

**UNIPETROL, a.s.**

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

**AS OF 30 JUNE 2008 AND 2007**

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

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# UNIPETROL, a.s.

Non-consolidated balance sheet  
prepared in accordance with International Financial Reporting Standards  
As at 30 June 2008 and 31 December 2007  
(in thousands of Czech crowns)

	Note	30 June 2008 (unaudited)	31 December 2007 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	387,579	376,253
Intangible assets	8	37,527	42,925
Investment property	9	162,955	162,955
Investments in subsidiaries and joint ventures		14,117,868	14,117,868
Other investments		4,151	4,151
Loans to subsidiaries	11	3,097,627	3,070,718
Receivables from subsidiaries		95,716	95,716
<b>Total non-current assets</b>		<b>17,903,423</b>	<b>17,870,586</b>
<b>Current assets</b>			
Trade and other receivables	12	610,521	468,652
Loans to subsidiaries	13	8,045,016	4,013,567
Prepaid expenses		3,994	5,586
Cash and cash equivalents	14	33,371	2,272,023
Assets classified as held for sale	10	1,093	853,129
<b>Total current assets</b>		<b>8,693,995</b>	<b>7,612,957</b>
<b>Total assets</b>		<b>26,597,418</b>	<b>25,483,543</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		18,133,476	18,133,476
Reserves		1,419,355	1,419,355
Retained earnings	15	539,677	3,208,145
<b>Total equity</b>		<b>20,092,508</b>	<b>22,760,976</b>
<b>Non-current liabilities</b>			
Loans and borrowings	17	2,060,241	2,000,000
Finance lease liability		147	207
<b>Total non-current liabilities</b>		<b>2,060,388</b>	<b>2,000,207</b>
<b>Current liabilities</b>			
Trade and other payables and accruals	16	158,726	226,594
Liabilities from dividends	15	3,200,559	--
Loans and borrowings	17	1,085,237	495,766
<b>Total current liabilities</b>		<b>4,444,522</b>	<b>722,360</b>
<b>Total liabilities</b>		<b>6,504,910</b>	<b>2,722,567</b>
<b>Total equity and liabilities</b>		<b>26,597,418</b>	<b>25,483,543</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 29.

# UNIPETROL, a.s.

Non-consolidated income statement  
prepared in accordance with International Financial Reporting Standards  
For the period 6 months ended 30 June 2008 and 30 June 2007  
(in thousands of Czech crowns)

	Note	30 June 2008 (unaudited)	30 June 2007 (unaudited)
Revenue	3	201,932	90,608
Cost of sales	5	(58,033)	(35,435)
<b>Gross profit</b>		<b>143,899</b>	<b>55,173</b>
Other income		1,033	1,072
Administrative expenses	5	(182,372)	(136,510)
Other expenses	5	(15,042)	(1 264)
<b>Operating loss before finance income</b>		<b>(52,482)</b>	<b>(81,529)</b>
Finance income	6	762,934	365,483
Finance expenses	6	(178,361)	(162,139)
<b>Net finance income</b>		<b>584,573</b>	<b>203,344</b>
<b>Profit before tax</b>		<b>532,091</b>	<b>121,815</b>
Income tax credit		--	--
<b>Profit for the period</b>		<b>532,091</b>	<b>121,815</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 29

## UNIPETROL, a.s.

Non-consolidated statement of changes in equity  
prepared in accordance with International Financial Reporting Standards  
For the period of 6 months ended 30 June 2008  
(in thousands of Czech crowns)

	Share capital	Reserves	Retained earnings	Total
Balance at 1 January 2007	<u>18,133,476</u>	<u>1,277,185</u>	<u>3,338,875</u>	<u>22,749,536</u>
Dividends	--	--	--	--
Profit for the period	--	--	121,815	121,815
Balance at 30 June 2007	<u>18,133,476</u>	<u>1,277,185</u>	<u>3,460,690</u>	<u>22,871,351</u>

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

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 29.

# UNIPETROL, a.s.

Non-consolidated statement of cash flows  
prepared in accordance with International Financial Reporting Standards  
For the period of 6 months ended 30 June 2008 and 30 June 2007  
(in thousands of Czech crowns)

