Ostrowski
	Vice-Chairman	Marek Serafin
	Member	Ivan Ottis
	Member	Martin Durčák
<b>Supervisory board</b>	Chairman	Jacek Krawiec
	Vice-Chairman	Sławomir Jędrzejczyk
	Vice-Chairman	Ivan Kočárník
	Member	Bogdan Dzudzewicz
	Member	Arkadiusz Kawecki
	Member	Wojciech Wróblewski
	Member	Piotr Kearney
	Member	Andrzej Jerzy Kozłowski
	Member	Krystian Pater
	Member	Zdeněk Černý

Changes in the board of directors during six month period ended 30 June 2009 were as follows:

Position	Name	Change	Date of change
Chairman	Francois Vleugels	Resigned as member	13 February 2009
Chairman	Krzysztof Urbanowicz	Elected as a member and Chairman	13 February 2009
Vice-Chairman	Marek Serafin	Elected as a member and Vice - Chairman	13 February 2009
Member	Arkadiusz Kotlicki	Resigned as member date 18 March 2009	30 April 2009

Changes in the supervisory board during six month period ended 30 June 2009 were as follows:

Position	Name	Change	Date of change
Member	Marek Serafin	Resigned as member	13 February 2009
Member	Arkadiusz Kawecki	Elected as a member replacement	13 February 2009
Member	Wojciech Wróblewski	Recalled as a member	24 June 2009
Member	Andrzej Jerzy Kozłowski	Elected as a member	24 June 2009
Member	Arkadiusz Kawecki	Re-elected as a member	24 June 2009
Member	Bogdan Dzudzewicz	Re-elected as a member	24 June 2009

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A Statement of compliance and accounting policies

These condensed non-consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the non-consolidated financial statements of the Company as at and for the year ended 31 December 2008.

The Company used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied by the Company in its non-consolidated financial statements as at and for the year ended 31 December 2008 except for the change described below.

In the non-consolidated financial statements as at and for the period ended 30 June 2009 the Company has adopted changes resulting from revision of IAS 1 Presentation of Financial Statements.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later periods but which the Company has not early adopted. Relevant items are as follows:

- IFRIC 15 Agreements for the Construction of Real Estate— effective for annual periods beginning on or after 1 January 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners - effective for annual periods beginning on or after 1 July 2009
- IFRIC 18 Transfers of Assets from Customers - for annual periods beginning on or after 1 July 2009

Acceptance of IFRIC 17 and IFRIC 18 by the European Union is pending.

According to a preliminary assessment, the application of IFRIC 15, IFRIC 17 and IFRIC 18 after their acceptance by European Commission will not have a significant impact on the Company's financial statements.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B Basis of preparation

The financial statements are presented in thousands of Czech crowns, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale, financial instruments at fair value through profit or loss and investment property.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In the matters of considerable weight, the Company's management bases its estimates on opinions of independent experts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed non-consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the non-consolidated financial statements as at and for the year ended 31 December 2008.

### 3. REVENUE

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

	30/06/2009	30/06/2008
Fees for use of land	48,145	47,523
Revenues from services	114,565	154,409
Revenues from sale of PPE	9,961	--
<b>Total revenues</b>	<b>172,671</b>	<b>201,932</b>

### 4. BUSINESS SEGMENTS

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



# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 5. ANALYSIS OF EXPENSES ACCORDING TO THEIR NATURE

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

30/06/2009	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(340)	(816)	--	(1,156)
Repairs and maintenance	(305)	(734)	--	(1,039)
Services related to administration of investments in subsidiaries	(2,803)	(6,741)	--	(9,544)
Advertising expense	(16,648)	(12,461)	--	(29,109)
Legal services	(2,159)	(5,193)	--	(7,352)
Advisory services	(671)	(1,615)	--	(2,286)
Operating leases	(676)	(1,626)	--	(2,302)
Travel expense	(534)	(1,283)	--	(1,817)
Telecommunication fees	(184)	(441)	--	(625)
Representation cost	(253)	(607)	--	(860)
Accounting, HR and other administrative services	(9,170)	(22,051)	--	(31,221)
IT services	(4,164)	(10,015)	--	(14,179)
Other services	(4,069)	(9,784)	--	(13,853)
Staff cost including remuneration of board members	(15,550)	(37,394)	--	(52,944)
Social and health insurance	(2,901)	(6,976)	--	(9,877)
Depreciation	(967)	(2,326)	--	(3,293)
Amortization	(152)	(366)	--	(518)
Impairment of PPE and intangibles (recognised) / released	--	--	5	5
Impairment to trade receivables (recognised) / released	--	--	30	30
Profit / (loss) on disposal of PPE	--	--	(3,460)	(3,460)
Insurance	--	(775)	--	(775)
Other expense	--	(3,752)	(197)	(3,949)
Income from ceased receivable	--	--	25,235	25,235
Other income	--	--	5,498	5,498
<b>Total operating expense</b>	<b>(61,545)</b>	<b>(124,957)</b>	<b>27,111</b>	<b>(159,391)</b>
Revenue				172,671
<b>Operating profit before finance income</b>				<b>13,280</b>

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 5. ANALYSES OF EXPENSES ACCORDING TO THEIR NATURE (CONTINUED)

30/06/2008	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(1,443)	(5,555)	--	(6,998)
Repairs and maintenance	(185)	(713)	--	(898)
Services related to administration of investments in subsidiaries	--	(5,619)	--	(5,619)
Advertising expense	(37,134)	--	--	(37,134)
Legal services	--	(7,878)	--	(7,878)
Advisory services	--	(9,947)	--	(9,947)
Operating leases	--	(7,477)	--	(7,477)
Travel expense	--	(2,202)	--	(2,202)
Telecommunication fees	--	(958)	--	(958)
Representation cost	--	(1,104)	--	(1,104)
Accounting, HR and other administrative services	--	(47,272)	--	(47,272)
IT services	(731)	(10,320)	--	(11,051)
Other services	(902)	(15,045)	--	(15,947)
Staff cost including remuneration of board members	(13,188)	(52,092)	--	(65,280)
Social and health insurance	(2,638)	(8,873)	--	(11,511)
Depreciation	(720)	(2,773)	--	(3,493)
Amortization	(1,087)	(4,349)	--	(5,436)
Impairment of PPE and intangibles (recognised) / released	--	--	38	38
Impairment to trade receivables (recognised) / released	--	--	30	30
Profit / (loss) on disposal of PPE	--	--	167	167
Insurance	--	--	--	--
Other expense	(4)	(196)	(15,042)	(15,242)
Other income	--	--	798	798
<b>Total operating expense</b>	<b>(58,033)</b>	<b>(182,372)</b>	<b>(14,009)</b>	<b>(254,414)</b>
Revenue				201,932
<b>Operating loss before finance income</b>				<b>(52,482)</b>

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 6. FINANCE INCOME AND FINANCE EXPENSES

	30/06/2009	30/06/2008
<b>Finance income</b>		
Interest income:		
- loans to subsidiaries and related entities	272,398	237,397
- bank deposits	10,974	64,464
Dividend income	150,082	100,301
Net gains from sale of investments in subsidiaries	--	330,965
Other finance income	3,541	7,023
<b>Total finance income</b>	<b>436,995</b>	<b>740,150</b>
<b>Finance expenses</b>		
Interest expense:		
- bank overdrafts, loans and borrowings	(159,559)	(141,734)
- finance leases	(5)	--
<b>Borrowing costs recognized in the income statement</b>	<b>(159,564)</b>	<b>(141,734)</b>
Net foreign exchange losses	(2,082)	(10,556)
Other finance expenses	(4,136)	(3,287)
<b>Total finance expenses</b>	<b>(165,782)</b>	<b>(155,577)</b>
<b>Net finance income</b>	<b>271,213</b>	<b>584,573</b>

### 7. INCOME TAX EXPENSE

	30/06/2009	30/06/2008
Current tax – Czech Republic	(32,846)	--
Current tax – other countries	--	--
Deferred tax	(3,763)	--
<b>Income tax expense</b>	<b>(36,609)</b>	<b>--</b>

Domestic income tax is calculated in accordance with Czech tax regulations at the rate of 20 % in 2009 (2008: 21 %) of the estimated taxable income for the year. The deferred tax has been calculated using tax rates approved for year 2010 and onwards -19 %.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other	Assets under development	Total
<b>Cost</b>					
<b>Balance as at 01/01/2008</b>	<b>354,949</b>	<b>30,750</b>	<b>151</b>	<b>2,754</b>	<b>388,604</b>
Additions	20	8,223	3,837	12	12,092
Disposals	(6)	(3,971)	--	--	(3,977)
Additions from investment property	5,349	--	--	--	5,349
Transfer to investment property	(369)	--	--	--	(369)
Reclassifications	--	1,707	--	(2,007)	(300)
Other	--	359	--	--	359
<b>Balance as at 31/12/2008</b>	<b>359,943</b>	<b>37,068</b>	<b>3,988</b>	<b>759</b>	<b>401,758</b>
Additions	--	--	--	974	974
Disposals	--	(11,643)	(3,837)	--	(15,480)
Transfer to investment property	(643)	--	--	--	(643)
<b>Balance as at 30/06/2009</b>	<b>359,300</b>	<b>25,425</b>	<b>151</b>	<b>1,733</b>	<b>386,609</b>
<b>Depreciation</b>					
<b>Balance as at 01/01/2008</b>	<b>--</b>	<b>11,885</b>	<b>--</b>	<b>--</b>	<b>11,885</b>
Charge for the year	--	6,934	5	--	6,939
Disposals	--	(2,338)	--	--	(2,338)
Other	--	345	--	--	345
<b>Balance as at 31/12/2008</b>	<b>--</b>	<b>16,826</b>	<b>5</b>	<b>--</b>	<b>16,831</b>
Charge for the year	--	3,280	13	--	3,293
Disposals	--	(2,041)	(18)	--	(2,059)
<b>Balance as at 30/06/2009</b>	<b>--</b>	<b>18,065</b>	<b>--</b>	<b>--</b>	<b>18,065</b>
<b>Impairment losses</b>					
<b>Balance as at 01/01/2008</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>466</b>	<b>466</b>
<b>Balance as at 31/12/2008</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>466</b>	<b>466</b>
<b>Balance as at 30/06/2009</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>466</b>	<b>466</b>
<b>Carrying amount as at 01/01/2008</b>	<b>354,949</b>	<b>18,865</b>	<b>151</b>	<b>2,288</b>	<b>376,253</b>
<b>Carrying amount as at 31/12/2008</b>	<b>359,943</b>	<b>20,242</b>	<b>3,983</b>	<b>293</b>	<b>384,461</b>
<b>Carrying amount as at 30/06/2009</b>	<b>359,300</b>	<b>7,360</b>	<b>151</b>	<b>1,267</b>	<b>368,078</b>

# UNIPETROL, a.s.

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Period ended 30 June 2009  
(in thousands of CZK)

### 9. INTANGIBLE ASSETS

	Software	Other intangible assets	Total
<b>Cost</b>			
Balance as at 01/01/2008	11,375	50,982	62,357
Additions	1,935	--	1,935
Disposals	--	(42,100)	(42,100)
Reclassification	300	--	300
Balance as at 31/12/2008	13,610	8,882	22,492
Additions	--	4,308	4,308
Balance as at 30/06/2009	13,610	13,190	26,800
<b>Amortization</b>			
Balance as at 01/01/2008	11,176	8,183	19,359
Charge for the period	452	8,145	8,597
Disposals	--	(7,894)	(7,894)
Balance as at 31/12/2008	11,628	8,434	20,062
Charge for the period	314	204	518
Balance as at 30/06/2009	11,942	8,638	20,580
<b>Impairment losses</b>			
Balance as at 01/01/2008	--	73	73
Reversal of impairment losses	--	68	68
Balance as at 31/12/2008	--	5	5
Reversal of impairment losses	--	(5)	(5)
Carrying amount as at 01/01/2008	199	42,726	42,925
Carrying amount as at 31/12/2008	1,982	443	2,425
Carrying amount as at 30/06/2009	1,668	4,552	6,220

### 10. INVESTMENT PROPERTY

Investment property as at 30 June 2009 comprised lands owned by the Company and leased to third parties. The changes recorded during 2009 are presented in following table:

	Balance as at 31/12/2008	Additions	Transfer to Property, plant and equipment	Transfer from Property, plant and equipment	Balance as at 30/06/2009
Land	160,057	--	--	643	160,700

Rental income amounted to CZK 9,660 thousand in six month period ended 30 June 2009 (six month period ended 30 June 2008 – CZK 8,277 thousand). Operating costs relating to investment property amounted to CZK 631 thousand in six month period ended 30 June 2008 and 30 June 2009.

