

**UNIPETROL, a.s.**

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

**AS OF 30 SEPTEMBER 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 September 2008 and 31 December 2007

(in thousands of Czech crowns)

	Note	30 September 2008 (unaudited)	31 December 2007 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	386,081	376,253
Intangible assets	8	36,834	42,925
Investment property	9	163,245	162,955
Investments in subsidiaries and joint venture:	10	14,165,271	14,117,868
Other investments		4,151	4,151
Loans to subsidiaries	12	3,092,632	3,070,718
Receivables from subsidiaries		95,716	95,716
<b>Total non-current assets</b>		<b>17,943,930</b>	<b>17,870,586</b>
<b>Current assets</b>			
Trade and other receivables	13	685,374	468,652
Loans to subsidiaries	14	9,157,246	4,013,567
Dividends	6	3,082,183	--
Prepaid expenses		6,993	5,586
Cash and cash equivalents	15	25,300	2,272,023
Assets classified as held for sale	11	1,093	853,129
<b>Total current assets</b>		<b>12,958,189</b>	<b>7,612,957</b>
<b>Total assets</b>		<b>30,902,119</b>	<b>25,483,543</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		18,133,476	18,133,476
Reserves		1,419,499	1,419,355
Retained earnings	16	4,294,834	3,208,145
<b>Total equity</b>		<b>23,847,809</b>	<b>22,760,976</b>
<b>Non-current liabilities</b>			
Loans and borrowings	18	2,115,417	2,000,000
Finance lease liability		117	207
<b>Total non-current liabilities</b>		<b>2,115,534</b>	<b>2,000,207</b>
<b>Current liabilities</b>			
Trade and other payables and accruals	17	191,433	226,594
Dividends	16	81,954	--
Loans and borrowings	18	4,665,389	495,766
<b>Total current liabilities</b>		<b>4,938,776</b>	<b>722,360</b>
<b>Total liabilities</b>		<b>7,054,310</b>	<b>2,722,567</b>
<b>Total equity and liabilities</b>		<b>30,902,119</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 24.

# UNIPETROL, a.s.

## Non-consolidated income statement

prepared in accordance with International Financial Reporting Standards

For the period 9 months ended 30 September 2008 and 30 September 2007

(in thousands of Czech crowns)

	Note	30 September 2008 (unaudited)	30 September 2007 (unaudited)
Revenue	3	310,658	135,673
Cost of sales		<u>(84,512)</u>	<u>(61,689)</u>
<b>Gross profit</b>		<b>226,146</b>	<b>73,984</b>
Other income		1,425	39,111
Administrative expenses		(277,264)	(260,444)
Other expenses		<u>(22,842)</u>	<u>(14,308)</u>
<b>Operating loss before finance income</b>	5	<b>(72,535)</b>	<b>(161,657)</b>
Finance income		4,677,959	608,542
Finance expenses		<u>(269,414)</u>	<u>(363,004)</u>
<b>Net finance income</b>	6	<b>4,408,545</b>	<b>245,538</b>
<b>Profit before tax</b>		<b>4,336,010</b>	<b>83,881</b>
Income tax credit		(48,762)	(3,128)
<b>Profit for the period</b>		<b><u>4,287,248</u></b>	<b><u>80,753</u></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 24.

## UNIPETROL, a.s.

Non-consolidated statement of changes in equity  
prepared in accordance with International Financial Reporting Standards  
For the period of 9 months ended 30 September 2008  
(in thousands of Czech crowns)

	Share capital	Reserves	Retained earnings	Total
<b>Balance at 1 January 2007</b>	<b>18,133,476</b>	<b>1,277,185</b>	<b>3,338,875</b>	<b>22,749,536</b>
Dividends				
Profit for the period	--	--	80,753	80,753
<b>Balance at 30 September 2007</b>	<b>18,133,476</b>	<b>1,277,185</b>	<b>3,419,628</b>	<b>22,830,289</b>

	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)
Profit for the period	--	144	4,287,248	4,287,392
<b>Balance at 30 September 2008</b>	<b>18,133,476</b>	<b>1,419,499</b>	<b>4,294,834</b>	<b>23,847,809</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 24.

