

UNIPETROL, a.s.

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

AS OF 31 DECEMBER 2008 AND 2007

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

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UNIPETROL, a.s.

Consolidated balance sheet
prepared in accordance with International Financial Reporting Standards
As at 31 December 2008 and 31 December 2007
(in thousands of Czech crowns)

	Note	31 December 2008 unaudited	31 December 2007 restated
ASSETS			
Non-current assets			
Property, plant and equipment	9	36,667,494	35,802,089
Investment property	10	160,057	162,955
Intangible assets	11	1,567,691	1,689,870
Goodwill	12	51,595	51,595
Other investments		203,640	205,904
Non-current receivables	13	145,111	115,820
Derivative financial instruments	14	76,991	--
Deferred tax asset	15	17,399	23,924
Total non-current assets		38,889,979	38,052,157
Current assets			
Inventories	16	7,211,638	10,322,528
Trade receivables	17	10,188,530	13,010,664
Prepayments and other current assets		435,464	178,178
Loans granted	18	300,031	--
Derivative financial instruments	14	72,172	1,315
Income tax receivable		567,722	160,405
Cash and cash equivalents	19	952,207	3,084,285
Assets classified as held for sale	20	78,333	1,261,333
Total current assets		19,806,096	28,018,708
Total assets		58,696,075	66,070,865
EQUITY AND LIABILITIES			
Equity			
Share capital	21	18,133,476	18,133,476
Statutory reserves		2,173,616	2,042,971
Other reserves		35,864	16,876
Retained earnings	22	18,359,613	21,623,146
Total equity attributable to equity holders of the Company		38,702,569	41,816,469
Minority interests		210,271	295,928
Total equity		38,912,840	42,112,397
Non-current liabilities			
Loans and borrowings	23	2,084,000	2,156,000
Deferred tax liability	15	2,131,330	2,271,998
Provisions	24	357,756	422,044
Finance lease liability	25	36,356	121,531
Other non-current liabilities		220,088	219,317
Total non-current liabilities		4,829,530	5,190,890
Current liabilities			
Trade and other payables and accruals	26	12,614,119	16,112,508
Current portion of loans and borrowings		243,176	1,447,757
Short-term bank loans	27	1,749,553	804,531
Current portion of finance lease liabilities	25	92,596	116,808
Derivative financial instruments	14	--	13,712
Provisions	24	205,905	237,143
Income tax payable		48,355	35,119
Total current liabilities		14,953,705	18,767,578
Total liabilities		19,783,235	23,958,468
Total equity and liabilities		58,696,075	66,070,865

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 37.

UNIPETROL, a.s.

Consolidated income statement
prepared in accordance with International Financial Reporting Standards
For the 12 month period ended 31 December 2008 and 31 December 2007
(in thousands of Czech crowns)

	Note	31 December 2008 unaudited	31 December 2007 restated
Revenue	4	98,143,951	88,462,174
Cost of sales		<u>(93,470,658)</u>	<u>(78,121,286)</u>
Gross profit		4,673,293	10,340,888
Other income		938,472	908,644
Distribution expenses		(2,274,478)	(2,914,419)
Administrative expenses		(1,662,195)	(1,926,301)
Other expenses		<u>(672,472)</u>	<u>(1,596,766)</u>
Operating profit before finance costs		1,002,620	4,812,047
Finance income		222,823	261,023
Finance expenses		<u>(1,204,305)</u>	<u>(3,156,943)</u>
Net finance costs	7	(981,482)	(2,895,920)
Profit before tax		21,137	1,916,127
Income tax expense		44,554	(649,821)
Profit for the period		65,691	1,266,306
Attributable to:			
Equity holders of the Company		64,530	1,210,010
Minority interest		<u>1,161</u>	<u>56,296</u>
Profit for the period		65,691	1,266,306
Basic and diluted earnings per share (in CZK)		0,36	6,98

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 37.

UNIPETROL, a.s.