Future rental income is as follows:

	Less than one year	Between one and five years
Total future rental income	19,320	77,280

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 11. INVESTEMENTS IN SUBSIDIARIES AND JOINT- VENTURES

Investments in subsidiaries and joint – ventures as at 30 June 2009 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the period
<b>Subsidiaries</b>						
UNIPETROL RPA, s.r.o.	Litvínov	7,360,335	100.00	--	7,360,335	--
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	59,172	100.00	7,860	51,312	--
UNIPETROL TRADE a.s.	Praha 1	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 4	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,280	100.00	--	100,280	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	543,566	100.00	--	543,566	--
<b>Joint - ventures</b>						
ČESKÁ RAFINÉRSKÁ, a.s. *)	Litvínov	3,872,299	51.225	--	3,872,299	150,082
Butadien Kralupy, a. s.	Kralupy	85,694	51.00	--	85,694	--
<b>Total</b>		<b>16,552,824</b>	<b>--</b>	<b>2,279,930</b>	<b>14,272,894</b>	<b>150,082</b>

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

Investments in subsidiaries and joint – ventures as at 31 December 2008 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the period
<b>Subsidiaries</b>						
UNIPETROL RPA, s.r.o.	Litvínov	7,360,335	100.00	--	7,360,335	3,750,000
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	59,172	100.00	7,860	51,312	--
UNIPETROL TRADE a.s.	Praha 1	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 4	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,280	100.00	--	100,280	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	435,943	91.76	--	435,943	--
<b>Joint - ventures</b>						
ČESKÁ RAFINÉRSKÁ, a.s. *)	Litvínov	3,872,299	51.225	--	3,872,299	188,244
Butadien Kralupy, a. s.	Kralupy	85,694	51.00	--	85,694	--
<b>Total</b>		<b>16,445,201</b>	<b>--</b>	<b>2,279,930</b>	<b>14,165,271</b>	<b>3,938,244</b>

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

#### *Purchase of PARAMO, a.s. shares*

As described in the non-consolidated financial statements of the Group as at 31 December 2008 Unipetrol intended to squeeze out the other shares of Paramo within the meaning of Sections 183i et seq. of the Commercial Code and performed all required by law steps to become sole shareholder of Paramo.

# UNIPETROL, a.s.

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Period ended 30 June 2009  
(in thousands of CZK)

### 11. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

On 6 January 2009 the Extraordinary General Meeting of PARAMO, a.s. decided on the transfer of all other shares to the Company, provided that upon fulfilment of all conditions prescribed by applicable law the Company will provide to the other shareholders of PARAMO, a.s. and/or pledges, the monetary consideration in the amount of CZK 977 per one share of PARAMO, a.s. On 4 February 2009 the registration of the above resolution of the Extraordinary General Meeting was registered in the Czech Commercial Registry. Pursuant to the Czech Commercial Code, the ownership title to shares of the other shareholders passed to the Company on 4 March 2009 upon expiration of one month from the above publication and Unipetrol become the sole shareholder of Paramo.

In connection with the squeeze-out, some of the minority shareholders of PARAMO, a.s. filed a petition with the Regional Court in Hradec Králové for review of reasonableness of consideration within the meaning of the Czech Commercial Code. Furthermore some of former minority shareholders of Paramo requested the Regional Court in Hradec Králové to declare the invalidity of Paramo general meeting resolution dated 6 January 2009 and that the District Court in Prague 4 reviews the decision of 28 November 2008 by which the Czech National Bank granted in accordance with Section 183n(1) of the Czech Commercial Code its previous approval with the evidence of the monetary consideration amount provided under the above squeeze-out.

### 12. OTHER INVESTMENTS

Other investments as at 30 June 2009 were as follows:

Company	Registered office	Cost of investment	Ownership percentage	Dividend income for the period	Carrying amount
ORLEN MALTA HOLDING	La Valetta	522	--	--	522
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.2	--	--	0.2
UNIPETROL DOPRAVA s.r.o.	Litvínov	1,799	0.12	--	1,799
UNIRAF SLOVENSKO s.r.o.	Bratislava	95	13.04	--	95
PETROTRANS, s.r.o.	Praha 8	780.8	0.625	--	780.8
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	954	1	--	954
<b>Total</b>		<b>4,151</b>		<b>--</b>	<b>4,151</b>

Other investments as at 31 December 2008 were as follows:

Company	Registered office	Cost of investment	Ownership percentage	Dividend income for the period	Carrying amount
ORLEN MALTA HOLDING	La Valetta	522	--	--	522
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.2	--	--	0.2
UNIPETROL DOPRAVA, s.r.o.	Litvínov	1,799	0.12	149	1,799
UNIRAF SLOVENSKO s.r.o.	Bratislava	95	13.04	11,514	95
PETROTRANS, s.r.o.	Praha 8	780.8	0.63	228	780.8
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	954	1	74	954
<b>Total</b>		<b>4,151</b>		<b>11,965</b>	<b>4,151</b>

# UNIPETROL, a.s.

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Period ended 30 June 2009  
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### 13. ASSETS CLASSIFIED AS HELD FOR SALE

As at 30 June 2009 Company held 20 shares in CELIO a.s. in nominal value of 1,000 thousand CZK. The Company's share in CELIO a.s. was classified as a current asset held for sale since its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Company approved a plan to sell its investment in CELIO a.s. The carrying amount of the investment totals CZK 1,093 thousand CZK (2008: CZK 1,093 thousand).

### 14. NON-CURRENT LOANS TO SUBSIDIARIES

The Company provided to its subsidiaries UNIPETROL RPA, s.r.o., BENZINA, s.r.o. and BUTADIEN KRALUPY a.s. non-current loans amounting to CZK 3,046,205 thousand as at 30 June 2009 (31 December 2008: CZK 3,006,223 thousand). The interest rates were based on 3M and 6M PRIBOR and fair value of loans approximates their carrying amount except for the loan provided to BENZINA s.r.o. in 1998. This loan bears effective interest rate 9.97 % p.a. and fair value amounted to CZK 2,780,449 thousand as at 30 June 2009. Carrying amount of this loans amounts to CZK 2,284,139 thousand. The current loans provided to subsidiaries are not collateralised. The portion of non-current loans due within one year is reported as current loans to subsidiaries (note 17).

	30/06/2009	31/12/2008
<b>Balance at beginning of the period</b>	<b>3,006,223</b>	<b>3,070,718</b>
Loans provided	179,763	215,069
Reclassification to current loans to subsidiaries	(139,781)	(279,564)
<b>Balance at end of the period</b>	<b>3,046,205</b>	<b>3,006,223</b>

### 15. NON-CURRENT RECEIVABLES FROM SUBSIDIARIES

Non-current receivables from subsidiaries include advance payment for Benzina's cards in amount CZK 185 thousand and a receivable from UNIPETROL TRADE a.s., acquired by the Company in 2001 from Credit Lyonnais bank Praha, a.s. and Credit Lyonnais bank Slovakia, a.s. The receivable is payable in instalments out of which the last one is due on 31 December 2017. It is denominated in CZK. The carrying amount of the receivable as of 30 June 2009 is CZK 84,556 thousand (31 December 2008: CZK 84,556 thousand). The nominal value of the non-current receivable is CZK 303,000 thousand as of 30 June 2009 (31 December 2008: CZK 303,000 thousand) and the current part is CZK 40,000 thousand as of 30 June 2009 (31 December 2008: CZK 75,000 thousand).



# UNIPETROL, a.s.

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Period ended 30 June 2009  
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### 16. TRADE AND OTHER RECEIVABLES

	300/6/2009	31/12/2008
Trade accounts receivable	237,379	503,633
Other receivables	198,355	180,115
Allowances for other receivables	(131,555)	(131,585)
<b>Total accounts receivable</b>	<b>304,179</b>	<b>552,163</b>

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

The analysis of trade receivables by currency of denomination is as follows (in CZK thousands):

Denominated in	300/6/2009	31/12/2008
CZK	294,516	534,033
EUR	1,162	15,726
USD	6,957	679
Other currencies	1,544	1,725
<b>Total accounts receivable</b>	<b>304,179</b>	<b>552,163</b>

Ageing of past due but not impaired trade receivables:

<b>Not impaired trade receivables</b>	<b>30/06/2009</b>	<b>31/12/2008</b>
60-90 days	--	15
90-180 days	--	178
180+ days	40	40
<b>Total</b>	<b>40</b>	<b>233</b>

Movement in the allowance for doubtful debts

<b>Allowance for doubtful debts</b>	<b>30/06/2009</b>	<b>31/12/2008</b>
Balance at beginning of the period	131,585	131,645
Release of impairment losses	(30)	(60)
<b>Balance at end of the period</b>	<b>131,555</b>	<b>131,585</b>

# UNIPETROL, a.s.

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### 17. CURRENT LOANS TO SUBSIDIARIES

The Company provided loans to its subsidiaries UNIPETROL RPA, s.r.o., BENZINA s.r.o., PARAMO a.s., UNIPETROL TRADE a.s. and BUTADIEN KRALUPY a.s. The following table presents loans granted as at 30 June 2009 and 31 December 2008.

	30/06/2009	31/12/2008
Cash pooling	3,457,463	2,794,553
Operating loans	7,874,799	6,897,109
<b>Total</b>	<b>11,332,262</b>	<b>9,691,662</b>

The movements on operating loans were as follows:

<b>Balance as at 1 January 2009</b>	<b>6,897,109</b>
Loans granted	8,813,674
Repayment	(7,975,765)
Reclassification from non-current loans to subsidiaries	139,781
<b>Total</b>	<b>7,874,799</b>

The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount except for the loan provided to BENZINA s.r.o. in 1998 (see note 14). The current loans provided to subsidiaries are not collateralised. The current loans to subsidiaries as at 30 June 2009 include the portion of non-current loans due within one year amounted to CZK 543,742 (31 December 2008 – CZK 467,364 thousand).

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

Denominated in	30/06/2009	31/12/2008
CZK	11,303,411	9,592,949
EUR	28,851	94,221
USD	--	4,492
<b>Total</b>	<b>11,332,262</b>	<b>9,691,662</b>

### 18. CURRENT LOANS TO RELATED ENTITY

In 2009 the Company provided a short-term loan to related entity. The carrying amount of the loan amounted CZK 100,000 thousand as at 30 June 2009 (31 December 2008 – CZK 300,031 thousand). The interest rates were based on appropriate inter-bank rates and the fair value of the loan approximated its carrying amount as at 30 June 2009.

# UNIPETROL, a.s.

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### 19. DEFERRED TAX

Deferred income taxes result from future tax benefits and expenses related to the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. The deferred income taxes have been calculated using the tax rate expected to apply to periods when the respective asset is realized or liability is settled (i.e. 20% in 2009 and 19% in 2010 and onwards).

The movement for the year 2009 in the Company's net deferred tax position was follows:

	30/06/2009
At 1 January	--
Income statement charge	(3,763)
Tax charged to equity	--
At 30 June	(3,763)

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

Deferred tax liabilities	01/01/2009	(Charged) / credited to profit / (loss) for the period	(Charged) / credited to equity	30/06/2009
Property, plant and equipment	(1,155)	(3,357)	--	(4,512)
Finance lease	(5)	(5)	--	(10)
<b>Total deferred tax liabilities</b>	<b>(1,160)</b>	<b>(3,362)</b>	<b>--</b>	<b>(4,522)</b>

Deferred tax assets	01/01/2009	(Charged) / credited to profit / (loss) for the period	(Charged) / credited to equity	30/06/2009
Property, plant and equipment	--	89	--	89
Receivables	--	71	--	71
Personal expenses	1,160	(561)	--	599
<b>Total deferred tax assets</b>	<b>1,160</b>	<b>(401)</b>	<b>--</b>	<b>759</b>

Deferred income tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	30/06/2009	31/12/2008
Deferred tax asset	759	1,160
Deferred tax liability	(4,522)	(1,160)
<b>Net</b>	<b>(3,763)</b>	<b>--</b>

Deferred income tax assets are recognised for tax loss and deductible temporary differences carried forward to the extent that realisation of the related tax benefit through the future taxable profit is probable.