# UNIPETROL, a.s.

Non-consolidated statement of cash flows  
 prepared in accordance with International Financial Reporting Standards  
 For the period of 9 months ended 30 September 2008 and 30 September 2007  
 (in thousands of Czech crowns)

	Note	For 9 months ended 30 September 2008 (unaudited)	For 9 months ended 30 September 2007 (unaudited)
<b>Cash flows from operating activities:</b>			
Profit for the period		4,287,248	80,753
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	5	13,580	3,587
Gain on disposals of property, plant and equipment and intangible assets		(261)	(359)
Profit on disposals of financial investments	6	(330,964)	--
Interest income, net	6	(232,334)	(55,867)
Dividend income	6	(3,850,389)	(47,781)
Impairment losses on assets classified as held for sale, property, plant and equipment and receivables		(53)	(40)
Foreign exchange losses / (gains)		--	213
Income tax expense		48,762	--
<b>Operating profit before changes in working capital</b>		<b>(64,411)</b>	<b>(19,494)</b>
Change in trade receivables and prepaid expenses		(218,129)	54,090
Change in trade and other payables and accruals		(83,923)	(305,804)
Interest paid		(48,394)	(54,495)
<b>Net cash used in operating activities</b>		<b>(414,857)</b>	<b>(325,703)</b>
<b>Cash flows from investing activities:</b>			
Increase of capital of subsidiary		--	(100,000)
Acquisition of property, plant and equipment and intangible assets		(18,129)	(4,624)
Acquisition of financial investments		(47,403)	(280)
Proceed from sales of property, plant and equipment and intangible assets		980	1,984
Proceed from sales of investments in Synthesia, a.s. and AGROBOHEMIE, a.s.	11	1,183,000	--
Interest received		261,844	88,371
Repayment of / (providing) borrowings by / to subsidiaries		(5,165,593)	669,741
Dividends received		768,206	47,781
<b>Net cash used in investing activities</b>		<b>(3,017,095)</b>	<b>702,973</b>
<b>Cash flows from financing activities:</b>			
Change in loans and borrowings		4,303,834	(1,377,539)
Dividends paid		(3,118,605)	--
<b>Net cash provided by financing activities</b>		<b>1,185,229</b>	<b>(1,377,539)</b>
<b>Net change in cash and cash equivalents</b>		<b>(2,246,723)</b>	<b>(1,000,269)</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 September</b>		<b>25,300</b>	<b>15,917</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 24.

# UNIPETROL, a.s.

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

Period ended 30 September 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 September 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.  
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 September 2008 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 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 September 2008  
(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 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 September 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:

	30/09/2008	30/09/2007
Fees for use of land	77,986	69,240
Revenues from services	232,672	66,433
<b>Total revenues</b>	<b>310,658</b>	<b>135,673</b>

# UNIPETROL, a.s.

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

Period ended 30 September 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.

30/09/2008	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(1,629)	(6,275)	--	(7,904)
Repairs and maintenance	(259)	(998)	--	(1,257)
Services related to administration of investments in subsidiaries	--	(10,110)	--	(10,110)
Advertising expense	(58,744)	--	--	(58,744)
Legal services	--	(8,152)	--	(8,152)
Advisory services	--	(10,283)	--	(10,283)
Operating leases	--	(8,061)	--	(8,061)
Travel expense	--	(3,759)	--	(3,759)
Telecommunication fees	--	(3,898)	--	(3,898)
Representation cost	--	(4,566)	--	(4,566)
Services of SSC	--	(74,575)	--	(74,575)
IT services	--	(16,603)	--	(16,603)
Other services	(1,943)	(29,579)	--	(31,522)
Staff cost including remuneration of board members	(19,188)	(73,917)	--	(93,105)
Social and health insurance	--	(15,657)	--	(15,657)
Depreciation	(1,072)	(4,129)	--	(5,201)
Amortization	(1,676)	(6,703)	--	(8,379)
Impairment of PPE and intangibles (recognised) / released	--	--	53	53
Impairment to trade receivables (recognised) / released	--	--	45	45
Profit / (loss) on disposal of PPE	--	--	261	261
Insurance	--	--	(1,873)	(1,873)
Other expense	--	--	(20,969)	(20,969)
Other income	--	--	1,066	1,066
<b>Total operating expense</b>	<b>(84, 512)</b>	<b>(277,265)</b>	<b>(21,417)</b>	<b>(383,193)</b>
Revenue				310,658
<b>Operating profit/loss before financing costs</b>				<b>(72,535)</b>