	30 June 2008	30 June 2007
	(unaudited)	(unaudited)
<b>Cash flows from operating activities:</b>		
Profit for the period	532,091	121,815
Adjustments for:		
Depreciation and amortisation of property, plant and equipment and intangible assets	8,914	3,587
Gain on disposals of property, plant and equipment and intangible assets	155	(359)
Profit on disposals of financial investments	(331,041)	--
Interest income, net	(95,683)	(55,867)
Dividend income	(100,301)	(47,781)
Impairment losses on assets classified as held for sale, property, plant and equipment and receivables	(38)	(40)
Foreign exchange losses / (gains)	1,736	213
Income tax credit	--	--
<b>Operating profit before changes in working capital</b>	<b>15,833</b>	<b>21,568</b>
Change in trade receivables and prepaid expenses	(140,277)	54,090
Change in trade and other payables and accruals	(67,868)	(305,804)
Interest paid	(29,838)	(54,495)
Income tax (paid) / reimbursed	--	--
<b>Net cash from operating activities</b>	<b>(222,150)</b>	<b>(284,641)</b>
<b>Cash flows from investing activities:</b>		
Increase of capital of subsidiary	--	(100,000)
Acquisition of property, plant and equipment and intangible assets	(15,517)	(4,624)
Acquisition of financial investments	--	(280)
Proceed from sales of property, plant and equipment and intangible assets	880	1,984
Proceed from sales of financial investments	1,183,000	--
Interest received	96,631	88,371
Repayment of / (providing) borrowings by / to subsidiaries	(3,907,438)	669,741
Dividends received	100,301	47,781
<b>Net cash from investing activities</b>	<b>(2,542,143)</b>	<b>702,973</b>
<b>Cash flows from financing activities:</b>		
Change in loans and borrowings	525,641	(1,377,539)
<b>Net cash used in financing activities</b>	<b>525,641</b>	<b>(1,377,539)</b>
<b>Net change in cash and cash equivalents</b>	<b>(2,238,652)</b>	<b>(959,207)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,272,023</b>	<b>1,016,186</b>
<b>Cash and cash equivalents at 30 June</b>	<b>33,371</b>	<b>56,979</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 29.

# UNIPETROL, a.s.

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

Period ended 30 June 2008  
(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 2008  
(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.  
Klimentská 10  
110 05 Praha 1  
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 2008 are as follows:

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

The non-consolidated interim financial statements of the Group as at and for the year ended 31 December 2007 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 2008  
(in thousands of CZK)

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

Members of the statutory and supervisory bodies as at 30 June 2008 were as follows:

	Position	Name
<b>Board of directors</b>	Chairman	François Vleugels
	Vice-Chairman	Wojciech Ostrowski
	member	Ivan Ottis
	member	Martin Durčák
	member	Arkadiusz Kotlicki
<b>Supervisory board</b>	Chairman	Wojciech Heydel
	Vice-Chairman	Jacek Krawiec
	Vice-Chairman	Ivan Kočárník
	member	Sławomir Jędrzejczyk
	member	Marek Serafin
	member	Wojciech Wróblewski
	member	Piotr Kearney
	member	Krystian Pater
	member	Zdeněk Černý

Changes in the board of directors during six month period ended 30 June 2008 were as follows:

Position	Name	Change	Date of change
member	Miroslav Krejčí	Resigned as member	June 26, 2008

Changes in the supervisory board during six month period ended 30 June 2008 were as follows:

Position	Name	Change	Date of change
Chairman	Piotr Kownacki	Resigned as Chairman	March 28, 2008
member	Wojciech Heydel	Elected as member (replacement)	March 28, 2008
Chairman	Wojciech Heydel	Elected as Chairman (replacement)	March 28, 2008
member	Rafał Kapler	Resigned as member	March 28, 2008
member	Piotr Kownacki	Recalled as member	June 26, 2008
member	Czesław Bugaj	Recalled as member	June 26, 2008
member (replacement )	Robert Bednarski	Term of office expiration date of member (replacement)	June 26, 2008
member (replacement )	Waldemar Maj	Term of office expiration date of member (replacement)	June 26, 2008
member	Miroslaw Jasiński	Recalled as member	June 26, 2008
member	Miloslav Suchánek	Recalled as member	June 26, 2008
Vice-Chairman	Dariusz Formela	Term of office expiration date of member /Vice-Chairman	June 26, 2008
member	Piotr Kearney	Reelected as member	June 26, 2008
member	Wojciech Heydel	Elected as member	June 26, 2008
Chairman	Wojciech Heydel	Elected as Chairman	June 26, 2008
member	Jacek Krawiec	Elected as member	June 26, 2008
Vice-Chairman	Jacek Krawiec	Elected as Vice-Chairman	June 26, 2008
member	Sławomir Jędrzejczyk	Elected as member	June 26, 2008
member	Marek Serafin	Elected as member	June 26, 2008
member	Wojciech Wróblewski	Elected as member	June 26, 2008

# UNIPETROL, a.s.

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

Period ended 30 June 2008  
(in thousands of CZK)

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A Statement of compliance and accounting policies.

These condensed unconsolidated 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 2007.

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 2007.