# UNIPETROL, a.s.

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Period ended 30 June 2009  
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### 20. CASH AND CASH EQUIVALENTS

	30/06/2009	31/12/2008
Cash in hand	58	66
Cash at bank	45,190	19,592
<b>Total</b>	<b>45,248</b>	<b>19,658</b>

Short-term bank deposits comprised deposits with maturity of three months or less.

The carrying amount of these assets approximates their fair value.

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

Denominated in	30/06/2009	31/12/2008
CZK	2,845	7,178
EUR	38,309	10,085
USD	4,094	2,395
<b>Total cash and cash equivalents</b>	<b>45,248</b>	<b>19,658</b>

### 21. SHARE CAPITAL

The issued capital of the Company as at 30 June 2009 was CZK 18,133,476 thousand (31 December 2008: CZK 18,133,476 thousand). This represents 181,334,764 (31 December 2008: 181,334,764) bearer ordinary shares, each with a nominal value of CZK 100. All issued shares have been fully paid and bear equal voting rights. The Company's shares are listed on the Prague stock exchange.

### 22. RETAINED EARNINGS AND DIVIDENDS

The Ordinary General Meeting of UNIPETROL, a.s. held on 24 June 2009 decided on distribution of the profit for 2008 amounting to CZK 4,428,147,324.84. In accordance with Article 26 (1) of the Company's Articles of Association CZK 221,407,366.24 was allocated to the contingency fund and CZK 4,206,739,958.60. to account of unallocated profit from previous years.

# UNIPETROL, a.s.

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Period ended 30 June 2009  
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### 23. NON-CURRENT LOANS AND BORROWINGS

Non-current interest-bearing borrowings as at 30 June 2009 were as follows:

Creditor	Currency	Balance at 30/06/2009	Fair value at 30/06/2009	Effective interest rate	Form of collateral
Long-term bonds	CZK	2,026,563	2,540,000	9.82%	Unsecured
<b>Total</b>		<b>2,026,563</b>			

Non-current interest-bearing borrowings as at 31 December 2008 were as follows:

Creditor	Currency	Balance at 31/12/2008	Fair value at 31/12/2008	Effective interest rate	Form of collateral
Long-term bonds	CZK	2,000,000	2,776,760	9.82%	Unsecured
<b>Total</b>		<b>2,000,000</b>			

In 1998 the Company issued 2,000 bonds at a total nominal value of CZK 2,000,000 thousand. The bonds mature in 15 years from the issue date at their nominal value of CZK 2,000,000 thousand. The interest rate is 0 % p.a. for the first two years and 12.53 % p.a. in subsequent years. The effective interest rate is 9.82 %. Interest is payable on an annual basis. Interest expense is accrued using the effective interest rate method.

The aggregate carrying amount of the bonds is CZK 2,280,644 thousand. Part of the liability due within 12 months is presented in current liabilities. Using the actual market interest rate, based on the analysis of the current market conditions, the fair value of the aggregate liability arising from the bonds is currently estimated at CZK 2,790,143 thousand. Accrued interest, which will be repaid before 31 December 2009, is presented within current loans and borrowings in note 25 amounts to CZK 254,081 thousand.

### 24. TRADE AND OTHER PAYABLES AND ACCRUALS

	30/06/2009	31/12/2008
Trade payables	70,538	76,437
Other payables	48,271	52,396
Social security and other taxes	60,392	65,893
<b>Total accounts payable</b>	<b>179,201</b>	<b>194,726</b>

The average credit period for trade purchases is 30 days.

Denominated in	30/06/2009	31/12/2008
CZK	175,262	191,610
EUR	1,795	1,189
USD	137	194
Other currencies	2,007	1,733
<b>Total accounts payable</b>	<b>179,201</b>	<b>194,726</b>

As of 30 June 2009 and 31 December 2008, the Company did not have any trade payables after their due dates. Management of the Company is of that opinion that the carrying amount of trade payables approximates their fair values.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 25. CURRENT LOANS AND BORROWINGS

Current loans and borrowings as at 30 June 2009 were as follows:

	30/06/2009	31/12/2008
Bank loans	2,676,016	1,725,404
Current loans from subsidiaries	325,356	252,657
Current portion of non-current loans and borrowings	254,081	170,593
<b>Total current loans and borrowings</b>	<b>3,255,453</b>	<b>2,148,654</b>

As at 30 June 2009 the Company had loans in banks amounting to CZK 2,676,016 thousand. The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount.

Currency analyses of bank loans (in CZK thousands)

	CZK	EUR	USD	Total
<b>Balance at beginning of the period</b>	<b>1,721,399</b>	<b>2,090</b>	<b>1,915</b>	<b>1,725,404</b>
Loans taken	2,655,753	11,521	2,326	2,669,600
Accrued interest	6,414	--	2	6,416
Repayments	(1,708,329)	(12,834)	(4,241)	(1,725,404)
<b>Balance at end of the period</b>	<b>2,675,237</b>	<b>777</b>	<b>2</b>	<b>2,676,016</b>

The current loans from subsidiaries are connected with a cash-pool structure. During the year 2009 the Company had cash-pooling agreements with following banks and subsidiaries:

Banks: CITIBANK a.s., ING Bank N.V. branch office and Česká spořitelna, a.s.

Subsidiaries: UNIPETROL RPA, s.r.o., BENZINA s.r.o., PARAMO, a.s., UNIPETROL DOPRAVA, s.r.o., UNIPETROL TRADE a.s., PETROTRANS, s.r.o. and UNIPETROL SERVICES, s.r.o.

Cash on bank accounts with the above mentioned banks is pooled between the Company and subsidiaries listed above. The agreements enable the Company and the subsidiaries to take bank overdrafts at the maximum amount of CZK 1,000,000 thousand at each bank. Interest income / expense is calculated from pooled balances and subsequently divided between the participants. The liabilities from cash-pooling bank loans amounted CZK 2,676,016 thousand and cash-pooling liabilities to subsidiaries in amount of CZK 325,356 thousand as at 30 June 2009 (as at 31 December 2008 CZK 1,725,404 and CZK 252,657 thousand).

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 26. OPERATING LEASES

*The Company as a lessee*

#### Operating lease arrangements

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

	Minimum lease payments	
	30/06/2009	31/12/2008
Not later than one year	4,712	17,237
Later than one year and not later than five years inclusive	18,848	73,924
Later than five years	21,204	92,334
<b>Total</b>	<b>44,764</b>	<b>183,495</b>

The Company leases offices under operating leases. Payments recognised as an expense amounted to CZK 2,302 thousand in six month period ended 30 June 2009 and to CZK 16,724 thousand in 2008. During first 6 months of 2009 part of operating lease contracts were ceased to Unipetrol Services.

### 27. COMMITMENTS AND OTHER CONTINGENCIES

*Contingent liabilities and commitments related to the sale of shares in KAUCUK, a.s.*

#### Determination of Liability for Impacts of Operation of KAUCUK, a.s. on Environment

The environmental audit of plots of land owned by the Company and used by KAUCUK, a.s. was performed for the purpose of determining the liability of contractual parties arising from existing or future impacts of KAUCUK, a.s. operation on the environment. The share purchase agreement provides that liability for the environmental conditions originating prior to the closing of the transaction lies with the Company and liability for the environmental conditions originating after the closing of the transaction lies with Dwory. Liability of the contractual parties for the environmental conditions is limited up to 10 % of the purchase price for the shares (and by 5 years).

#### Execution of Agreement on Pre-emptive Right to Plots of Land Owned by UNIPETROL and Used by KAUCUK, a.s. for Its Operations

On 10 July 2007 the Company and KAUCUK, a.s. executed the agreement pursuant to which UNIPETROL undertook to create in favor of KAUCUK, a.s. the pre-emptive right and other rights to certain plots of land owned by the Company in industrial area in Kralupy nad Vltavou which are used by KAUCUK, a.s. for its operations. The share purchase agreement anticipates that the sale of the subject plots of land will be realized after satisfaction of all administrative, operational and legal conditions necessary for a split of parts of industrial area in Kralupy nad Vltavou.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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### 27. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

Apart from the foregoing, the sale of shares of KAUČUK, a.s. owned by the Company to Dwory was based on the following major principles, among others:

- uninterrupted operation of the present butadiene unit;
- contractual satisfaction of supplies of energies, steam, water and other services within the industrial area in Kralupy nad Vltavou which are at present provided by KAUČUK, a.s. to ČESKÁ RAFINÉRSKÁ, a.s.; and
- continuation of all important agreements with the companies of Unipetrol Group and further operation of the energy unit.

#### *Contingent liabilities related to the sale of shares in SPOLANA a.s.*

The purchase price in accordance with the share purchase agreement entered into in 2006 between the Company and Zakłady Azotowe ANWIL Spółka Akcyjna, may be subject to price adjustments which would result mainly on the occurrence of any of the following events:

- (i) Environmental guarantees provided by the National Property Fund of the Czech Republic will not be sufficient for compensation of costs for the environmental damage remediation of the Old Amalgam Electrolysis project.

In this case the Company will be obligated to financially indemnify ANWIL up to 40 % of the purchase price provided that all necessary steps will have been taken by ANWIL and SPOLANA a.s. without success for obtaining additional funds for this purpose.

- (ii) Other potential obstacles in future operation of SPOLANA a.s.

In this case, the Company will be obligated to financially indemnify ANWIL up to 1-3 % of the purchase price.

#### *Claims related to fines imposed by the European Commission*

In November 2006, the European Commission imposed fines, among others, upon Shell, Dow, Eni, UNIPETROL, a.s. and KAUCUK, a.s. for an alleged cartel in the area of Emulsion Syrene Butadiene Rubber ("ESBR"). UNIPETROL, a.s. and KAUCUK, a.s., its subsidiary at that time, were jointly imposed a fine of EUR 17.5 million, which they paid to the Commission. At the same time, both companies appealed to the Court of First Instance in Luxembourg and this action is pending.

Following the above decision of the European Commission, UNIPETROL, a.s. has been served with a claim for damages, which tire producers brought against the members of the ESBR cartel.

The claim for damages was filed with the High Court of Justice, Queen's Bench Division, Commercial Court in the United Kingdom. The claimants ask for damages, together with interest, to compensate for their loss suffered as a result of an alleged cartel.



# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 27. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

The amount claimed is to be assessed. The Company challenged the jurisdiction of the UK courts to deal with the claim. The Company's challenge is pending.

Furthermore, the Italian group Eni, one of the entities fined by the European Commission, initiated a proceeding before a court in Milan in which it seeks a judgment that the ESBR cartel did not exist and no damage occurred as a result thereof. Eni's action has also been served upon UNIPETROL, a.s., which decided to take part in the proceeding.

### 28. RELATED PARTIES

#### *Parent and ultimate controlling party*

During period ended 31 March 2009 a majority of the Company's shares were in possession of POLSKI KONCERN NAFTOWY ORLEN S.A.

Transaction with non-consolidated subsidiaries, associates and other related parties during period ended 30 June 2009:

	30/06/2009				31/12/2008			
	PKN Orlen	Entities under control or significant influence of the Company	Entities under control or significant influence of PKN Orlen	Other related parties	PKN Orlen	Entities under control or significant influence of the Company	Entities under control or significant influence of PKN Orlen	Other related parties
Current assets	--	11,040,865	100,075	--	182	10,094,601	300,047	--
Non-current assets	--	3,130,948	--	--	--	3,090,779	--	--
Current liabilities	2,357	334,812	10	--	1,228	262,530	7	--
Non-current liabilities	--	--	--	--	--	--	--	--
Revenues	--	146,700	75	--	383	371,177	160	--
Expenses	8,314	60,800	17	--	3,660	121,821	65	--
Purchases of financial assets	--	--	--	--	47,403	--	--	--
Purchases of property, plant and equipment and intangible assets	4,308	--	--	--	--	1,276	--	--
Dividend income	--	150,082	--	--	--	3,950,209	--	1,000
Interests income	--	265,807	4,721	--	--	549,728	11,354	--
Other financial income	--	3,541	--	--	--	3,029	--	--
Dividends paid	--	--	--	--	2,016,098	--	--	--

### 29. RISK MANAGEMENT

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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The Company manages below described categories of risks.