Consolidated statement of changes in equity
 prepared in accordance with International Financial Reporting Standards
 For the 12 month period ended 31 December 2008 and 31 December 2007
 (in thousands of Czech crowns)

	Share capital	Statutory reserves	Other reserves	Retained earnings	Equity attributable to equity holders of the Company	Minority interest	Total equity
Balance as at 1 January 2007	18,133,476	1,759,163	(11,848)	20,695,309	40,576,100	584,094	41,160,194
Profit for the period				1,221,140	1,221,140	56,296	1,277,436
Allocation of profit to reserves		283,940		(283,940)			
Changes in fair value of derivatives			7,105		7,105		7,105
Deferred tax charged directly to equity				(3,907)	(3,907)		(3,907)
Acquisition of 14.35 % of share in Paramo						(344,684)	(344,684)
Foreign operations translation gain			23,275		23,275		23,275
Revaluation of investment property				20,561	20,561		20,561
Other		(132)	(1,656)	(343)	(2,131)	222	(1,909)
Balance as at 31 December 2007	18,133,476	2,042,971	16,876	21,648,820	41,842,143	295,928	42,138,071
Effect of restatements				(25,674)	(25,674)		(25,674)
Balance as at 1 January 2008	18,133,476	2,042,971	16,876	21,623,146	41,816,469	295,928	42,112,397
Profit for the period				64,530	64,530	1,161	65,691
Allocation of profit to reserves		133,377		(133,377)			
Dividends				(3,200,559)	(3,200,559)		(3,200,559)
Foreign operations translation gain			18,988		18,988		18,988
Aquisition of 3,75 % shares of PARAMO a.s.						(86,822)	(86,822)
Other		(2,732)		5,873	3,141	4	3,145
Balance as at 31 December 2008	18,133,476	2,173,616	35,864	18,359,613	38,702,569	210,271	38,912,840

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 37.

UNIPETROL, a.s.

Consolidated statements of cash flows
prepared in accordance with International Financial Reporting Standards
For the 12 month period ended 31 December 2008 and 31 December 2007
(in thousands of Czech crowns)

	31 December 2008 unaudited	31 December 2007 restated
Cash flows from operating activities:		
Profit for the period	65,691	1,266,306
Adjustments for:		
Depreciation and amortisation of the property, plant and equipment and intangible assets	3,477,884	3,485,605
Gain on disposals of property, plant and equipment and intangible assets	(194,403)	(225,185)
(Gain) / loss on disposals of subsidiaries	(252)	61,511
Interest expense	195,214	253,269
Dividends income	(13,587)	(11,395)
(Reversal of) impairment losses on financial investments, property, inventory, receivables	312,084	9,476
Other non cash transaction	(147,954)	(42,387)
Income tax expense (gain)	(44,554)	960,448
Foreign exchange gains	(5,757)	(49,097)
Impairment losses on assets classified as held for sale	--	2,470,948
Operating profit before working capital changes	3,644,366	8,179,499
Change in trade and other receivables, prepayments and other current assets	5,745,409	(2,911,660)
Change in trade and other accounts payable and accruals	(4,242,542)	792,892
Change in provisions	(98,685)	(15,502)
Interest paid	(366,954)	(633,849)
Income tax paid	(468,531)	(1,388,242)
Net cash provided by operating activities	4,213,063	4,023,138
Cash flows from investing activities:		
Acquisition of property, plant and equipment and intangible assets	(4,170,338)	(5,463,835)
Acquisition of additional shareholding in subsidiary	(47,403)	(334,848)
Decrease of cash relating to disposal of subsidiaries	--	(1,298,725)
Change of loans provided	(290,876)	--
Proceed from disposals of property, plant and equipment and intangible assets	164,104	278,646
Proceed from disposals of subsidiaries	252	5,513,625
Proceed from disposals Aliachem and Agrobiohemie	1,183,000	--
Dividends received	13,587	--
Net cash used in investing activities	(3,147,674)	(1,305,137)
Cash flows from financing activities:		
Change in short-term bank loans	(1,186,622)	(2,221,503)
Change in non-current loans and borrowings	1,141,184	(2,357,829)
Dividends paid	(3,152,029)	--
Net cash used in financing activities	(3,197,467)	(4,579,332)
Net change in cash and cash equivalents	(2,132,078)	(1,861,331)
Cash and cash equivalents at the beginning of the year	3,084,285	4,945,616
Cash and cash equivalents related to assets classified as held for sale	--	640,798
Cash and cash equivalents at the beginning of the year in the balance sheet	--	4,329,852
Cash and cash equivalents at the end of the year in the balance sheet	952,207	3,084,285

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 37.