# UNIPETROL, a.s.

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

Period ended 30 September 2008  
(in thousands of CZK)

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

30/09/2007	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(1,451)	(6,194)	--	(7,645)
Repairs and maintenance	(410)	(993)	--	(1,403)
Services related to administration of investments in subsidiaries	--	(51,226)	--	(51,226)
Advertising expense	(24,748)	--	--	(24,748)
Legal services	(882)	(10,015)	--	(10,897)
Advisory services	--	(9,756)	--	(9,756)
Operating leases	(2,251)	(6,429)	--	(8,680)
Travel expense	(851)	(3,831)	--	(4,682)
Telecommunication fees	--	(2,105)	--	(2,105)
Representation cost	--	(2,494)	--	(2,494)
Other services	(5,185)	(37,192)	--	(42,377)
Staff cost including remuneration of board members	(24,426)	(126,362)	--	(150,788)
Depreciation	(1,437)	(3,723)	--	(5,160)
Amortization	(33)	(124)	--	(157)
Impairment of PPE (recognised) / released	--	--	35,501	35,501
Impairment to trade receivables (recognised) / released	--	--	67	67
Profit / (loss) on disposal of PPE	--	--	2,519	2,519
Insurance	--	--	(1,565)	(1,565)
Other expense	(15)	--	(12,742)	(12,757)
Other income	--	--	1,023	1,023
<b>Total operating expense</b>	<b>(61,689)</b>	<b>(260,444)</b>	<b>24,803</b>	<b>(297,330)</b>
Revenue				135,673
<b>Operating profit/loss before financing costs</b>	<b>73,984</b>	<b>(260,444)</b>	<b>24,803</b>	<b>(161,657)</b>

# UNIPETROL, a.s.

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

Period ended 30 September 2008  
(in thousands of CZK)

### 6. FINANCE INCOME AND FINANCE EXPENSES

	30/09/2008	30/09/2007
<b>Finance income</b>		
Interest income:	452,179	331,250
- other loans and receivables	401,318	279,958
- bank deposits	50,861	51,292
Dividend income	3,850,389	48,588
Foreign exchange gains	35,868	44,440
Net income from sale of investments in subsidiaries	330,965	50,799
Reversal of impairment on assets classified as held for sale	--	116,301
Income from derivatives	--	16,294
Other finance income	8,558	870
<b>Total finance income</b>	<b>4,677,959</b>	<b>608,542</b>
<b>Finance expenses</b>		
Interest expense:		
- bank overdrafts, loans and borrowings	(219,834)	(205,143)
- finance leases	(11)	--
<b>Borrowing costs recognized in the income statement</b>	<b>(219,845)</b>	<b>(205,143)</b>
Foreign exchange losses	(44,680)	(155,137)
Other finance expenses	(4,889)	(2,724)
<b>Total finance expenses</b>	<b>(269,414)</b>	<b>(363,004)</b>
<b>Net finance income</b>	<b>4,408,545</b>	<b>245,538</b>

\*Dividend income for the nine month period of 2008 included dividend received from UNIPETROL RPA s.r.o in amount of CZK 3,750,000 thousand, PETROTRANS s.r.o CZK 228 thousand, ČESKÁ RAFINÉRSKÁ, a.s. CZK 99,073 Celio, a.s. CZK 1,000 thousand, Polymer Institute Brno s.r.o. CZK 88 thousand. The Company presented receivable from dividends in amount of CZK 3,082,183 thousand as at 30 September 2008.