### Currency risk management

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

Currency risk is mostly covered by natural hedging with bank loans and borrowings (see notes 23 and 25) denominated in the same currencies.

### Interest rate risk management

The Company has adopted a Debt Policy, which fully covers interest rate risk as well as transferring of external financial sources to subsidiaries. These external financial sources are transferred with similar conditions and interest rates including a mark up (see notes 23 and 25). There are no loans and borrowings used for Company's own purposes.

### Credit risk management

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

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate liquid funds, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's risk management objectives and policies are consistent with those disclosed in the non-consolidated financial statements as at and for the year ended 31 December 2008.

Signature of statutory representatives

20 August 2009

Krzysztof Urbanowicz

Wojciech Ostrowski

Chairman of the Board of Directors

Vice-chairman of the Board of Directors

**UNIPETROL, a.s.**

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

**AS OF 30 JUNE 2009 AND 30 JUNE 2008**

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

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# UNIPETROL, a.s.

Consolidated statement of financial position  
prepared in accordance with International Financial Reporting Standards  
As at 30 June 2009 and 31 December 2008  
(in thousands of Czech crowns)

	Note	30 June 2009 unaudited	31 December 2008 audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	36,473,239	36,667,494
Investment property	10	160,700	160,057
Intangible assets	11	1,520,644	1,567,691
Goodwill	12	51,595	51,595
Other investments		203,849	203,640
Non-current receivables	13	140,630	145,111
Derivative financial instruments	14	89,733	76,991
Deferred tax asset	15	17,998	17,399
<b>Total non-current assets</b>		<b>38,658,387</b>	<b>38,889,978</b>
<b>Current assets</b>			
Inventories	16	7,953,362	7,211,638
Trade receivables	17	10,155,208	10,188,530
Prepayments and other current assets	18	300,268	435,464
Loans granted	19	102,107	300,031
Derivative financial instruments	14	89,554	72,172
Income tax receivable		575,583	567,722
Cash and cash equivalents	20	850,928	952,207
Assets classified as held for sale	21	78,333	78,333
<b>Total current assets</b>		<b>20,105,342</b>	<b>19,806,097</b>
<b>Total assets</b>		<b>58,763,730</b>	<b>58,696,075</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	18,133,476	18,133,476
Statutory reserves		2,404,710	2,173,616
Other reserves		30,660	35,864
Retained earnings	23	17,578,063	18,359,613
<b>Total equity attributable to equity holders of the Company</b>		<b>38,146,909</b>	<b>38,702,569</b>
<b>Minority interests</b>		<b>--</b>	<b>210,271</b>
<b>Total equity</b>		<b>38,146,909</b>	<b>38,912,840</b>
<b>Non-current liabilities</b>			
Loans and borrowings		2,088,963	2,084,000
Deferred tax liability	15	1,920,082	2,131,330
Provisions	25	374,050	357,756
Finance lease liability	26	62,655	36,356
Other non-current liabilities	27	209,747	220,089
<b>Total non-current liabilities</b>		<b>4,655,499</b>	<b>4,829,531</b>
<b>Current liabilities</b>			
Trade and other payables and accruals	28	12,584,114	12,614,119
Current portion of loans and borrowings		326,447	243,176
Short-term bank loans	29	2,706,776	1,749,553
Current portion of finance lease liabilities	26	69,663	92,596
Derivative financial instruments	14	2,056	--
Provisions	25	200,962	205,905
Income tax payable		71,302	48,355
<b>Total current liabilities</b>		<b>15,961,321</b>	<b>14,953,704</b>
<b>Total liabilities</b>		<b>20,616,820</b>	<b>19,783,235</b>
<b>Total equity and liabilities</b>		<b>58,763,730</b>	<b>58,696,075</b>

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 33.

# UNIPETROL, a.s.

Consolidated statement of comprehensive income  
prepared in accordance with International Financial Reporting Standards  
For the 6 month period ended 30 June 2009 and 30 June 2008  
(in thousands of Czech crowns)

	Note	30 June 2009 unaudited	30 June 2008 unaudited
Revenue	3	30,308,002	49,229,607
Cost of sales		(29,046,986)	(45,398,327)
<b>Gross profit</b>		<b>1,261,016</b>	<b>3,831,281</b>
Other income		270,375	457,392
Distribution expenses		(1,063,310)	(1,425,188)
Administrative expenses		(687,743)	(1,092,539)
Other expenses		(179,181)	(279,618)
<b>Operating profit before finance costs</b>	6	<b>(398,842)</b>	<b>1,491,329</b>
Finance income		46,635	242,162
Finance expenses		(321,470)	(845,930)
<b>Net finance costs</b>	7	<b>(274,835)</b>	<b>(603,768)</b>
<b>Profit before tax</b>		<b>(673,677)</b>	<b>887,561</b>
Income tax expense	8	124,759	(186,966)
<b>Profit for the period</b>		<b>(548,918)</b>	<b>700,594</b>
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations		(5,204)	1,391
Other transactions		(6,517)	(11,582)
<b>Other comprehensive income for the year, net of tax</b>		<b>(11,721)</b>	<b>(10,191)</b>
<b>Total comprehensive income for the period</b>		<b>(560,639)</b>	<b>690,403</b>
<b>Profit attributable to:</b>			
Owners of the parent		(543,939)	708,452
Non-controlling interests		(4,979)	(7,858)
		<b>(548,918)</b>	<b>700,594</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		(555,660)	709,843
Non-controlling interests		(4,979)	(19,440)
		<b>(560,639)</b>	<b>690,403</b>
<b>Basic and diluted earnings per share (in CZK)</b>		<b>(3,03)</b>	<b>3,86</b>

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 33.

**UNIPETROL, a.s.**

Consolidated statement of changes in equity  
prepared in accordance with International Financial Reporting Standards  
For the 6 month period ended 30 June 2009 and 30 June 2008  
(in thousands of Czech crowns)

	Share capital	Statutory reserves	Other reserves	Retained earnings	Equity attributable to equity holders of the Company	Minority interest	Total equity
<b>Balance as at 1 January 2008</b>	<b>18,133,476</b>	<b>2,042,971</b>	<b>16,875</b>	<b>21,648,819</b>	<b>41,842,141</b>	<b>295,928</b>	<b>42,138,069</b>
Total comprehensive income for the period	--	(1,505)	6,653	704,695	709,843	(19,440)	690,403
Dividends	--	--	--	(3,200,559)	(3,200,559)	--	(3,200,559)
Allocation of profit to reserves	--	134,129	--	(134,129)	--	--	--
<b>Balance as at 30 June 2008</b>	<b>18,133,476</b>	<b>2,175,595</b>	<b>23,528</b>	<b>19,018,826</b>	<b>39,351,426</b>	<b>276,488</b>	<b>39,627,913</b>
<b>Balance as at 1 January 2009</b>	<b>18,133,476</b>	<b>2,173,616</b>	<b>35,864</b>	<b>18,359,613</b>	<b>38,702,569</b>	<b>210,271</b>	<b>38,912,840</b>
Total comprehensive income for the period	--	--	(5,204)	(550,456)	(555,660)	(4,979)	(560,639)
Allocation of profit to reserves	--	231,094	--	(231,094)	--	--	--
Aquisition of 8,24 % shares of PARAMO a.s.	--	--	--	--	--	(205,292)	(205,292)
<b>Balance as at 30 June 2009</b>	<b>18,133,476</b>	<b>2,404,710</b>	<b>30,660</b>	<b>17,578,063</b>	<b>38,146,909</b>	<b>--</b>	<b>38,146,909</b>

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 33.

# UNIPETROL, a.s.

Consolidated statements of cash flows  
prepared in accordance with International Financial Reporting Standards  
For the 6 month period ended 30 June 2009 and 30 June 2008  
(in thousands of Czech crowns)

	30 June 2009 unaudited	30 June 2008 restated
<b>Cash flows from operating activities:</b>		
Profit for the period	(548,918)	700,594
Adjustments for:		
Depreciation and amortisation of the property, plant and equipment and intangible assets	1,691,869	1,701,357
Gain on disposals of property, plant and equipment and intangible assets	(73,076)	(89,874)
Negative goodwill derecognition	(86,640)	--
Interest expense	97,950	107,925
Dividends income	--	4,851
(Reversal of) impairment losses on financial investments, property, inventory, receivables	19,678	--
Other non cash transaction	--	23,666
Income tax expense	(124,759)	186,966
Foreign exchange gains	(71,326)	(74,609)
<b>Operating profit before working capital changes</b>	<b>904,778</b>	<b>2,560,877</b>
Change in trade and other receivables, prepayments and other current assets	(663,390)	(2,400,431)
Change in trade and other accounts payable and accruals	480,789	425,125
Change in provisions	11,530	(77,873)
Interest paid	(56,522)	(35,101)
Income tax paid	(66,289)	(251,589)
<b>Net cash provided by operating activities</b>	<b>610,896</b>	<b>221,008</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment and intangible assets	(1827,214)	(2,099,610)
Acquisition of additional shareholding in subsidiary	(107,623)	--
Change of loans provided	183,521	(284,463)
Proceed from disposals of property, plant and equipment and intangible assets	97,669	89,034
Proceed from disposals Aliachem and Agrobchemie	--	1,183,000
<b>Net cash used in investing activities</b>	<b>(1,653,647)</b>	<b>(1,112,040)</b>
<b>Cash flows from financing activities:</b>		
Change in short-term bank loans	941,472	(1,292,802)
Change in loans and borrowings	--	--
<b>Net cash provided by financing activities</b>	<b>941,472</b>	<b>(1,292,802)</b>
<b>Net change in cash and cash equivalents</b>	<b>(101,279)</b>	<b>(2,183,834)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>952,207</b>	<b>3,106,496</b>
<b>Cash and cash equivalents at the end of the year in the balance sheet</b>	<b>850,928</b>	<b>922,662</b>

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 33.



# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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### 1. DESCRIPTION OF THE PARENT COMPANY AND STRUCTURE OF THE CONSOLIDATED GROUP

#### *Establishment of the parent company*

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

#### *Registered office of the Company*

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

#### *Principal activities*

The Company operates as a holding company covering and administering a group of companies (hereinafter the “Group”). The principal businesses of the Group include oil and petroleum products processing, production of commodity chemicals, semi-finished industrial fertilizers and polymer materials, including synthetic rubber, mineral lubricants, plastic lubricants, paraffins, oils and petroleum jellies. Furthermore, the Group is engaged in the distribution of fuels and operation of gas stations.

In addition to these principal activities, the Group is engaged in other activities that are necessary to support the principal activities, such as production, distribution and sale of heat and electricity, operation of railway tracks and railway transportation, leasing services, advisory services relating to research and development, environmental protection, software and hardware advisory services, databank and network administration services, apartment rental services and other services.

#### *Ownership structure*

The shareholders as at 30 June 2009 are as follows:

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

The consolidated financial statements of the Group as at and for the year ended 31 December 2008 are available upon request from the Company’s registered office or at website address.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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### 1. DESCRIPTION OF THE PARENT COMPANY AND STRUCTURE OF THE CONSOLIDATED GROUP (CONTINUED)

The condensed consolidated interim financial statements comprise the same subsidiaries and joint ventures as those comprised by the Group in its consolidated financial statements at and for the year ended 31 December 2008 except for the changes described below.

#### *Purchase of shares of PARAMO, a.s.*

As described in the consolidated financial statements of the Group as at 31 December 2008 Unipetrol intended to squeeze out the other shares of Paramo within the meaning of Sections 183i et seq. of the Commercial Code and performed all required by law steps to become sole shareholder of Paramo.

On 6 January 2009 the Extraordinary General Meeting of PARAMO, a.s. decided on the transfer of all other shares to the Company, provided that upon fulfilment of all conditions prescribed by applicable law the Company will provide to the other shareholders of PARAMO, a.s. and/or pledges, the monetary consideration in the amount of CZK 977 per one share of PARAMO, a.s. On 4 February 2009 the registration of the above resolution of the Extraordinary General Meeting was registered in the Czech Commercial Registry. Pursuant to the Czech Commercial Code, the ownership title to shares of the other shareholders passed to the Company on 4 March 2009 upon expiration of one month from the above publication and Unipetrol become the sole shareholder of Paramo.