UNIPETROL, a.s.

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

Period ended 31 December 2008
(in thousands of CZK)

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UNIPETROL, a.s.

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

Period ended 31 December 2008
(in thousands of CZK)

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

Establishment of the parent company

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

Registered office of the Company

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

Principal activities

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

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

Ownership structure

The shareholders as at 31 December 2008 are as follows:

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

The consolidated financial statements of the Group as at and for the year ended 31 December 2007 are available upon request from the Company’s registered office or at website address.

UNIPETROL, a.s.

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

Period ended 31 December 2008
(in thousands of CZK)

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

Changes in structure of the Group

The condensed consolidated interim financial statements comprise the same subsidiaries and joint ventures as those comprised by the Group in its consolidated financial statements at and for the year ended 31 December 2007 except for the changes described below.

During twelve month period ended 31 December 2008 the companies UNIPETROL CHEMICALS IBERICA S.A. and UNIPETROL AUSTRIA HmbH were put under liquidation due to restructuring process of UNIPETROL TRADE Group. The liquidation of UNIPETROL CHEMICALS IBERICA S.A. was finished as at 31 December 2008.

The companies POLYMER INSTITUTE BRNO, spol. s r.o. and HC Litvínov, a.s. which do not constitute significant component of the Group were excluded from the structure of consolidation group starting from 1 January 2008. The opening balances were restated (see Note 3) and the Group shares in these companies are presented under Other financial investments.

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 consolidated interim financial statements prepared in accordance with International Financial Reporting Standards

Period ended 31 December 2008
(in thousands of CZK)

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

On 28 November 2008 a decision of the Czech National Bank granting approval with the evidence of the monetary consideration became effective.

On 28 November 2008, Unipetrol delivered to Paramo a request for convocation of the Extraordinary General Meeting of Paramo concerning a resolution on the transfer of all other shares in Paramo to Unipetrol.

2. SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

The Group used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2007.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not early adopted. Relevant items are as follows:

- IFRS 8 Operating Segments – effective from 1 January 2009
- IFRIC 12 Service Concession Arrangements (effective from 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 Group's operations as none of the Group entities have entered into any service concession arrangements.
- IFRIC 13 Customer Loyalty Programmes – effective from 1 July 2008
- IFRIC 14 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – effective from 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

UNIPETROL, a.s.

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

Period ended 31 December 2008
(in thousands of CZK)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- IFRIC 17 Distributions of Non-cash Assets to Owners - effective for annual periods beginning on or after 1 July 2009
- IFRIC 18 Transfers of Assets from Customers- for annual periods beginning on or after 1 July 2009

Acceptance of listed above interpretations IFRIC 12, IFRIC 14, IFRIC 15, IFRIC 16, IFRIC 17 and IFRIC 18 by the European Union is pending.

The Group assessed the impact of application of the above standard and interpretations and determined that IFRS 8 Operating Segments may have impact on the presentation of financial statements when applied. Starting from 1 January 2009 the Group will adopt IFRS 8. According to a preliminary assessment, the application of IFRIC 12, IFRIC 13, IFRIC 14, IFRIC 15, IFRIC 16, IFRIC 17 and IFRIC 18 after their acceptance by European Commission will not have a significant impact on the Group's financial statements.

B Basis of preparation

The consolidated financial statements of the Company for the period ended 31 December 2008 comprise the Company and its subsidiaries (together referred as the "Group") and the Group's interest in equity accounted investees and jointly controlled entities.

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

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

The preparation of financial statements in conformity with 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

UNIPETROL, a.s.

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

Period ended 31 December 2008
(in thousands of CZK)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

3. CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS

Changes in structure of the Group

The companies POLYMER INSTITUTE BRNO, spol. s r.o. and HC Litvínov, a.s. which do not constitute significant component of the Group were excluded from the structure of consolidation group starting from 1 January 2008. The 2007 figures presented in the consolidated financial statements were restated to reflect the change.

UNIPETROL, a.s.