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 2008 or later periods but which the Company has not early adopted. Relevant items are as follows:

- IFRIC 12 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Company's operations as the Company has not entered into any service concession arrangements.
- IFRIC 13 Customer Loyalty Programmes – effective for annual periods beginning on or after 1 July 2008
- IFRIC 14 Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – effective for annual periods beginning on or after 1 January 2008
- IFRIC 15 Agreements for the Construction of Real Estate– effective for annual periods beginning on or after 1 January 2009
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation is effective for annual periods beginning on or after 1 October 2008

Acceptance of all interpretations listed above by the European Union is pending.

According to a preliminary assessment, the application of IFRIC 12, IFRIC 13, IFRIC 14, IFRIC 15 and IFRIC 16 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 2008  
(in thousands of CZK)

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

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

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

In preparing these condensed non-consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the non-consolidated financial statements as at and for the year ended 31 December 2007.

### 3. REVENUE

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

	30/06/2008	30/06/2007
Fees for use of land	47,523	46,042
Revenues from services	154,409	44,566
<b>Total revenues</b>	<b>201,932</b>	<b>90,608</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 2008  
(in thousands of CZK)

### 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.

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

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

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)
Services of SSC		(47,272)		(47,272)
Other services	(1,633)	(25,366)		(26,999)
Staff cost including remuneration of board members	(15,826)	(60,965)		(76,791)
Depreciation	(720)	(2,773)		(3,493)
Amortization	(1,087)	(4,349)		(5,436)
Impairment of PPE (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)	(15,241)
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 profit/loss before financing costs</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 2008  
(in thousands of CZK)

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

30/06/2007	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(892)	(3,435)		(4,327)
Repairs and maintenance	(198)	(762)		(960)
Services related to administration of investments in subsidiaries		(20,531)		(20,531)
Advertising expense	(16,586)			(16,586)
Legal services		(7,416)		(7,416)
Advisory services		(7,201)		(7,201)
Operating leases		(6,978)		(6,978)
Travel expense		(2,247)		(2,247)
Telecommunication fees		(1,478)		(1,478)
Representation cost		(1,311)		(1,311)
Other services	(1,318)	(21,810)		(23,128)
Staff cost including remuneration of board members	(15,598)	(60,089)		(75,686)
Depreciation	(718)	(2,764)		(3,482)
Amortization	(22)	(84)		(105)
Impairment of PPE (recognised) / released			40	40
Impairment to trade receivables (recognised) / released			30	30
Profit / (loss) on disposal of PPE			359	359
Insurance			(1,065)	(1,065)
Other expense	(15)	(494)	(198)	(707)
Other income			642	643
<b>Total operating expense</b>	<b>(35,435)</b>	<b>(136,510)</b>	<b>(192)</b>	<b>(172,137)</b>
Revenue				90,608
<b>Operating profit/loss before financing costs</b>				<b>(81,529)</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 2008  
(in thousands of CZK)

### 6. FINANCE INCOME AND FINANCE EXPENSES

	30/06/2008	30/06/2007
<b>Finance income</b>		
Interest income:		
- other loans and receivables	237,397	195,738
- bank deposits	64,464	3,031
Dividend income	100,301	47,781
Foreign exchange gains	22,784	1,998
Net income from sale of investments in subsidiaries		
Reversal of impairment on assets classified as held for sale	330,965	101,301
Other finance income	7,023	15,634
<b>Total finance income</b>	<b>762,934</b>	<b>365,483</b>
<b>Finance expenses</b>		
Interest expense:		
- bank overdrafts, loans and borrowings	(141,734)	(142,903)
- finance leases		
<b>Borrowing costs recognized in the income statement</b>		
Foreign exchange losses	(33,340)	(19,236)
Impairment of assets classified as held for sale		
Other finance expenses	(3,287)	
<b>Total finance expenses</b>	<b>(178,361)</b>	<b>(162,139)</b>
<b>Net finance income</b>	<b>584,573</b>	<b>203,344</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 2008  
(in thousands of CZK)