In connection with the squeeze-out, some of the minority shareholders of PARAMO, a.s. filed a petition with the Regional Court in Hradec Králové for review of reasonableness of consideration within the meaning of the Czech Commercial Code. Furthermore some of former minority shareholders of Paramo requested the Regional Court in Hradec Králové to declare the invalidity of Paramo general meeting resolution dated 6 January 2009 and that the District Court in Prague 4 reviews the decision of 28 November 2008 by which the Czech National Bank granted in accordance with Section 183n(1) of the Czech Commercial Code its previous approval with the evidence of the monetary consideration amount provided under the above squeeze-out.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A Statement of compliance and accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

The Group used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2008 except for the changes described below.

As compared with consolidated financial statements as at and for the year ended 31 December 2008 the Group has changed allocation of companies to respective segments. Companies dealing with transportation services were assigned to Refinery and Retail segments starting from 1 January 2009. Company representing primary logistic is presented under Refinery Segment and company representing secondary logistics under Retail. The comparative data has been adjusted (Note 4). Segment disclosures are in line with requirements of IFRS 8 *Operating Segments*.

In the consolidated financial statements as at and for the period ended 30 June 2009 the Group has adopted changes resulting from revision of IAS 1 *Presentation of Financial Statements* and applied IAS 23 *Borrowing Costs* to qualifying assets from which capitalisation of borrowing costs commences on or after 1 January 2009 in relation to all borrowings.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but which the Group has not early adopted. Relevant items are as follows:

- Revised IFRS 3 *Business Combinations* (effective for annual periods beginning on or after 1 July 2009). As the revised Standard should not be applied to business combinations prior to the date of adoption, it is expected to have no impact on the financial statements with respect to business combinations that occur before the date of its adoption.
- IFRIC 15 *Agreements for the Construction of Real Estate*— effective for annual periods beginning on or after 1 January 2009
- IFRIC 17 *Distributions of Non-cash Assets to Owners* - effective for annual periods beginning on or after 1 July 2009
- IFRIC 18 *Transfers of Assets from Customers* - for annual periods beginning on or after 1 July 2009

# **UNIPETROL, a.s.**

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

Period ended 30 June 2009  
(in thousands of CZK)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Acceptance of IFRIC 17 and IFRIC 18 by the European Union is pending.

According to a preliminary assessment, the application of IFRIC 15, IFRIC 17 and IFRIC 18 after their acceptance by European Commission will not have a significant impact on the Group's financial statements.

### **B Basis of preparation**

The consolidated financial statements of the Company for the period ended 30 June 2009 comprise the Company and its subsidiaries (together referred as the "Group") and the Group's interest in jointly controlled entities.

The financial statements are presented in thousands of Czech crowns, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale, financial instruments at fair value through profit or loss and investment property.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In the matters of considerable weight, the Company's management bases its estimates on opinions of independent experts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 3. REVENUE

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

	30/06/2009	30/06/2008
<b>Gross revenue from sale of own products and merchandise</b>		
Total gross proceeds	39,294,063	58,348,585
Less: Excise tax	(11,566,137)	(11,681,932)
<b>Net revenue from sale of own products and merchandise</b>	<b>27,727,926</b>	<b>46,666,653</b>
Revenue from services	2,580,076	2,562,954
<b>Total revenue</b>	<b>30,308,002</b>	<b>49,229,607</b>

### 4. BUSINESS SEGMENTS

Period ended	Refinery production	Retail	Petrochemical production	Other	Eliminations	Total
<b>30/06/2009</b>						
<b>Revenue</b>						
Total external revenues	16,300,674	3,317,942	10,654,202	35,183	--	30,308,002
Intersegment revenues	5,757,452	165,056	917,323	319,408	7,159,239	--
Total segment revenue	22,058,127	3,482,999	11,571,525	354,591	(7,159,239)	30,308,002
<b>Result from operating activities</b>	<b>(391,566)</b>	<b>243,311</b>	<b>(346,433)</b>	<b>95,847</b>	<b>--</b>	<b>(398,842)</b>
Net finance costs						(274,835)
<b>Loss before tax</b>						<b>(673,677)</b>
Income tax expense						124,759
<b>Loss for the period</b>						<b>(548,918)</b>

Period ended	Refinery production	Retail	Petrochemical production	Other	Eliminations	Total
<b>30/06/2008</b>						
<b>Revenue</b>						
Total external revenues	26,720,822	4,948,247	17,543,568	16,970	--	49,229,607
Intersegment revenues	10,572,530	167,986	2,171,454	105,287	13,017,256	--
Total segment revenue	37,293,352	5,116,233	19,715,022	122,257	(13,017,256)	49,229,607
<b>Result from operating activities</b>	<b>1,146,031</b>	<b>257,879</b>	<b>130,427</b>	<b>(43,008)</b>		<b>1,491,329</b>
Net finance costs						(603,768)
<b>Profit before tax</b>						<b>887,561</b>
Income tax expense						(186,966)
<b>Profit for the period</b>						<b>700,594</b>

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 4. BUSINESS SEGMENTS (CONTINUED)

Balance sheet 30/06/2009	Refinery production	Retail	Petrochemical production	Other	Elimination	Consolidated
Segment assets	25,632,862	6,896,890	25,478,812	4,554,112	(4,884,838)	57,677,838
Unallocated corporate assets						1,085,892
<b>Total assets</b>						<b>58,763,730</b>

Segment liabilities	11,961,812	1,698,075	4,278,133	448,011	(4,884,838)	13,501,192
Unallocated corporate liabilities						7,115,628
<b>Total liabilities</b>						<b>20,616,820</b>

Balance sheet 31/12/2008	Refinery production	Retail	Petrochemical production	Other	Elimination	Consolidated
Segment assets	24,508,997	6,853,822	26,328,754	3,816,515	(4,016,239)	57,491,849
Unallocated corporate assets						1,204,226
<b>Total assets</b>						<b>58,696,075</b>

Segment liabilities	10,683,260	1,578,625	4,909,956	371,217	(4,016,239)	13,526,820
Unallocated corporate liabilities						6,256,415
<b>Total liabilities</b>						<b>19,783,235</b>

Other information 30/06/2009	Refinery production	Retail	Petrochemical production	Other	Consolidated
Depreciation and amortisation	(552,787)	(187,824)	(904,769)	(46,490)	<b>(1,691,869)</b>

Other information 30/06/2008	Refinery production	Retail	Petrochemical production	Other	Consolidated
Depreciation and amortisation	(567,277)	(174,881)	(949,668)	(9,531)	<b>(1,701,357)</b>

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 5. GEOGRAPHICAL SEGMENTS

#### Secondary reporting format – geographical segments

	Revenues		Total assets		Additions to non-current assets	
	30/06/2009	30/06/2008	30/06/2009	31/12/2008	30/06/2009	30/06/2008
Czech Republic	22,712,956	33,150,845	56,641,969	57,686,787	1,571,647	1,573,404
Other European Union countries	6,713,517	15,842,082	2,046,885	1,009,288	117	72
Other countries	881,528	236,680	74,876	--	64	--
<b>Total</b>	<b>30,308,002</b>	<b>49,229,607</b>	<b>58,763,730</b>	<b>58,696,075</b>	<b>1,571,828</b>	<b>1,573,476</b>

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

### 6. ANALYSIS OF EXPENSES ACCORDING TO THEIR NATURE

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

	Cost of sales	Distribution costs	Administrative expenses	Other operating income / (expenses)	Total
<b>30/06/2009</b>					
Materials consumed	(23,081,967)	(174,701)	(22,755)	--	(23,279,423)
Energy	(954,885)	(812)	(3,673)	--	(959,370)
Repairs and maintenance	(589,059)	(11,482)	(2,818)	--	(603,359)
Other services	(1,986,093)	(551,948)	(222,943)	--	(2,760,983)
Personnel expenses	(852,771)	(90,351)	(294,993)	--	(1,238,115)
Depreciation					
- owned assets	(1,305,082)	(199,883)	(16,168)	--	(1,521,133)
- leased assets	(51,141)	(15,210)	--	--	(66,352)
Amortization					
- software	(11,920)	(716)	(6,931)	--	(19,567)
- other intangible assets	(62,143)	(715)	(21,959)	--	(84,817)
Impairment of PPE recognised / released	--	--	--	(9,751)	(9,751)
Inventory write-down released / recognised	67,742	--	--	--	67,742
Impairment to receivables released / recognised	--	--	--	(47,326)	(47,326)
Investment property expense	--	--	--	(631)	(631)
Non-cancellable operating lease rentals	(24,648)	--	--	--	(24,648)
Profit / (loss) on disposal of PPE	--	--	--	72,246	72,246
Release / (Addition) to provisions	--	--	--	(33,858)	(33,858)
Insurance	(66,949)	(2,039)	(45,089)	--	(114,077)
Derecognition of negative goodwill	--	--	--	86,640	86,640
Other expenses	(128,071)	(15,452)	(50,414)	(38,983)	(232,920)
Other income	--	--	--	62,858	62,858
<b>Total operating expenses</b>	<b>(29,046,986)</b>	<b>(1,063,310)</b>	<b>(687,743)</b>	<b>91,194</b>	<b>(30,706,844)</b>
Revenue					30,308,002
<b>Operating profit before financing costs</b>					<b>(398,842)</b>



# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

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

30/06/2008	Cost of sales	Distribution costs	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed	(39,681,613)	(98,867)	(27,003)	--	(39,807,484)
Energy	(871,889)	(1,323)	(2,965)	--	(876,176)
Repairs and maintenance	(741,615)	(20,744)	(4,824)	--	(767,183)
Other services	(1,149,910)	(987,710)	(615,637)	(2,917)	(2,756,174)
Personnel expenses	(840,193)	(105,808)	(263,555)	--	(1,209,556)
Depreciation					
- owned assets	(1,205,005)	(185,580)	(17,047)	--	(1,407,631)
- leased assets	(168,883)	(16,001)	--	--	(184,884)
Amortization					
- software	(12,640)	(1,744)	(11,473)	--	(25,857)
- other intangible assets	(72,998)	(146)	(9,840)	--	(82,985)
Impairment of PPE recognised / released	--	--	--	39,827	39,827
Inventory write-down released / recognised	--	--	--	(11,454)	(11,454)
Impairment to receivables released / recognised	99,183	--	--	53,793	152,976
Research expenditures	(5,388)	(4,220)	(3,904)	10,213	(3,299)
Non-cancellable operating lease rentals	(21,490)	--	--	--	(21,490)
Profit / (loss) on disposal of PPE	612	--	--	71,198	71,810
Release / (Addition) to provisions	11,399	--	--	66,473	77,872
Insurance	(58,859)	(1,243)	(21,712)	(20,612)	(102,425)
Derecognition of negative goodwill	--	--	--	--	--
Other expenses	(716,173)	(1,803)	(115,362)	(102,950)	(936,288)
Other income	48,590	--	784	62,748	112,122
<b>Total operating expenses</b>	<b>(45,386,873)</b>	<b>(1,425,188)</b>	<b>(1,092,539)</b>	<b>166,321</b>	<b>(47,738,278)</b>
Revenue					49,229,607
<b>Operating profit before financing costs</b>					<b>1,491,329</b>

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 7. FINANCE INCOME AND FINANCE EXPENSES

	30/06/2009	30/06/2008
<b>Finance income</b>		
Interest income:		
- bank deposits	12,802	68,118
- other loans and receivables	23,809	10,437
Dividend income	--	4,851
Revaluation of investments	2,200	--
Net foreign exchange gains	--	118,187
Other finance income	7,824	40,569
<b>Total finance income</b>	<b>46,635</b>	<b>242,162</b>
<b>Finance expenses</b>		
Interest expense:		
- bank overdrafts, loans and borrowings	(161,272)	(161,320)
- finance leases	(1,363)	(576)
- other	(9,325)	(3,753)
Total borrowing costs	(171,960)	(165,649)
Less: amounts included in the cost of qualifying assets	6,368	--
<b>Borrowing costs recognized in the income statement</b>	<b>(165,592)</b>	<b>(165,649)</b>
Net foreign exchange losses	(60,423)	--
Net loss arising on derivatives	(67,718)	(646,824)
Impairment on held-to-maturity securities	--	(9,966)
Other finance expenses	(27,737)	(23,491)
<b>Total finance expenses</b>	<b>(321,470)</b>	<b>(845,930)</b>
<b>Net finance costs</b>	<b>(274,835)</b>	<b>(603,768)</b>