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

Period ended 31 December 2008
(in thousands of CZK)

3. CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

The following table summarizes the impact of the change on the balance sheet as at 31 December 2007:

	31/12/2007 as previously stated	Change of the Group	31/12/2007 restated
Property, plant and equipment	35,856,892	(54,803)	35,802,089
Investment property	162,955		162,955
Intangible assets	1,690,412	(542)	1,689,870
Goodwill	51,595		51,595
Other investments	73,916	131,988	205,904
Non-current receivables	152,220	(36,400)	115,820
Deferred tax asset	23,924		23,924
Inventories	10,361,090	(38,562)	10,322,528
Trade and other receivables	13,057,937	(46,846)	13,010,664
Prepayments and other current assets	179,359	(1,609)	178,178
Derivative financial instruments	1,315		1,315
Income tax receivable	160,320	85	160,405
Cash and cash equivalents	3,106,496	(22,211)	3,084,285
Assets classified as held for sale	1,261,333		1,261,333
Total assets	66,139,764	(68,900)	66,070,865
Share capital	18,133,476		18,133,476
Statutory reserves	2,042,971		2,042,971
Other reserves	16,875		16,876
Retained earnings	21,648,819	(25,673)	21,623,146
Minority interests	295,928		295,928
Loans and borrowings	2,156,000		2,156,000
Deferred tax liability	2,272,437	(439)	2,271,998
Provisions	422,044		422,044
Finance lease liability	121,531		121,531
Other non-current liabilities	219,317		219,317
Trade and other payables and accruals	16,155,298	(42,788)	16,112,508
Current portion of loans and borrowings	1,447,757		1,447,757
Short-term bank loans	804,531		804,531
Current portion of finance lease liabilities	116,808		116,808
Derivative financial instruments	13,712		13,712
Provisions	237,143		237,143
Income tax payable	35,117		35,119
Total equity and liabilities	66,139,764	(68,900)	66,070,865

UNIPETROL, a.s.

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

Period ended 31 December 2008
(in thousands of CZK)

3. CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

The following table summarizes the impact of the change on the income statement for the year ended 31 December 2007:

	2007 as previously stated	Change of the Group	Change in presentation of impairment of inventory	Change in presentation of F/X differences	2007 as restated
Revenue	88,778,515	(316,341)			88,462,174
Cost of sales	(78,434,199)	245,952	66,961		(78,121,286)
Gross profit	10,344,316	(70,389)	66,961		10,340,888
Other income	1,178,572	(15,918)	(254,010)		908,644
Distribution expenses	(2,914,419)				(2,914,419)
Administrative expenses	(1,994,885)	68,584			(1,926,301)
Other expenses	(1,788,032)	4,218	187,049		(1,596,766)
Operating profit before finance costs	4,825,552	(13,505)			4,812,047
Finance income	564,942	(586)		(303,333)	261,023
Finance expenses	(3,460,706)	430		303,333	(3,156,943)
Net finance costs	(2,895,764)	(156)			(2,895,920)
Profit before tax	1,929,788	(13,661)			1,916,127
Income tax expense	(652,352)	2,532			(649,821)

New classifications in the financial statements

In order to be consistent with the classification principles of the Group, certain items were reclassified in the financial statements of subsidiaries. The 2007 figures presented in the consolidated financial statements were restated to comply with the new classifications.

The Group has changed the presentation of impairment on materials and reversal of impairment on materials from Other operating expense and Other operating income respectively to Cost of sales. The Group also has changed the presentation of foreign exchange gains and losses. In Net financial cost the foreign exchange gains and losses are presented in net amount.

4. REVENUE

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

	31/12/2008	31/12/2007
Gross revenue from sale of own products and merchandise		
Total gross proceeds	122,960,378	110,037,194
Less: Excise tax	(30,553,495)	(26,319,451)
Net revenue from sale of own products and merchandise	92,406,883	83,717,743
Revenue from services	5,737,067	4,744,432
Total revenue	98,143,951	88,462,174

UNIPETROL, a.s.