### 7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other	Assets under development	Total
<b>Cost</b>					
<b>Balance as at 01/01/2007</b>	<b>497,311</b>	<b>30,501</b>	<b>161</b>	<b>669</b>	<b>528,642</b>
Additions	163	6,407	--	51,959	58,529
Disposals	(142,525)	(6,158)	(10)	(49,874)	(198,567)
Reclassifications	--	--	--	--	--
<b>Balance as at 31/12/2007</b>	<b>354,949</b>	<b>30,750</b>	<b>151</b>	<b>2,754</b>	<b>388,604</b>
Additions	--	359	--	15,517	1,708
Disposals	--	(2,012)	--	--	(2,012)
Reclassifications	--	--	--	--	--
Transfer to investment property	--	1,708	--	(1,708)	--
<b>Balance as at 30/06/2008</b>	<b>354,949</b>	<b>30,805</b>	<b>151</b>	<b>16,563</b>	<b>402,468</b>
<b>Depreciation</b>					
<b>Balance as at 01/01/2007</b>	--	<b>8,674</b>	--	--	<b>8,674</b>
Charge for the year	--	7,061	--	--	7,061
Disposals	--	(3,850)	--	--	(3,850)
Reclassifications	--	--	--	--	--
<b>Balance as at 31/12/2007</b>	--	<b>11,885</b>	--	--	<b>11,885</b>
Charge for the year	--	3,906	--	--	3,906
Disposals	--	(1,368)	--	--	(1,368)
Reclassifications	--	--	--	--	--
<b>Balance as at 30/06/2008</b>	--	<b>14,423</b>	--	--	<b>14,423</b>
<b>Impairment losses</b>					
<b>Balance as at 01/01/2007</b>	--	--	--	<b>466</b>	<b>466</b>
Impairment losses	--	--	--	--	--
Reversal of impairment losses	--	--	--	--	--
<b>Balance as at 31/12/2007</b>	--	--	--	<b>466</b>	<b>466</b>
Impairment losses	--	--	--	--	--
Reversal of impairment losses	--	--	--	--	--
<b>Balance as at 30/06/2008</b>	--	--	--	<b>466</b>	<b>466</b>
<b>Carrying amount as at 01/01/2007</b>	<b>497,311</b>	<b>21,827</b>	<b>161</b>	<b>203</b>	<b>519,502</b>
<b>Carrying amount as at 31/12/2007</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 30/06/2008</b>	<b>354,949</b>	<b>16,382</b>	<b>151</b>	<b>16,097</b>	<b>387,579</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 2008  
(in thousands of CZK)

### 8. INTANGIBLE ASSETS

	Software	Other intangible assets	Total
<b>Cost</b>			
<b>Balance as at 01/01/2007</b>	<b>11,449</b>	<b>8,220</b>	<b>19,669</b>
Additions	392	50,682	51,074
Disposals	466	7,920	8,386
Reclassifications	--	--	--
<b>Balance as at 31/12/2007</b>	<b>11,375</b>	<b>50,982</b>	<b>62,357</b>
Additions	--	--	--
Disposals	--	--	--
Reclassifications	--	--	--
<b>Balance as at 30/06/2008</b>	<b>11,375</b>	<b>50,982</b>	<b>62,357</b>
<b>Amortization</b>			
<b>Balance as at 01/01/2007</b>	<b>11,311</b>	<b>8,067</b>	<b>19,378</b>
Charge for the period	121	8,008	8,129
Disposals	256	7,892	8,148
Reclassifications	--	--	--
<b>Balance as at 31/12/2007</b>	<b>11,176</b>	<b>8,183</b>	<b>19,359</b>
Charge for the period	44	5,392	5,436
Disposals	--	--	--
Reclassifications	--	--	--
<b>Balance as at 30/06/2008</b>	<b>11,220</b>	<b>13,575</b>	<b>24,795</b>
<b>Impairment losses</b>			
<b>Balance as at 01/01/2007</b>	<b>--</b>	<b>153</b>	<b>153</b>
Impairment losses	--	--	--
Reversal of impairment losses	--	80	80
<b>Balance as at 31/12/2007</b>	<b>--</b>	<b>73</b>	<b>73</b>
Impairment losses	--	--	--
Reversal of impairment losses	--	38	38
<b>Balance as at 30/06/2008</b>	<b>--</b>	<b>35</b>	<b>35</b>
<b>Carrying amount as at 01/01/2007</b>	<b>138</b>		<b>138</b>
<b>Carrying amount as at 31/12/2007</b>	<b>199</b>	<b>42,726</b>	<b>42,925</b>
<b>Carrying amount as at 30/06/2008</b>	<b>155</b>	<b>37,372</b>	<b>37,527</b>



# UNIPETROL, a.s.

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

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(in thousands of CZK)

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### 9. INVESTMENT PROPERTY

The Company owns the land which is leased to SYNTHOS, a.s. Rental income amounted to CZK 8,277 thousand on the 30 July 2008 (30 July 2007: 9,525 thousand CZK). Operating costs relating to investment property amounted to CZK 306 thousand (30 July 2007: 595 thousand CZK).

### 10. ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale as at 30 June 2008 were as follows:

	30/06/2008	31/12/2007
50 % shares in AGROBOHEMIE a.s.	--	507,600
38,79 % shares in Synthesia, a.s.	--	344,436
10.5 % of shares in CELIO a.s.	1,093	1,093
<b>Total</b>	<b>1,093</b>	<b>853,129</b>

As at 30 June 2008 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 management agreed a plan to sell the asset. 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 (2007: 1,093 thousand).

Based on circumstances described in the financial statements of the Company as at 31 December 2007 the shares in AGROBOHEMIE a.s. and Synthesia, a.s. were presented as assets held for sale as at 31 December 2007.