### 8. INCOME TAX EXPENSE

	30/06/2009	30/06/2008
Current tax – Czech Republic	(76,157)	(170,595)
Current tax – other countries	(8,028)	(7,645)
Deferred tax	208,944	(8,726)
<b>Income tax (expense) income</b>	<b>124,759</b>	<b>(186,966)</b>

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other	Assets under development	Total
<b>Cost</b>					
<b>Balance as at 01/01/2008</b>	<b>23,175,238</b>	<b>35,960,963</b>	<b>602,483</b>	<b>3,259,827</b>	<b>62,998,511</b>
Additions	76,892	223,860	108,323	3,770,019	4,179,094
Disposals	(198,122)	(484,757)	(131,278)	--	(814,157)
Reclassifications	705,346	2,053,497	--	(2,758,843)	--
Other	(3,558)	(50,288)	93,341	(93,693)	(54,198)
<b>Balance as at 31/12/08</b>	<b>23,755,796</b>	<b>37,703,275</b>	<b>672,869</b>	<b>4,177,310</b>	<b>66,309,250</b>
Additions	8,356	293,414	58,633	1,176,574	1,536,976
Disposals	(1,896)	(319,104)	(69,555)	--	(390,555)
Reclassifications	379,387	751,791	--	(1,131,179)	--
Disposal of subsidiary					
Other	(108,082)	(329,293)	(3,867)	(48,651)	(489,893)
<b>Balance as at 30/06/2009</b>	<b>24,033,560</b>	<b>38,100,083</b>	<b>658,080</b>	<b>4,174,054</b>	<b>66,965,777</b>
<b>Depreciation</b>					
<b>Balance as at 01/01/2008</b>	<b>7,221,003</b>	<b>19,072,484</b>	<b>359,429</b>	<b>--</b>	<b>26,652,916</b>
Charge for the period	607,450	2,488,248	166,024	--	3,261,722
Disposals	(91,557)	(453,320)	(124,466)	--	(669,343)
Other	30,966	26,995	(5,324)	--	52,637
<b>Balance as at 31/12/08</b>	<b>7,767,862</b>	<b>21,134,407</b>	<b>395,663</b>	<b>--</b>	<b>29,297,932</b>
Charge for the period	300,590	1,236,361	50,534	--	1,587,484
Disposals	(107,207)	(597,813)	(63,493)	--	(768,512)
Reclassifications					
Disposal of subsidiary					
Other	--	21,708	(252)	--	21,456
<b>Balance as at 30/06/2009</b>	<b>7,961,245</b>	<b>21,794,663</b>	<b>382,452</b>	<b>--</b>	<b>30,138,360</b>
<b>Impairment</b>					
<b>Balance as at 01/01/2008</b>	<b>324,194</b>	<b>213,831</b>	<b>--</b>	<b>5,481</b>	<b>543,503</b>
Impairment losses	17,904	5,566	(662)	--	22,809
Reversal of impairment losses	(103,055)	(116,477)	662	(3,620)	(222,489)
<b>Balance as at 31/12/2008</b>	<b>239,043</b>	<b>102,920</b>	<b>--</b>	<b>1,861</b>	<b>343,823</b>
Impairment losses	35,109	8,274	--	--	43,383
Reversal of impairment losses	(17,628)	(15,399)	--	--	(33,026)
<b>Balance as at 30/06/2009</b>	<b>256,525</b>	<b>95,794</b>	<b>--</b>	<b>1,861</b>	<b>354,180</b>
<b>Carrying amount as at 01/01/2008</b>	<b>15,630,041</b>	<b>16,674,648</b>	<b>243,054</b>	<b>3,254,346</b>	<b>35,802,089</b>
<b>Carrying amount as at 31/12/2008</b>	<b>15,748,891</b>	<b>16,465,948</b>	<b>277,206</b>	<b>4,175,449</b>	<b>36,667,494</b>
<b>Carrying amount as at 30/06/2009</b>	<b>15,815,791</b>	<b>16,209,626</b>	<b>275,629</b>	<b>4,172,193</b>	<b>36,473,239</b>

The carrying amount of property, plant and equipment includes production technologies of CZK 403,890 thousand (CZK 435,306 thousand as of 31 December 2008) and vehicles of CZK 235,150 thousand (CZK 264,393 thousand as of 31 December 2008) held under finance leases as of 30 June 2009.

The total capitalised borrowing costs in 2009 amounted to CZK 6,368 thousand (0 CZK in 2008).

# UNIPETROL, a.s.

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

Period ended 30 June 2009  
(in thousands of CZK)

### 9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### *Pledged assets*

The Group's gas stations, buildings, machinery and land are pledged to secure bank borrowings and obligations under finance leases of the Group.

Bank – lender	Asset pledged	Acquisition cost of pledged assets	Outstanding amount of loan secured
ČSOB	Buildings	1,684,628	134,400
<b>Total as of 30/06/2009</b>		<b>1,684,628</b>	<b>134,400</b>

Bank – lender	Asset pledged	Acquisition cost of pledged assets	Outstanding amount of loan secured
ČSOB	Buildings	546,602	156,583
<b>Total as of 31/12/2008</b>		<b>546,602</b>	<b>156,583</b>

### 10. INVESTMENT PROPERTY

Investment property as at 30 June 2009 comprised land owned by the Group and leased to third parties. The changes recorded during 2009 are presented in following table:

	Balance as at 31/12/2008	Additions	Transfer to Property, plant and equipment	Transfer from Property, plant and equipment	Balance as at 30/06/2009
Land	160,057	--	--	643	160,700

Rental income amounted to CZK 9,660 thousand in six month period ended 30 June 2009 (six month period ended 30 June 2008 – CZK 8,277 thousand). Operating costs relating to investment property amounted to CZK 631 thousand in six month period ended 30 June 2008 and 30 June 2009.

Future rental income is as follows:

	Less than one year	Between one and five years
Total future rental income	19,320	77,280

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Period ended 30 June 2009  
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### 11. INTANGIBLE ASSETS

	Software	Other intangible assets	Assets under development	Total
<b>Cost</b>				
<b>Balance as at 01/01/2008</b>	<b>753,696</b>	<b>2,312,193</b>	<b>--</b>	<b>3,065,889</b>
Additions	46,099	108,909	35,861	190,869
Disposals	(951)	(53,980)	--	(54,931)
Other	(1,763)	(18,614)	--	(20,377)
<b>Balance as at 31/12/2008</b>	<b>797,080</b>	<b>2,348,508</b>	<b>35,861</b>	<b>3,181,449</b>
Additions	4,826	56,771	11,340	72,937
Disposals	(228)	--	--	(228)
Other	(2,250)	(13,975)	--	(16,226)
<b>Balance as at 30/06/2009</b>	<b>799,428</b>	<b>2,391,303</b>	<b>47,201</b>	<b>3,237,932</b>
<b>Amortization</b>				
<b>Balance as at 01/01/2008</b>	<b>675,579</b>	<b>700,367</b>	<b>--</b>	<b>1,375,946</b>
Charge for the year	38,803	177,359	--	216,162
Disposals	(1,176)	(47,805)	--	(48,981)
Other	4,090	65,935	--	70,025
<b>Balance as at 31/12/2008</b>	<b>717,296</b>	<b>895,856</b>	<b>--</b>	<b>1,613,152</b>
Charge for the year	19,567	84,818	--	104,385
Disposals	(618)	(9,464)	--	(10,082)
Other	(19)	9,853	--	9,834
<b>Balance as at 30/06/2009</b>	<b>736,226</b>	<b>981,063</b>	<b>--</b>	<b>1,717,289</b>
<b>Impairment</b>				
<b>Balance as at 01/01/2008</b>	<b>--</b>	<b>73</b>	<b>--</b>	<b>73</b>
Impairment losses	--	544	--	544
Reversal of impairment losses	--	(11)	--	(11)
<b>Balance as at 31/12/2008</b>	<b>--</b>	<b>605</b>	<b>--</b>	<b>605</b>
Impairment losses	--	--	--	--
Reversal of impairment losses	--	(605)	--	(605)
<b>Balance as at 30/06/2009</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Carrying amount as at 01/01/2008</b>	<b>78,117</b>	<b>1,611,753</b>	<b>--</b>	<b>1,689,870</b>
<b>Carrying amount as at 31/12/2008</b>	<b>79,784</b>	<b>1,452,046</b>	<b>35,861</b>	<b>1,567,691</b>
<b>Carrying amount as at 30/06/2009</b>	<b>63,202</b>	<b>1,410,240</b>	<b>47,201</b>	<b>1,520,644</b>

Other intangible assets primarily include purchased licenses related to production of plastics (high-density polyethylene - HDPE and polypropylene), which account for CZK 1,180,155 thousand of carrying amount as of 30 June 2009 and Unicracking process licence in acquisition cost of CZK 8,668 thousand as of 30 June 2009.

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### 12. GOODWILL

The goodwill presented by the Group amounted to CZK 51,595 thousand as at 30 June 2009 (31 December 2008: CZK 51,595 thousand). It results from the acquisition of 0.225 % share in the registered capital of ČESKÁ RAFINÉRSKÁ, a.s. during the year ended 31 December 2007.

#### *Purchase of shares of PARAMO, a.s.*

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

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

	Carrying value	Fair value recognized on acquisition
Non-current assets	163,188	163,188
Current assets	173,927	173,927
<b>Total assets</b>	<b>337,115</b>	<b>337,115</b>
Non-current liabilities	8,233	8,233
Current liabilities	135,172	135,172
<b>Total liabilities</b>	<b>143,406</b>	<b>143,406</b>
<b>Net assets</b>	<b>193,710</b>	<b>193,710</b>
Consideration, covered by cash		107,070
<b>Negative goodwill on acquisition</b>		<b>86,640</b>
<b>Cash outflow on acquisition:</b>		
Net cash acquired		871
Cash paid		107,070
<b>Net cash outflow</b>		<b>106,199</b>

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### 13. NON-CURRENT RECEIVABLES

The Group has provided a loan to ČESKÁ RAFINÉRSKÁ, a.s. in the amount of CZK 221,954 thousand (31 December 2008: CZK 237,457 thousand) for reconstruction of production unit. Part of this receivable in amount of CZK 113,696 thousand was eliminated as an intergroup transaction. The loan is due in 2016 and bears interest of 1M PRIBOR increased by mark up. The Group also presents non-current receivables from cash guarantees from operators of fuel stations amounted to CZK 31,017 thousand.

Due date	Due within 1-3 year	Due 3-5 years	Due within more than 5 years	Total
30/06/2009	66 527	42 262	31 841	140,630
31/12/2008	49,347	41,950	53,814	145,111

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

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

Transactions with derivative financial instruments are subject to risk management procedures.

The Group monitors the emission allowances granted to the Group under National Allocation Plan and CO<sub>2</sub> emissions planned. The Group enters into transactions on emission allowances market in order to cover for shortages or utilize the excess of obtained emission allowances over the required amount.

The Group has entered into Emission Allowances Swaps EUA/CER with settlement in December 2009 and December 2010. These derivatives are held and reported as derivatives for trading.