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

Period ended 31 December 2008
(in thousands of CZK)

5. BUSINESS SEGMENTS

Period ended 31/12/2008	Refinery production	Retail	Petrochemical production	Other	Eliminations	Total
Revenue						
Total external revenues	53,678,530	9,692,564	33,494,926	1,277,930	--	98,143,951
Intersegment revenues	18,911,586	311,345	1,392,672	1,216,883	(21,832,486)	--
Total segment revenue	72,590,116	10,003,909	34,887,598	2,494,813	(21,832,486)	98,143,951
Result from operating activities	13,250	454,939	358,760	175,670	--	1,002,620
Net finance costs						(981,482)
Profit before tax						21,137
Income tax expense						44,554
Profit for the period						65,691

Other information 31/12/2008	Refinery production	Retail	Petrochemical production	Other	Eliminations	Total
Depreciation and amortisation	(1,044,655)	(319,120)	(1,903,641)	(210,469)	--	(3,477,884)

Period ended 31/12/2007	Refinery production	Retail	Petrochemical production	Other	Eliminations	Total
Revenue						
Total external revenues	42,344,938	8,624,430	36,763,323	729,483	--	88,462,174
Intersegment revenues	27,112,183	193,244	3,946,491	921,322	(32,173,240)	--
Total segment revenue	69,457,121	8,817,674	40,709,814	1,650,805	(32,173,240)	88,462,174
Result from operating activities	946,722	523,965	3,347,529	(441,657)	448,993	4,812,047
Net finance costs						(2,895,920)
Profit before tax						1,916,127
Income tax expense						(649,821)
Profit for the period						1,266,306

Other information 31/12/2007	Refinery	Retail	Petrochemical	Other	Eliminations	Total
Depreciation and amortisation	(868,615)	(321,539)	(2,137,824)	(157,627)	--	(3,485,605)

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6. GEOGRAPHICAL SEGMENTS

Secondary reporting format – geographical segments

	Revenues		Total assets		Additions to non-current assets	
	2008	2007	2008	2007	2008	2007
Czech Republic	70,346,880	57,536,339	57,686,787	64,379,621	4,296,610	6,193,574
Other European Union countries	26,194,821	29,520,011	1,009,288	1,590,998	--	386
Other countries	1,602,250	1,405,824	--	100,246	32	162
Total	98,143,951	88,462,174	58,696,075	66,070,865	4,296,642	6,194,122

With the exception of the Czech Republic no other individual country accounted for more than 10 % of consolidated revenues or assets. Revenues are based on the country in which the customer is located. Total assets and additions to non-current assets are based on location of the assets. Additions to non-current assets comprise additions to property, plant and equipment (Note 9) and intangible assets (Note 11).

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7. FINANCE INCOME AND FINANCE EXPENSES

	31/12/2008	31/12/2007
Finance income		
Interest income:		
- bank deposits	137,183	190,102
- other loans and receivables	22,377	1,784
Dividend income	13,587	3,475
Revaluation of investments	13,697	6,389
Profit from sale of investments	--	441
Other finance income	35,979	58,832
Total finance income	222,823	261,023
Finance expenses		
Interest expense:		
- bank overdrafts, loans and borrowings	(336,176)	(431,667)
- finance leases	(4,703)	(12,734)
- other	(28,429)	(13,513)
Total borrowing costs	(369,309)	(457,914)
Less: amounts included in the cost of qualifying assets	--	11,861
Borrowing costs recognized in the income statement	(369,309)	(446,053)
Foreign exchange losses	(385,627)	(12,961)
Revaluation of investments	--	(2,472,130)
Net loss arising on derivatives in a designated fair value hedge accounting relationship	(366,396)	(65,055)
Loss from sale of investments	(6,022)	(76,672)
Other finance expenses	(76,951)	(84,072)
Total finance expenses	(1,204,305)	(3,156,943)
Net finance costs	(981,482)	(2,895,920)

8. INCOME TAX EXPENSE

	31/12/2008	31/12/2007
Current tax – Czech Republic	(77,425)	(960,120)
Current tax – other countries	(12,143)	(44,344)
Deferred tax	134,122	310,343
Income tax expense	44,554	(649,821)