# UNIPETROL, a.s.

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

Period ended 30 September 2008  
(in thousands of CZK)

### 7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other	Assets under development	Total
<b>Cost</b>					
Balance as at 01/01/2007	497,311	30,501	161	669	528,642
Additions	163	6,407	--	51,959	58,529
Disposals	(142,525)	(6,158)	(10)	(49,874)	(198,567)
Balance as at 31/12/2007	354,949	30,750	151	2,754	388,604
Additions	20	--	--	18,130	18,150
Disposals	(153)	(1,653)	--	(2,254)	(4,060)
Transfer to investment property	--	1,708	--	(1,708)	--
Balance as at 30/09/2008	354,816	30,805	151	16,922	402,694
<b>Depreciation</b>					
Balance as at 01/01/2007	--	8,674	--	--	8,674
Charge for the year	--	7,061	--	--	7,061
Disposals	--	(3,850)	--	--	(3,850)
Balance as at 31/12/2007	--	11,885	--	--	11,885
Charge for the year	--	5,201	--	--	5,201
Disposals	--	(940)	--	--	(940)
Balance as at 30/09/2008	--	16,146	--	--	16,146
<b>Impairment losses</b>					
Balance as at 01/01/2007	--	--	--	466	466
Balance as at 31/12/2007	--	--	--	466	466
Balance as at 30/09/2008	--	--	--	466	466
Carrying amount as at 01/01/2007	497,311	21,827	161	203	519,502
Carrying amount as at 31/12/2007	354,949	18,865	151	2,288	376,253
Carrying amount as at 30/09/2008	354,816	14,659	151	16,456	386,081

# UNIPETROL, a.s.

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

Period ended 30 September 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
<b>Balance as at 31/12/2007</b>	<b>11,375</b>	<b>50,982</b>	<b>62,357</b>
Additions	2,235	--	2,235
<b>Balance as at 30/09/2008</b>	<b>13,610</b>	<b>50,982</b>	<b>64,592</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
<b>Balance as at 31/12/2007</b>	<b>11,176</b>	<b>8,183</b>	<b>19,359</b>
Charge for the period	295	8,084	8,379
<b>Balance as at 30/09/2008</b>	<b>11,471</b>	<b>16,267</b>	<b>27,738</b>
<b>Impairment losses</b>			
<b>Balance as at 01/01/2007</b>	<b>--</b>	<b>153</b>	<b>153</b>
Reversal of impairment losses	--	80	80
<b>Balance as at 31/12/2007</b>	<b>--</b>	<b>73</b>	<b>73</b>
Reversal of impairment losses	--	53	53
<b>Balance as at 30/09/2008</b>	<b>--</b>	<b>20</b>	<b>20</b>
<b>Carrying amount as at 01/01/2007</b>	<b>138</b>	<b>--</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 30/09/2008</b>	<b>2,139</b>	<b>34,695</b>	<b>36,834</b>

# UNIPETROL, a.s.

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

Period ended 30 September 2008  
(in thousands of CZK)

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### 9. INVESTMENT PROPERTY

The Company owns the land which is leased to SYNTHOS, a.s. and SARTOMER CZECH s.r.o. Rental income amounted to CZK 19,812 thousand on the 30 September 2008 (30 September 2007: 14,287 thousand CZK). Operating costs relating to investment property amounted to CZK 612 thousand (30 September 2007: 892 thousand CZK).

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

Investments in subsidiaries and joint-ventures as at 30 September 2008 were as disclosed in the non-consolidated financial statements of the Company as at and for the year ended 31 December 2007 except for the change described below.