On 18 January 2008, the transfer of 50 % of shares in AGROBOHEMIE a.s and 38.79 % of shares in Synthesia, a.s. was closed. The purchase price for the AGROBOHEMIE a.s shares amounted in total to CZK 503 million and for the Synthesia, a.s. shares – to CZK 680 million and was equal to carrying amount of the shares.

Following the closing of the transfer of the shares of AGROBOHEMIE a.s and Synthesia, a.s. by UNIPETROL, a.s. to DEZA, a.s., the settlement agreement became final. As a result all outstanding disputed claims between UNIPETROL, a.s and DEZA, a.s., were settled, *i.e.*, the risk on a part of UNIPETROL, a.s. relating to a payment to DEZA, a.s. of a high contractual penalty and to potential legal defects of the sale of shares of AGROBOHEMIE a.s. and Synthesia, a.s. was eliminated. On 22 January 2008 DEZA, a.s. withdrew the two legal actions from the Prague court. The respective court resolutions by which the court proceeding has been terminated, become effective as of April 14, 2008.

# UNIPETROL, a.s.

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Period ended 30 June 2008  
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### 11. NON-CURRENT LOANS TO SUBSIDIARIES

Non-current loans provided to subsidiaries as at 30 June 2008 were as follows:

Company	Effective interest rate	Maturity date	Currency	Carrying amount 30/06/2008	Fair value
UNIPETROL RPA, s.r.o.	6M PRIBOR*	29.6.2012	CZK	285,220	285,220
UNIPETROL RPA, s.r.o.	6M PRIBOR*	16.7.2012	CZK	393,980	393,980
UNIPETROL RPA, s.r.o.	6M PRIBOR*	15.8.2012	CZK	251,737	251,737
BENZINA s.r.o.	9.97 %	28.12.2013	CZK	2,060,154	2,952,769
BUTADIEN KRALUPY a.s.	PRIBOR*	29.12.2017	CZK	106,536	106,536
<b>Total</b>				<b>3,097,627</b>	

\*) Interest rate increases by the agreed margin.

Non-current loans provided to subsidiaries are not collateralised.

The portion of non-current loans due within one year is not stated in the above table but is reported as current loans to subsidiaries (note 14).

Non-current loans provided to subsidiaries as at 31 December 2007 were as follows:

Company	Effective interest rate	Maturity date	Currency	Carrying amount 31/12/2007	Fair value 31/12/2007
UNIPETROL RPA, s.r.o.	6M PRIBOR*	29.6.2012	CZK	332,756	332,756
UNIPETROL RPA, s.r.o.	6M PRIBOR*	16.7.2012	CZK	450,263	450,263
UNIPETROL RPA, s.r.o.	6M PRIBOR*	15.8.2012	CZK	287,699	287,699
BENZINA s.r.o.	9.97%	28.12.2013	CZK	2,000,000	2,535,754
<b>Total</b>				<b>3,070,718</b>	

\*) Interest rate increases by the agreed margin

### 12. TRADE AND OTHER RECEIVABLES

	30/06/2008	31/12/2007
Trade accounts receivable	610,521	468,652
Other receivables	131,615	131,645
Impairment losses – other receivables	(131,615)	(131,645)
<b>Total accounts receivable</b>	<b>610,521</b>	<b>468,652</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	30/06/2008	31/12/2007
CZK	599,466	349,594
EUR	7,040	23,255
USD	2,063	94,687
Other currencies	1,952	1,116
<b>Total accounts receivable</b>	<b>610,521</b>	<b>468,652</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 2008  
(in thousands of CZK)

### 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	30/06/2008	31/12/2007
Balance at beginning of the period	131,645	131,204
Impairment losses recognized on receivables	--	523
Reversal of impairment losses	(30)	(82)
<b>Balance at end of the period</b>	<b>131,615</b>	<b>131,645</b>

### 13. CURRENT LOANS TO SUBSIDIARIES

Current loans provided to subsidiaries as at 30 June 2008 and 31 December 2007 are as follows:

Company name	Effective interest rate	Currency	Carrying amount 30/06/2008	Fair value 30/06/2008	Carrying amount 31/12/2007	Fair value 31/12/2007
<b>Current portion of non-current loans</b>						
UNIPETROL RPA, s.r.o.	6M EURIBOR*	EUR	--	--	--	--
UNIPETROL RPA, s.r.o.	6M LIBOR*	USD	--	--	--	--
UNIPETROL RPA, s.r.o.	6M PRIBOR*	CZK	95,125	95,125	95,300	95,300
UNIPETROL RPA, s.r.o.	6M PRIBOR*	CZK	123,634	123,634	122,633	122,633
UNIPETROL RPA, s.r.o.	6M PRIBOR*	CZK	76,920	76,920	76,993	76,993
BENZINA s.r.o.	9.97%	CZK	259,958	259,958	208,427	242,870
BENZINA s.r.o.	6M PRIBOR*	CZK	--	--	9,715	9,715
Butadien	PRIBOR*	CZK	--	--	--	--
<b>Current loans</b>						
UNIPETROL RPA, s.r.o.	PRIBOR*	CZK	4,009,869	4,009,869	--	--
UNIPETROL RPA, s.r.o.	PRIBOR*	CZK	1,489,238	1,489,238	1,545,165	1,545,165
UNIPETROL RPA, s.r.o.	PRIBOR*	CZK	764,048	764,048	565,861	565,861
BENZINA s.r.o.	PRIBOR*	CZK	175	175	4,215	4,215
BENZINA s.r.o.	PRIBOR*	CZK	83,375	83,375	30,458	30,458
BENZINA s.r.o.	PRIBOR*	CZK	3,000	3,000	61,400	61,400
PARAMO a.s.	PRIBOR*	CZK	88,450	88,450	156,568	156,568
PARAMO a.s.	1M PRIBOR*	CZK	300,134	300,134	--	--
SPOLANA a.s.	1M PRIBOR*	CZK	--	--	--	--
BENZINA s.r.o.	PRIBOR*	CZK	651,625	651,625	990,105	990,105
UNIPETROL TRADE a.s.	PRIBOR*	CZK	--	--	18,354	18,354
UNIPETROL TRADE a.s.	PRIBOR*	CZK	9,765	9,765	9,765	9,765
UNIPETROL TRADE a.s.	EURIBOR*	EUR	89,700	89,700	118,608	118,608
<b>Total</b>			<b>8,045,016</b>		<b>4,013,567</b>	

\*) Interest rate is increased by the agreed margin.

# UNIPETROL, a.s.

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Period ended 30 June 2008  
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### 14. CASH AND CASH EQUIVALENTS

	30/06/2008	31/12/2007
Cash in hand	35	49
Cash at bank	29,003	1,507,362
Short-term bank deposits	4,333	764,612
<b>Total</b>	<b>33,371</b>	<b>2,272,023</b>

Short-term bank deposits comprise deposits with maturity of three months or less and obligatory deposits relating to the bank loans.

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	30/06/2008	31/12/2007
CZK	11,902	2,187,350
EUR	12,954	51,732
USD	8,515	32,941
<b>Total cash and cash equivalents</b>	<b>33,371</b>	<b>2,272,023</b>

### 15. RETAINED EARNINGS AND DIVIDENDS

The Ordinary General Meeting of UNIPETROL, a.s. held on 26 June 2008 decided on settlement of the Company's loss. The loss of the Company stated in the Company's ordinary non-consolidated financial statements as of 31 December 2007 amounting to 9,120,840.63 CZK was covered in accordance with Article 26 (4) of the Company's Articles of Association from unallocated profit from previous years.

The Ordinary General Meeting of UNIPETROL, a.s. held on 26 June 2008 decided on dividend payout from undistributed profit of preceding years. Dividends will be paid out in the following manner:

- The total amount to be paid out as dividends is CZK 3,200,558,584.60. The amount of the dividend per one share amounts to CZK 17.65, before tax.
- The right to the dividend may be exercised by a shareholder owning the Company's shares as of the record date, i.e., as of 26 June 2008.
- The dividend is due and payable on 29 August 2008.
- The dividend shall be paid out at the Company's own cost and risk in accordance with applicable laws and the Company's Articles of Association.

# UNIPETROL, a.s.

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

Period ended 30 June 2008  
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### 16. TRADE AND OTHER PAYABLES AND ACCRUALS

	30/06/2008	31/12/2007
Trade payables	80,685	122,133
Other payables	24,809	55,860
Social security and other taxes	53,232	48,601
<b>Total accounts payable</b>	<b>158,726</b>	<b>226,594</b>

The average credit period for trade purchases is 21 days.

The management consider that the carrying amount of trade payables approximate their fair value.

Denominated in	30/06/2008	31/12/2007
CZK	148,449	223,360
EUR	7,178	2,328
USD	--	181
Other currencies	3,099	725
<b>Total accounts receivable</b>	<b>158,726</b>	<b>226,594</b>

As of 30 June 2008 and 31 December 2007, the Company does not show 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.

### 17. INTEREST BEARING LOANS AND BORROWINGS

#### *Non-current Loans and borrowings*

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. Interest is payable on an annual basis. Interest expense is accrued using the effective interest rate method.

The aggregate carrying value of bonds issued is CZK 2,315,018 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 2,992,364 thousand. Accrued interest, which will be repaid before 30 June 2008, is presented within current loans and borrowings.