#### Derivative financial instruments – assets

Derivative financial instruments		assets			
	Settlement date	Contract principal amount		Fair value of derivatives	
		30/06/2009	31/12/2008	30/06/2009	31/12/2008
Derivatives held for trading					
Emission Allowances Swaps EUA/CER	1.12.2009	4 386,3 T EUR	4 386,3 T EUR	76,700 T CZK	67,378 T CZK
Emission Allowances Swaps EUA/CER	1.12.2010	4 732,2 T EUR	4 732,2 T EUR	89,733 T CZK	76,991 T CZK
Emission Allowances Swaps EUA/CER	14.12.2009	180,0 T EUR	180,0 T EUR	1,968 T CZK	1,441 T CZK
Emission Allowances Swaps EUA/CER	14.12.2009	187,5 T EUR	187,5 T EUR	2,162 T CZK	1,643 T CZK
Emission Allowances Swaps EUA/CER	14.12.2009	190,0 T EUR	190,0 T EUR	2,227 T CZK	1,710 T CZK
Emission Allowances Swaps EUA/CER	17.12.2009	50,0 T EUR	--	6,497 T CZK	--
Total financial derivatives – assets				179,287	149,163

# UNIPETROL, a.s.

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### 14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

#### Derivative financial instruments – liabilities

Derivative financial instruments		liabilities			
	Settlement date	Contract principal amount		Fair value of derivatives	
		30/06/2009	31/12/2008	30/06/2009	31/12/2008
Derivatives held for trading					
Emission Allowances Swaps EUA/CER	17.12.2009	50,0 T EUR	--	1,398 T CZK	--
Emission Allowances Swaps EUA/CER	17.12.2009	39,0 T EUR	--	0,606 T CZK	--
Emission Allowances Swaps EUA/CER	17.12.2009	50,0 T EUR	--	0,052 T CZK	--
Total financial derivatives – liabilities				2,056	--

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

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

	Fair value as at 30/06/2009			Fair value as at 31/12/2008		
	Non-current receivables	Current receivables/ liabilities	Total	Non-current receivables	Current receivables	Total
Emission Allowances Swaps EUA/CER	89,733	89,554	179,287	72,172	76,991	149,163
Emission Allowances Swaps EUA/CER	--	2,056	2,056	--	--	--
<b>Total</b>	<b>89,733</b>	<b>87,498</b>	<b>177,231</b>	<b>72,172</b>	<b>76,991</b>	<b>149,163</b>

### 15. DEFERRED TAX

Deferred income taxes result from future tax benefits and expenses related to the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. The deferred income taxes have been calculated using the tax rate expected to apply to periods when the respective asset is realized or liability is settled (i.e. 20 % in 2009 and 19 % in 2010 and onward).

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

	30/06/2009
<b>At the beginning of the period</b>	<b>(2,113,931)</b>
Income statement charge	208,944
F/X differences	2,903
Tax charged to equity	--
<b>At the end of the period</b>	<b>1,902,084</b>



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### 15. DEFERRED TAX (CONTINUED)

Deferred income tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	30/06/2009	31/12/2008
Deferred tax asset	17,998	17,399
Deferred tax liability	(1,920,082)	(2,131,330)
<b>Net</b>	<b>(1,902,084)</b>	<b>(2,113,931)</b>

### 16. INVENTORIES

	30/06/2009	31/12/2008
Raw materials	3,148,425	2,749,557
Net realisable value allowance for raw materials	(241,809)	(354,858)
Work in progress	1,075,219	1,092,295
Net realisable value allowance for work in progress	(4,416)	--
Finished goods	2,048,341	2,535,135
Net realisable value allowance for finished goods	(28,190)	(106,269)
Goods for sale	587,730	398,889
Net realisable value allowance for goods for sale	(10,842)	(41,288)
Spare parts	1,637,360	1,047,218
Net realisable value allowance for goods for spare parts	(258,456)	(109,041)
<b>Total inventory</b>	<b>7,953,362</b>	<b>7,211,638</b>

Changes in the net realisable value allowances for inventories amount to CZK 67,742 thousand and increased cost of sales in 2009 (30 June 2008: 13,059 CZK thousand increased cost of sales).

### 17. TRADE AND OTHER RECEIVABLES

	30/06/2009	31/12/2008
Trade accounts receivable	9,985,723	9,663,245
Other receivables	1,112,246	1,449,211
<b>Gross trade and other receivables</b>	<b>11,097,969</b>	<b>11,112,456</b>
Allowances for doubtful receivables	(942,761)	(923,926)
<b>Net trade and other receivables</b>	<b>10,155,208</b>	<b>10,188,530</b>

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

# UNIPETROL, a.s.

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Period ended 30 June 2009  
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### 17. TRADE AND OTHER RECEIVABLES (CONTINUED)

The analysis of gross trade receivables by currency of denomination is as follows (in CZK thousands):

Denominated in	30/06/2009	31/12/2008
CZK	7,322,198	7,230,722
EUR	2,617,757	1,875,173
USD	192,765	346,484
Other currencies	22,489	736,151
<b>Total trade and other receivables</b>	<b>10,155,208</b>	<b>10,188,530</b>

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

Before accepting any new customer, the Group uses own or an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

#### Ageing of past due receivables but not impaired

	30/06/2009	31/12/2008
<b>Not impaired trade receivables</b>		
60-90 days	100,087	107,640
90-180 days	51,487	80,507
180+ days	434,752	456,452
<b>Total</b>	<b>586,327</b>	<b>644,599</b>

#### Movement in the impairment loss amount

	30/06/2009	31/12/2008
<b>Balance at beginning of the year</b>	<b>923,969</b>	<b>1,287,205</b>
Impairment losses recognized on receivables	51,421	44,572
Amounts written off as uncollectible	2,702	(316,017)
Amounts recovered during the year	(24,045)	(76,817)
Impairment losses reversed	(4,095)	(22,662)
Unwind of discount	--	(313)
F/X differences	(7,147)	7,958
<b>Balance at end of the year</b>	<b>942,761</b>	<b>923,926</b>

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

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### 18. PREPAYMENTS AND OTHER CURRENT ASSETS

	30/06/2009	31/12/2008
Deferred cost	190,651	285,254
Other current assets	109,617	150,210
<b>Total</b>	<b>300,268</b>	<b>435,464</b>

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

### 19. LOANS GRANTED

In 2009 the Group provided a short-term loan to related entity. The carrying amount of the loan amounted CZK 100,000 thousand as at 30 June 2009 (31 December 2008 – CZK 300,031 thousand). The interest rates were based on appropriate inter-bank rates and the fair value of the loan approximated its carrying amount as at 30 June 2009.

### 20. CASH AND CASH EQUIVALENTS

	30/06/2009	31/12/2008
Cash in hand and at bank	435,924	414,065
Short-term bank deposits	415,004	538,142
<b>Total cash and cash equivalents</b>	<b>850,928</b>	<b>952,207</b>

Short-term bank deposits comprise deposits with maturity of three months or less. The carrying amount of these assets approximates their fair value.

Withdrawals from the Group's bank account with Komerční banka, a.s. must be approved by the Environmental Department of the District Authority in Ústí nad Labem. The account had balance of CZK 62,977 thousand (31 December 2008 CZK 62,842 thousand).

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

Denominated in	30/06/2009	31/12/2008
CZK	666,605	774,779
EUR	140,854	76,148
USD	8,389	8,070
Other currencies	35,080	93,210
<b>Total cash and cash equivalents</b>	<b>850,928</b>	<b>952,207</b>

### 21. ASSETS HELD FOR SALE

As at 30 June 2009 Group held 97 shares in CELIO a.s. in nominal value of 1,000 thousand CZK. The Group's share in CELIO a.s. was classified as a current asset held for sale since its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The management agreed a plan to sell the asset. The Group approved a plan to sell its investment in CELIO a.s. The carrying amount of the investment totals CZK 78,333 thousand CZK.

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### 22. SHARE CAPITAL

The issued capital of the parent company as at 30 June 2009 was CZK 18,133,476 thousand (2008: CZK 18,133,476 thousand). This represents 181,334,764 (2008: 181,334,764) bearer ordinary shares, each with a nominal value of CZK 100. All issued shares have been fully paid and bear equal voting rights. The Company's shares are listed on the Prague stock exchange.

### 23. RETAINED EARNINGS AND DIVIDENDS

The Ordinary General Meeting of UNIPETROL, a.s. held on 24 June 2009 decided on distribution of the non-consolidated profit for 2008 amounting to CZK 4,428,147,324.84. In accordance with Article 26 (1) of the Company's Articles of Association CZK 221,407,366.24 was allocated to the contingency fund and CZK 4,206,739,958.60. to account of unallocated profit from previous years.

### 24. NON-CURRENT LOANS AND BORROWINGS

Interest bearing loans and borrowings as at 30 June 2009 and 31 December 2008 were as follows:

Creditor	Currency	Balance at 30/06/2009	Fair value at 30/06/2009	Balance at 31/12/2008	Effective interest rate	Form of collateral
Long-term bonds – Issue I.	CZK	2,026,563	2,540,000	2,000,000	9.82%	Unsecured
Bank loans	CZK	62,400	62,400	84,000	PRIBOR*	Pledge assets
<b>Total</b>		<b>2,088,963</b>		<b>2,084,000</b>		

\*) Interest rate is increased by the agreed mark up

The current portion of non-current interest-bearing loans and borrowings maturing until 31 December 2010 is reported separately under current liabilities.

Debt repayment schedule:

Due date	Due 1-2 years	Due 2-3 years	Due 3-4 years	Due 4-5 years	Due over 5 years	Total
<b>Non-current loans and borrowings as at 30/06/2009</b>	88,963	--	--	2,000,000	--	<b>2,088,963</b>
<b>Non-current loans and borrowings as at 31/12/2008</b>	72,000	12,000	--	2,000,000	--	<b>2,084,000</b>

In 1998 the Company issued 2,000 bonds at a total nominal value of CZK 2,000,000 thousand. The nominal value of bonds matures in 15 years from the issue date at their nominal value of CZK 2,000,000 thousand. The interest rate is 0 % p.a. for the first two years and 12.53 % p.a. in subsequent years. The effective interest rate is 9.82 %. Interest is payable on an annual basis. Interest expense is accrued using the effective interest rate method.

The aggregate carrying amount of bonds issued is CZK 2,280,644 thousand. Part of the liability due within 12 months is presented in current liabilities. Using the actual market interest rate, based on the analysis of the current market conditions, the fair value of the aggregate liability arising from the bonds is currently estimated at CZK 2,790,143 thousand. Accrued interest, which will be repaid before 31 December 2009, is presented within current loans and borrowings in the note 29 amounts to CZK 254,081 thousand.

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### 25. PROVISIONS

	31/12/2008	Additional provision	Utilization of provision	Release of provision	F/X differences	30/06/2009
Provisions for environmental damages and land restoration	313,743	6,433	376	892	--	318,908
Provisions for legal disputes	128,726	10,495	--	1,406	(56)	137,759
Employee benefits provision	32,414	1,089	--	2,213	--	31,290
Other provisions	88,778	25,597	21,893	5,246	(182)	87,055
<b>Total</b>	<b>563,661</b>	<b>43,614</b>	<b>22,269</b>	<b>9,756</b>	<b>(238)</b>	<b>575,012</b>

The provision for land restoration is created as a result of the legal obligation to restore the fly-ash dump after it is discontinued. This is expected to be after 2043. The provision amounted to CZK 293,157 thousand as of 30 June 2009 (CZK 274,235 thousand as of 31 December 2008).

The provision for legal disputes is created for expected future outflows arising from legal disputes with third parties where the Group is the defendant. The Group has a provision for a penalty imposed by the Antimonopoly Office for a breach of the Economic Competition Protection Act in the amount of CZK 98,000 thousand. The provision as at 30 June 2009 included the nominal amount of penalty increased by CZK 21,461 thousand interest.

Provisions for other future liabilities of the Group amounted to CZK 87,055 thousand as at 30 June 2009, out of which CZK 70,793 thousand was a provision for dismantling costs connected with liquidation of unused assets. During 6 month of 2009 the provision was increased by CZK 16,042 thousand in connection with shutdown of Oxoalcohols plant. It is planned that this provision will be utilized till 30 June 2010.

### 26. FINANCE LEASE LIABILITY

	Minimum lease payments		Present value of minimum lease payments	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
Amounts payable under finance leases:				
Not later than one year	71,240	94,762	69,663	92,596
Later than one year and not later than five years	63,987	38,338	62,655	36,356
Less: future finance charges	(2,909)	(4,148)	--	--
<b>Present value of lease obligation</b>	<b>132,318</b>	<b>128,952</b>	<b>132,318</b>	<b>128,952</b>
Less: Amount due for settlement within 12 months			69,663	92,596
<b>Amount due for settlement after 12 months</b>			<b>62,655</b>	<b>36,356</b>

It is the Group's policy to lease certain fixtures and equipment under finance leases. The average lease term is 3-4 years. Interest rates are fixed at the inception of the lease. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

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### 27. OTHER NON - CURRENT LIABILITIES

	30/06/2009	31/12/2008
Deferred income from government grants	61,901	69,035
Amounts payable to business partners	130,756	129,204
Other liabilities	17,090	21,850
<b>Total</b>	<b>209,747</b>	<b>220,089</b>

A government grant has been obtained from the German Ministry for Environmental Protection and Safety of Reactors in order to execute a pilot environmental project targeted at limiting cross-border pollution, in connection with the reconstruction of the T 700 power station and its desulphurization. The amount of the grant is amortized over the useful economic life of the respective assets financed by the grant.