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

On 29 August 2008 UNIPETROL, a.s. and Polski Koncern Naftowy ORLEN Spółka Akcyjna executed the Share Purchase Agreement, pursuant to which Unipetrol, as purchaser, acquired from PKN ORLEN, as seller, 49,660 pieces of shares of PARAMO, a.s., which represent in aggregate 3.73 per cent of the registered share capital and voting rights in Paramo. The aggregate purchase price amounted to CZK 47,400,470. The transfer of the shares from PKN ORLEN was effected on 5 September 2008.

Unipetrol as the owner of shares in PARAMO, a.s. representing 91.77 % share in the registered capital and voting rights of Paramo, intends to squeeze out the other shares of Paramo within the meaning of Sections 183i et seq. of the Commercial Code and become the sole shareholder of Paramo, under condition that Unipetrol will provide to the other shareholders of Paramo, upon fulfillment of all conditions prescribed by applicable law, the monetary consideration in the amount of CZK 977 per one (1) share of Paramo, being equal in aggregate for all squeezed out shares to CZK 106,965,868.

The amount of the consideration was determined on the basis of an appraisal report prepared by American Appraisal s.r.o. The intention to implement the squeeze-out under the above specified conditions has been approved by the Supervisory Board and the Board of Directors of Unipetrol. The implementation is subject, in particular, to granting a prior approval by the Czech National Bank with evidence of consideration amount and adoption of a resolution by the General Meeting of Paramo on transmission of all other shares of Paramo to Unipetrol.

# UNIPETROL, a.s.

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

Period ended 30 September 2008  
(in thousands of CZK)

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### 11. ASSETS CLASSIFIED AS HELD FOR SALE

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

	30/09/2008	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.	1,039	1,093
<b>Total</b>	<b>1,093</b>	<b>853,129</b>

As at 30 September 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 September 2008  
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### 12. NON-CURRENT LOANS TO SUBSIDIARIES

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

Company	Effective interest rate	Maturity date	Currency	Carrying amount 30/09/2008	Fair value 30/09/2008
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	337,697	337,697
UNIPETROL RPA, s.r.o.	6M PRIBOR*	15.8.2012	CZK	215,774	215,774
BENZINA s.r.o.	9.97 %	28.12.2013	CZK	2,116,611	2,651,122
BUTADIEN KRALUPY a.s.	PRIBOR*	29.12.2017	CZK	137,330	137,330
<b>Total</b>				<b>3,092,632</b>	

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

Non-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 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 is increased by the agreed margin.

### 13. TRADE AND OTHER RECEIVABLES

	30/09/2008	31/12/2007
Trade accounts receivable	685,374	468,652
Other receivables	131,600	131,645
Impairment losses – other receivables	(131,600)	(131,645)
<b>Total accounts receivable</b>	<b>685,374</b>	<b>468,652</b>

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

# UNIPETROL, a.s.

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

Period ended 30 September 2008  
(in thousands of CZK)

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

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

Denominated in	30/09/2008	31/12/2007
CZK	678,140	349,594
EUR	2,331	23,255
USD	992	94,687
Other currencies	3,911	1,116
<b>Total accounts receivable</b>	<b>685,374</b>	<b>468,652</b>

Movement in the allowance for doubtful debts

	30/09/2008	31/12/2007
Balance at beginning of the period	131,645	131,204
Impairment losses recognized on receivables	--	523
Reversal of impairment losses	(45)	(82)
<b>Balance at end of the period</b>	<b>131,600</b>	<b>131,645</b>