# UNIPETROL, a.s.

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Period ended 30 June 2008  
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### 17. INTEREST BEARING LOAN AND BORROWINGS (CONTINUED)

#### *Current Loans and borrowings*

Current loans and borrowings as at 30 June 2008 were as follows:

Creditor	Currency	Balance at 30/06/2008	Fair value at 30/06/2008	Effective interest rate	Form of collateral
<b>Current portion of non-current loans and borrowings</b>					
Long-term bonds – Issue I.	CZK	254,777	254,777	9.82%	Unsecured
<b>Current loans</b>					
Citibank, a.s.	CZK	143,133	143,133	o/n PRIBOR*	Unsecured
Commerzbank, a.s.	CZK	477	477	PRIBOR*	Unsecured
Česká spořitelna, a.s.	CZK	190,882	190,882	1WPRIBOR*	Unsecured
ING Bank, a.s.	CZK	80,857	80,857	o/n PRIBOR*	Unsecured
<b>Current loans from subsidiaries - Cash-pool</b>					
UNIPETROL RPA s.r.o.	CZK, EUR, USD	151,881	151,860	o/n PRIBOR*, EURIBOR*, LIBOR*	Unsecured
PETROTRANS, s.r.o.	CZK,	4,208	4,208	PRIBOR*	Unsecured
UNIPETROL DOPRAVA s.r.o.	CZK, EUR	101,109	101,109	o/n PRIBOR*, EURIBOR*, o/n PRIBOR*,	Unsecured
BENZINA s.r.o.	CZK, EUR	276	276	EURIBOR*, o/n PRIBOR*,	Unsecured
UNIPETROL SERVICES s.r.o.	CZK, EUR	157,637	157,637	EURIBOR*,	Unsecured
<b>Total loans and borrowings</b>		<b>1,085,237</b>			

\*) interest rate is calculated as a sum of appropriate inter-bank interest rate and mark-up

Current loans and borrowings as at 31 December 2007 were as follows:

Creditor	Currency	Balance at 31/12/2007	Fair value at 31/12/2007	Effective interest rate	Form of collateral
<b>Current portion of non-current loans and borrowings</b>					
Long-term bonds – Issue I.	CZK	204,666	243,332	9.82%	Unsecured
<b>Current loans from subsidiaries - Cash-pool</b>					
UNIPETROL RPA s.r.o.	CZK, EUR, USD	270 037	270 037	o/n PRIBOR*, EURIBOR*, LIBOR*	Unsecured
UNIPETROL TRADE a.s.	CZK, EUR, USD	15 841	15 841	o/n PRIBOR*, EURIBOR*, LIBOR*	Unsecured
UNIPETROL DOPRAVA s.r.o.	CZK, EUR	3 096	3 096	o/n PRIBOR*, EURIBOR*	Unsecured
UNIPETROL SERVICES s.r.o.	CZK, EUR	2 031	2 031	o/n PRIBOR*, EURIBOR*	Unsecured
BENZINA s.r.o.	CZK, EUR	95	95		
<b>Total loans and borrowings</b>		<b>495,766</b>			

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

# UNIPETROL, a.s.

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

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### 18. COMMITMENTS AND OTHER CONTINGENCIES

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

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

The environmental audit of plots of land owned by the Company 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. 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 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 KAUČUK, a.s. for Its Operations**

On 10 July 2007 the Company and KAUČUK, a.s. executed the agreement pursuant to which UNIPETROL undertook to create in favor of KAUČUK, a.s. the pre-emptive right in rem and other rights to certain plots of land owned by the Company 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 satisfaction of all administrative, operational and legal conditions necessary for a split of parts of industrial area in Kralupy nad Vltavou.

Apart from the foregoing, the sale of shares of 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:

# UNIPETROL, a.s.

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### 18. COMMITMENTS AND OTHER COTNIGENCIES (CONTINUED)

- (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 and Kaucuk for an alleged cartel in the area of Emulsion Syrene Butadiene Rubber ("ESBR"). Unipetrol and Kaucuk, 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 currently considers its position in the proceeding.



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### 19. RELATED PARTIES

#### *Parent and ultimate controlling party*

During six months ended 30 June 2008 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 2008:

	30/06/2008				31/12/2007			
	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	78	8,261,261	300,050	--	--	4,288,217	270	--
Non-current assets	--	3,298,671	--	--	--	3,166,434	--	--
Current liabilities	3,262	534,517	17	--	335	306,771	370	--
Current liabilities - dividends	2,016,098	--	--	--	--	--	--	--
Non-current liabilities	--	--	--	--	--	--	--	--
Revenues	--	188,057	80	--	8,194	271,387	230	--
Expenses	1,838	61,606	43	--	3,766	27,307	359	--
Sales of financial assets	--	--	--	--	--	--	--	--
Purchases of property, plant and equipment	--	--	--	--	--	--	--	--
Dividend income	--	--	--	--	--	69,077	--	--
Interests income	--	363,750	4,928	--	--	369,977	1,860	--
Other financial income	--	--	--	--	--	1,475	--	--

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### 20. RISK MANAGEMENT

#### Capital risk management

The Company manages its capital to ensure that entities in Unipetrol Group will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2006.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 14, 15.