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

### 28. TRADE AND OTHER PAYABLES AND ACCRUALS

	30/06/2009	31/12/2008
Trade payables	5,357,054	5,542,121
Other payables	3,400,788	3,309,632
Accrued expenses	346,190	83,796
Social security and other taxes	3,480,083	3,678,570
<b>Total</b>	<b>12,584,114</b>	<b>12,614,119</b>

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

	30/06/2009	31/12/2008
Denominated in		
CZK	9,387,838	9,734,947
EUR	828,124	632,403
USD	2,332,581	1,735,711
Other currencies	35,570	511,058
<b>Total</b>	<b>12,584,114</b>	<b>12,614,119</b>

### 29. CURRENT BANK LOANS

The short-term borrowings as at 30 June 2009 were as follows:

	USD	EUR	CZK	Other currencies	Total
<b>Balance as at 1 January 2009</b>	<b>1,915</b>	<b>26,318</b>	<b>1,721,313</b>	<b>7</b>	<b>1,749,553</b>
Loans taken	--	12,363	2,695,119	--	<b>2,707,482</b>
Accrued interest as balance sheet date	2	--	6,705	--	<b>6,707</b>
Repayment	(1,915)	(28,299)	(1,718,715)	(7)	<b>(1,748,936)</b>
Repayment of accrued interest	--	(3)	(7,708)	--	<b>(7,711)</b>
FX differences	--	(319)	--	--	<b>(319)</b>
<b>Balance as at 30 June 2009</b>	<b>2</b>	<b>10,060</b>	<b>2,696,714</b>	<b>--</b>	<b>2,706,776</b>

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### 29. CURRENT BANK LOANS (CONTINUED)

Short-term bank loans are subject to normal credit terms and their carrying amounts approximate fair values. Average effective interest rate as at 30 June 2009 was 2.60 % (31 December 2008: 3.89 %).

Analysis of short-term bank loans by security:

Security	Unsecured	Pledged assets	Total
Short - term loans as at 30/06/2009	2,697,493	9,283	2,706,776
Short - term loans as at 31/12/2008	1,745,648	3,905	1,749,553

### 30. OPERATING LEASES

*The Group as lessee*

#### Leasing arrangements

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

#### Non-cancellable operating lease commitments

	Minimum lease payments	
	30/06/2009	31/12/2008
Not later than one year	21,522	44,157
Later than one year and not later than five years inclusive	86,088	123,777
Later than five years	96,849	110,886
<b>Total</b>	<b>204,459</b>	<b>278,820</b>

The Group leases vehicles and offices under operating leases. The vehicle leases typically run for a two year period. Lease payments are increased annually to reflect market conditions. None of the leases includes contingent rentals.

Payments recognised as an expense were as follows:

	30/06/2009	31/12/2008
Non-cancellable operating lease	24,648	42,981
Cancellable operating lease	506,573	434,102
<b>Total</b>	<b>531,221</b>	<b>477,083</b>

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### 31. RELATED PARTIES

#### *Parent and ultimate controlling party*

During 2009 and 2008 a majority (62.99 %) of the Company's shares were in possession of PKN Orlen.

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

	30/06/2009			
	PKN Orlen	Parties under control of the Group	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	1,726	61,048	391,918	48
Non-current receivables	--	--	--	--
Current payables including loans	2,267,271	13,063	43,738	3 628
Non-current payables including loans	--	4	--	--
Expenses	14,588,680	83,736	304,151	7 478
Revenues	308,491	74,98	739,143	505
Sales of property, plant and equipment	--	--	--	--
Interests income and expense	--	--	4,96	--
Dividend income	--	--	--	--

	31/12/2008			
	PKN Orlen	Parties under control of the Group	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	4,607	127,801	639,816	221
Non-current receivables	--	215,069	--	--
Current payables including loans	1,348,872	238,188	103,472	1 319
Non-current payables including loans	--	48	--	--
Expenses	48,958,269	477,702	1,799,726	15 980
Revenues	4,135,481	310,795	2,555,439	690
Sales of financial assets	47,403	--	--	--
Purchases of property, plant and equipment	--	11,673	--	484
Sales of property, plant and equipment	--	860	--	--
Interests income and expense	--	4,635	11,565	--



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### 32. COMMITMENTS AND OTHER CONTINGENCIES

#### *Contingent liabilities related to the sale of shares in KAUČUK, a.s.*

##### **Determination of Liability for the Impacts of Operation of KAUČUK, a.s. on Environment**

The environmental audit of plots of land owned by UNIPETROL, a.s. and used by KAUČUK, a.s. was performed for purposes of determination of liability of contractual parties arising from existing or future impacts of KAUČUK, a.s.'s operation on the environment. Simplifying somewhat the share purchase agreement provides that liability for the environmental conditions originating prior to the closing of the transaction lies with UNIPETROL, a.s. and liability for the environmental conditions originating after the closing of the transaction lies with Dwory. Liability of the contractual parties for the environmental conditions is limited up to 10 % of the purchase price for the shares (and by 5 years).

##### **Execution of Agreement on Pre-emptive Right to Plots of Land Owned by Unipetrol and Used by KAUČUK, a.s. for Its Operations**

On 10 July 2007, UNIPETROL, a.s. and KAUČUK, a.s. executed the agreement pursuant to which UNIPETROL, a.s. undertook to create in favour of KAUČUK, a.s. the preemptive right in rem and other rights to certain plots of land owned by UNIPETROL, a.s. in industrial area in Kralupy nad Vltavou which are used by KAUČUK, a.s. for its operations. The share purchase agreement anticipates that the sale of the subject plots of land will be realized after solution of all administrative, operational and legal issues necessary for a split of parts of industrial area in Kralupy nad Vltavou.

Apart from the foregoing, the sale of shares of KAUČUK, a.s. owned by UNIPETROL, a.s. to Dwory was based on the following major principles, among others:

- uninterrupted operation of the present butadiene unit;
- contractual satisfaction of supplies of energies, steam, water and other services within the industrial area in Kralupy nad Vltavou which are at present provided by KAUČUK, a.s. to ČESKÁ RAFINÉRSKÁ, a.s.; and
- continuation of all important agreements with the companies of the Group and further operation of the energy unit.

#### *Contingent liabilities related to the sale of shares in SPOLANA a.s.*

The purchase price, in accordance with the share purchase agreement entered into in 2006 between UNIPETROL, a.s., as and Zakłady Azotowe ANWIL Spółka Akcyjna (further Anwil), may be subject to price adjustments which would result mainly on the occurrence of any of the following events:

- (i) Environmental guarantees provided by the National Property Fund of the Czech Republic will not be sufficient for compensation of costs for the environmental damage remediation of the Old Amalgam Electrolysis project.  
In this case UNIPETROL, a.s. will be obligated to financially indemnify Anwil up to 40 % of the purchase price provided that all necessary steps will have been taken by Anwil and SPOLANA a.s. without success for obtaining additional funds for this purpose.

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### 32. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

- (ii) Other potential obstacles in future operation of SPOLANA a.s.

In this case UNIPETROL, a.s. will be obligated to financially indemnify Anwil up to 1-3 % of the purchase price.

#### ***Claims related to fines imposed by the European Commission***

In November 2006, the European Commission imposed fines, among others, upon Shell, Dow, Eni, Unipetrol and Kaučuk for an alleged cartel in the area of Emulsion Syrene Butadiene Rubber ("ESBR"). Unipetrol and Kaučuk, its subsidiary at that time, were jointly imposed a fine of EUR 17.5 million, which they reimbursed to the Commission. At the same time, both companies appealed to the Court of First Instance in Luxembourg and this action is pending.

Following the above decision of the European Commission, Unipetrol has been served with a claim for damages, which tire producers brought against the members of the ESBR cartel. The claim for damages was filed with the High Court of Justice, Queen's Bench Division, Commercial Court. The claimants ask for damages, together with interest, to compensate for their loss suffered as a result of an alleged cartel. The amount claimed is to be assessed.

Unipetrol challenged the jurisdiction of the UK courts to deal with the claim. Unipetrol's challenge is pending.

Furthermore, the Italian group Eni, one of the entities fined by the European Commission, initiated a proceeding before a court in Milan in which it seeks a judgment that the ESBR cartel did not exist and no damage occurred as a result thereof. Eni's action has also been served upon Unipetrol, which decided to take part in the proceeding.

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

The Group obtained investment incentives for acquisition of production equipment in the form of income tax relief that could have been claimed from 2001 till 2005. However in 2006 the Group received an updated interpretation of the respective tax legislation based on which it is not certain whether or not the conditions for the utilization of tax incentives would be considered as being met and whether the Group would be allowed to utilize tax incentives. Subsequently the Group decided not to utilize the incentives in the 2005 tax return filed on 2 October 2006. CZK 325,097 thousand of income tax paid for 2005 represents the amount that the Group is claiming back due to not utilizing the tax incentive in 2005 tax return. The Group performs all steps necessary to claim income tax back and on February 4, 2009 the Regional Court in Usti nad Labem abrogated the unfavourable decisions of Tax Authorities and commanded the case to the relevant Tax Directorate for the new administrative proceedings. The Tax Directorate when taking decision will be bound by the opinion of the Regional Court. The Tax Directorate used its right and filed a Cassation Complaint to the Supreme Administration Court. The complaint has not suspensory effect.

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### 33. RISK MANAGEMENT

#### **Risk management objectives**

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

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

#### **Market risk**

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

#### **Currency risk management**

The currency risk arises most significantly from the exposure of trade payables and receivables denominated in foreign currencies, and the foreign currency denominated loans and borrowings. Foreign exchange risk regarding trade payables and receivables is mostly covered by natural hedging of trade payables and receivables denominated in the same currencies. The Group uses derivative financial instruments to hedge currency positions, and thereby minimise currency risks caused by exchange rate fluctuations.

Hedging instruments (forwards, currency swaps) are used to cover significant foreign exchange risk exposure of trade payables and receivables not covered by natural hedging.

#### **Interest rate risk management**

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

# UNIPETROL, a.s.

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### 33. RISK MANAGEMENT (CONTINUED)

#### Market price risks

The Group is exposed to commodity price risk resulting from the adverse changes in raw material, mainly crude oil prices. Management addresses these risks by means of a commodity, supplier and client risk management. Depending on circumstances the Group enters into derivative commodity instruments to mitigate the risk arising from discrepancies in the pricing formulas in purchases of crude oil and sales of products.

#### Emission allowances risk

The Group monitors the emission allowances granted to the Group under National Allocation Plan and CO<sub>2</sub> emissions planned. The Group enters into transactions on emission allowances market in order to cover for shortages or utilize the excess of obtained emission allowances over the required amount.

The Group has entered into Emission Allowances Swaps EUA/CER with settlement in December 2009 and December 2010. These derivatives are held and reported as derivatives for trading.

#### Credit risk management

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

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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

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

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

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

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

# UNIPETROL, a.s.

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### 33. RISK MANAGEMENT (CONTINUED)

#### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate liquid funds,

banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Information about Group's risk exposure, other detailed aspects of the Group's financial risk management objectives and policies, and the Group's management of capital are described in the consolidated financial statements as at and for the year ended 31 December 2008.

The Group's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

### 34. EMISSION RIGHTS

In 2008 the Group obtained allowances for carbon dioxide emissions according to the Czech National Allocation Scheme for years 2008-2012.

Information on granted emission rights and its balance sheet presentation	Value in CZK thousands	Amount (thousand tons)
The total number of the emission rights allocated to the Group for the period 2008-2012	9,604,223	18,854
Emission allowances acquired for year 2009	1,890,986	3,764
Estimated utilization in 2009	1,572,913	3,128
Revenues from sale of emissions allowances in 2009	70,977	228

Signature of statutory representatives

20 August 2009

Krzysztof Urbanowicz

Wojciech Ostrowski

Chairman of the Board of Directors

Vice-chairman of the Board of Directors