### 14. CURRENT LOANS TO SUBSIDIARIES

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

Company name	Effective interest rate	Currency	Carrying amount 30/09/2008	Fair value 30/09/2008	Carrying amount 31/12/2007	Fair value 31/12/2007
<b>Current portion of non-current loans</b>						
UNIPETROL RPA, s.r.o.	6M PRIBOR*	CZK	99,966	99,966	95,300	95,300
UNIPETROL RPA, s.r.o.	6M PRIBOR*	CZK	73,427	73,427	122,633	122,633
UNIPETROL RPA, s.r.o.	6M PRIBOR*	CZK	117,217	117,217	76,993	76,993
BENZINA s.r.o.	9.97%	CZK	259,958	256,990	208,427	242,870
BENZINA s.r.o.	6M PRIBOR*	CZK	--	--	9,715	9,715
<b>Current loans</b>						
UNIPETROL RPA, s.r.o.	PRIBOR*	CZK	4,002,887	4,002,887	--	--
UNIPETROL RPA, s.r.o.	PRIBOR*	CZK	2,193,452	2,193,452	1,545,165	1,545,165
UNIPETROL RPA, s.r.o.	PRIBOR*	CZK	976,714	976,714	565,861	565,861
BENZINA s.r.o.	PRIBOR*	CZK	1,155	1,155	4,215	4,215
BENZINA s.r.o.	PRIBOR*	CZK	168,389	168,389	30,458	30,458
BENZINA s.r.o.	PRIBOR*	CZK	2,900	2,900	61,400	61,400
PARAMO a.s.	PRIBOR*	CZK	119,398	119,398	156,568	156,568
PARAMO a.s.	1M PRIBOR*	CZK	650,070	650,070	--	--
BENZINA s.r.o.	PRIBOR*	CZK	420,268	420,268	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	61,680	61,680	118,608	118,608
<b>Total</b>			<b>9,157,246</b>		<b>4,013,567</b>	

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

# UNIPETROL, a.s.

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Period ended 30 September 2008  
(in thousands of CZK)

### 15. CASH AND CASH EQUIVALENTS

	30/09/2008	31/12/2007
Cash in hand	25	49
Cash at bank	25,275	1,507,362
Short-term bank deposits	--	764,612
<b>Total</b>	<b>25,300</b>	<b>2,272,023</b>

Short-term bank deposits comprise 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	30/09/2008	31/12/2007
CZK	4,621	2,187,350
EUR	15,764	51,732
USD	4,915	32,941
<b>Total cash and cash equivalents</b>	<b>25,300</b>	<b>2,272,023</b>

### 16. 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 in amount of CZK 3,200,558,584.60 (dividend per one share CZK 17.65, before tax). The right to the dividend was granted to a shareholder owning the Company's shares as of the record date, i.e., as of 26 June 2008. The dividend became due and payable on 29 August 2008.

As at 30 September 2008 the amount of dividends paid was 3,118,605 CZK.

# UNIPETROL, a.s.

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Period ended 30 September 2008  
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### 17. TRADE AND OTHER PAYABLES AND ACCRUALS

	30/09/2008	31/12/2007
Trade payables	67,210	122,133
Other payables	72,722	55,860
Social security and other taxes	51,501	48,601
<b>Total accounts payable</b>	<b>191,433</b>	<b>226,594</b>

The average credit period for trade purchases is 30 days.

Denominated in	30/09/2008	31/12/2007
CZK	173,266	223,360
EUR	14,669	2,328
USD	50	181
Other currencies	3,448	725
<b>Total accounts payable</b>	<b>191,433</b>	<b>226,594</b>

As of 30 September 2008 and 31 December 2007, 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.

### 18. 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 2,115,417 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 2,660,310 thousand. Accrued interest, which will be repaid before 30 September 2009, is presented within current loans and borrowings.

# UNIPETROL, a.s.

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Period ended 30 September 2008  
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### 18. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