The net debt to equity ratio at the year end was as follows:

	30/06/2008	31/12/2007
Debt (i)	3,145,625	2,204,873
Cash and cash equivalents	33,371	2,272,023
<b>Net debt</b>	<b>(3,112,254)</b>	<b>(67,150)</b>
<b>Equity (ii)</b>	<b>20,092,508</b>	<b>22,760,976</b>
<b>Net debt to equity ratio (in %)</b>	<b>(15.49)</b>	<b>(0.30)</b>

(i) Debt is defined as long- and short-term borrowings and financial leasing

(ii) Equity includes all capital and reserves of the Company

#### Currency risk management

The currency risk arises most significantly from the exposure of loans to subsidiaries denominated in foreign currencies (see notes 11 and 13).

Currency risk is mostly covered by natural hedging with bank loans and borrowings (see note 17) denominated in the same currencies.

# UNIPETROL, a.s.

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(in thousands of CZK)

### 20. RISK MANAGEMENT (CONTINUED)

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	USD	EUR
Assets	10,591	132,033
Liabilities	8,402	37,651
Net exposure	2,189	94,382

Detailed analysis of monetary assets and liabilities denominated in foreign currencies are presented in following notes:

- Note 11 Non-current loans to subsidiaries
- Note 12 Trade and other receivables
- Note 13 Current loans to subsidiaries
- Note 14 Cash and cash equivalents
- Note 16 Trade and other payables and accruals

#### Currency sensitivity analysis

The following table details the Company's sensitivity to a 10% increase and decrease in the CZK against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes external loans as well as loans to foreign operations where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the CZK strengthens 10% against the relevant currency. For a 10% weakening of the CZK against the relevant currency, there would be an equal and opposite impact on the profit.

	CZK / USD Impact		CZK / EUR Impact	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Profit or loss	219	10,644	9,438	15,863

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

The Company has adopted a Debt Policy, which fully covers interest rate risk as well as transferring of external financial sources to subsidiaries. These external financial sources are transferred with similar conditions and interest rates including a mark up (see note 17). 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 11 and 13) and receivables (note 12) 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

# UNIPETROL, a.s.

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

Period ended 30 June 2008  
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### 20. RISK MANAGEMENT (CONTINUED)

concentrations of credit risk that is shown in notes 11 and 13. 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.

#### Liquidity risk tables

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

#### Expected maturity of non-derivative financial assets

	Total	Less than 3 months	3-12 months	More than 1 year
<b>30/06/2008</b>				
<b>Non-current assets</b>				
Loans to subsidiaries	3,097,627			3,097,627
Receivables from subsidiaries	95,716			95,716
<b>Current assets</b>				
Trade and other receivables	610,521	610,521		
Loans to subsidiaries	8,045,016	7,785,058	259,958	
Cash and cash equivalents	33,371	33,371		
<b>Total</b>	<b>11,882,251</b>	<b>8,428,950</b>	<b>259,958</b>	<b>3,193,343</b>
<b>31/12/2007</b>				
<b>Non-current assets</b>				
Loans to subsidiaries	3,070,718	--	--	3,070,718
Receivables from subsidiaries	95,716	--	--	95,716
<b>Current assets</b>				
Trade and other receivables	468,652	468,652		
Loans to subsidiaries	4,013,567	3,808,230	208,427	
Cash and cash equivalents	2,272,023	2,272,023		
<b>Total</b>	<b>9,920,676</b>	<b>6,545,905</b>	<b>208,427</b>	<b>3,166,434</b>

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### 20. RISK MANAGEMENT (CONTINUED)

#### Contractual maturity of non-derivative financial liabilities

	Total	Less than 3 months	3-12 months	More than 1 year
<b>30/06/2008</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	2,060,241			2,060,241
Finance lease liability	147			147
<b>Current liabilities</b>				
Trade and other payables	158,726	158,726		
Loans and borrowings	1,085,237	830,460	254,777	
<b>Total</b>	<b>3,304,351</b>	<b>989,186</b>	<b>254,777</b>	<b>2,060,388</b>
<b>31/12/2007</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	2,000,000	--	--	2,000,000
Finance lease liability	207	--	--	207
<b>Current liabilities</b>				
Trade and other payables	226,594	226,594	--	--
Loans and borrowings	495,766	291,100	204,666	--
<b>Total</b>	<b>2,722,567</b>	<b>517,694</b>	<b>204,666</b>	<b>2,000,207</b>

Signature of statutory representatives

August 12, 2008

François Vleugels

Wojciech Ostrowski

Chairman of the Board of Directors

Vice-chairman of the Board of Directors