#### *Current Loans and borrowings*

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

Creditor	Currency	Balance at 30/09/2008	Fair value at 30/09/2008	Effective interest rate	Form of collateral
<b>Current portion of non-current loans and borrowings</b>					
Long-term bonds – Issue I.	CZK	254,777	251,985	9,82%	Unsecured
<b>Current loans</b>					
ABN AMRO Bank N.V.	CZK	500,749	500,749	PRIBOR*	Unsecured
ABN AMRO Bank N.V.	CZK	300,167	300,167	PRIBOR*	Unsecured
HSBC Bank plc.	CZK	700,368	700,368	PRIBOR*	Unsecured
Calyon Bank, a.s.	CZK	501,856	501,856	PRIBOR*	Unsecured
Citibank, a.s.	CZK	612,780	612,780	o/n PRIBOR*	Unsecured
Commerzbank AG	CZK	1,834	1,834	PRIBOR*	Unsecured
Česká spořitelna, a.s.	CZK	589,161	589,161	1WPRIBOR*	Unsecured
ING Bank N.V.	CZK	596,957	596,957	o/n PRIBOR*	Unsecured
HSBC Bank plc.	CZK	199,799	199,799	o/n PRIBOR*	Unsecured
<b>Current loans from subsidiaries - Cash-pool</b>					
UNIPETROL RPA s.r.o.	EUR, USD	28,410	28,410	o/n PRIBOR*, EURIBOR*, LIBOR*	Unsecured
PETROTRANS, s.r.o.	CZK	4,976	4,976	PRIBOR*	Unsecured
UNIPETROL DOPRAVA s.r.o.	CZK, EUR	191,336	191,336	o/n PRIBOR*, EURIBOR*	Unsecured
BENZINA s.r.o.	CZK, EUR	538	538	o/n PRIBOR*, EURIBOR*	Unsecured
UNIPETROL SERVICES s.r.o.	CZK, EUR	181,681	181,681	o/n PRIBOR*, EURIBOR*	Unsecured
<b>Total loans and borrowings</b>		<b>4,665,389</b>			

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

# UNIPETROL, a.s.

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Period ended 30 September 2008  
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### 18. INTEREST BEARING LOAN AND BORROWINGS (CONTINUED)

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	o/n PRIBOR*, EURIBOR*	Unsecured
<b>Total loans and borrowings</b>		<b>495,766</b>			

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

### 19. COMMITMENTS AND OTHER CONTINGENCIES

*Contingent liabilities 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 purposes of determination of liability of contractual parties arising from existing or future impacts of KAUCUK, 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 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 in rem and other rights to certain plots of land owned by the Company in industrial area in Kralupy

# UNIPETROL, a.s.

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

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:

- (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.

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

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.

### 20. RELATED PARTIES

#### *Parent and ultimate controlling party*

During six months ended 30 September 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 September 2008:

	30/09/2008				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	163	12,570,221	300,050	--	--	4,288,217	270	--
Non-current assets	--	3,092,632	--	--	--	3,166,434	--	--
Current liabilities	3,391	447,230	--	--	335	306,771	370	--
Non-current liabilities	--	--	--	--	--	--	--	--
Revenues	163	289,072	120	--	8,194	271,387	230	--
Expenses	3,795	96,336	59	--	3,766	27,307	359	--
Purchases of financial assets	47,403	--	--	--	--	--	--	--
Purchases of property, plant and equipment	--	--	--	--	--	--	--	--
Dividend income	--	3,849,389	--	1,000	--	69,077	--	--
Interests income	--	388,785	8,099	--	--	369,977	1,860	--
Other financial income	--	2,237	--	--	--	1,475	--	--
Dividends paid	2,016,352	2,237	--	--	--	1,475	--	--

# UNIPETROL, a.s.

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### 21. RISK MANAGEMENT

The Company manages below described categories of risks.

#### Currency risk management

The currency risk arises most significantly from the exposure of loans to subsidiaries denominated in foreign currencies (see notes 12 and 14).

Currency risk is mostly covered by natural hedging with bank loans and borrowings (see note 18) denominated in the same currencies.

#### Interest rate risk management

The Company has adopted a Debt Policy, which fully covers interest rate risk as well as transferring of external financial sources to subsidiaries. These external financial sources are transferred with similar conditions and interest rates including a mark up (see note 18). 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 12 and 14) 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 12 and 14. 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 2007 and interim non-consolidated financial statements as at and for the period ended 30 June 2008.

Signature of statutory representatives

November 12, 2008

François Vleugels

Wojciech Ostrowski

Chairman of the Board of Directors

Vice-chairman of the Board of Directors