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9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other	Assets under development	Total
Cost					
Balance as at 1/1/07	22,611,075	34,475,799	196,058	1,948,979	59,231,911
Additions	990,787	2,282,828	245,990	1,684,483	5,204,088
Disposals	(102,264)	(738,082)	(123,377)	(286,462)	(1,250,186)
Reclassifications	(11,465)	89,57	280,379	(88,836)	269,649
Transfer to assets held for sale	(268,773)	(252)	--	--	(269,025)
Disposal of subsidiary	12,319	37,794	4,588	1,747	56,448
Balance as at 31/12/07	23,231,679	36,147,657	603,638	3,259,911	63,242,885
Effect of restatement	(56,441)	(186,694)	(1,155)	(84)	(244,375)
Balance as at 31/12/07 after restatement	23,175,238	35,960,963	602,483	3,259,827	62,998,510
Additions	782,238	2,277,357	108,324	3,770,020	6,937,939
Disposals	(198,123)	(484,758)	(131,279)	(2,758,844)	(3,573,003)
Other	(3,558)	(50,286)	93,341	(93,693)	(54,196)
Balance as at 31/12/08	23,755,795	37,703,276	672,869	4,177,310	66,309,250
Depreciation					
Balance as at 1/1/07	6,851,520	17,536,961	95,267	--	24,483,748
Charge for the year	605,387	2,332,531	107,611	--	3,045,529
Disposals	(53,622)	(694,862)	(123,339)	--	(871,823)
Reclassifications	(29,211)	42,366	279,217	--	292,372
Transfer to assets held for sale	(124,754)	(232)	--	--	(124,986)
Disposal of subsidiary	1,822	15,151	672	--	17,645
Balance as at 31/12/07	7,251,141	19,231,916	359,429	--	26,842,485
Effect of restatement	(30,141)	(159,431)	--	--	(189,572)
Balance as at 31/12/07 after restatement	7,221,000	19,072,485	359,429	--	26,652,913
Charge for the year	607,450	2,488,248	166,023	--	3,261,722
Disposals	(91,557)	(453,320)	(124,467)	--	(669,345)
Other	30,968	26,996	(5,323)	--	52,641
Balance as at 31/12/08	7,767,861	21,134,409	395,663	--	29,297,932
Impairment					
Balance as at 1/1/07	350,147	276,788	--	24,681	651,616
Impairment losses	86,312	78,549	--	--	164,863
Reversal of impairment losses	(112,265)	(141,506)	--	(19,203)	(272,974)
Balance as at 31/12/07	324,194	213,828	--	5,481	543,505
Balance as at 31/12/07 after restatement	324,194	213,828	--	5,481	543,505
Impairment losses	17,904	5,567	(662)	--	22,809
Reversal of impairment losses	(103,055)	(116,475)	662	(3,620)	(222,489)
Balance as at 31/12/08	239,043	102,919	--	1,861	343,825
Carrying amount as at 31/12/07	15,656,342	16,701,911	244,209	3,254,430	35,856,892
Effect of restatement	(26,300)	(27,263)	(1,155)	(84)	(54,803)
Balance as at 31/12/07 after restatement	15,630,042	16,674,648	243,054	3,254,346	35,802,089
Carrying amount as at 31/12/08	15,748,891	16,465,948	277,206	4,175,449	36,667,494

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9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amounts of property, plant and equipment include production technologies of CZK 435,306 thousand and vehicles of CZK 264,393 thousand held under finance leases as of 31 December 2008.

The carrying amounts as of 31 December 2007 of property, plant and equipment held under finance leases was CZK 564,768 thousand and vehicles of CZK 320,886 thousand.

The Group did not capitalize any borrowing costs in period ended 31 December 2008 (2007: CZK 11,861 thousand).

10. INVESTMENT PROPERTY

Investment property as at 31 December 2008 comprised the land owned by the Group and leased to third parties. During year ended 31 December 2008 the Group bought lands in purchasing price of CZK 1,870 thousand. Lands in net carrying amount of CZK 4,767 thousand were transferred to property plant and equipment.

Rental income amounted to CZK 23,185 thousand on 31 December 2008 (31 December 2007: 16,685 thousand CZK). Operating costs relating to investment property amounted to CZK 1,224 thousand (31 December 2007: 1,190 thousand CZK).

Future rental income is as follows:

	Less than one year	Between one and five years
Total future rental income	23,185	92,740

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11. INTANGIBLE ASSETS

	Software	Other intangible assets	Assets under development	Total
Cost				
Balance as at 1/1/07	758,105	2,125,688	33,633	2,917,426
Additions	38,181	180,768	--	218,948
Disposals	(40,197)	(1,261)	(35,011)	(76,469)
Reclassifications	18,666	24,569	1,225	44,461
Transfer to assets held for sale	(16,694)	(7,920)	--	(24,614)
Disposal of subsidiary	1,582	739	153	2,474
Balance as at 31/12/07	759,643	2,322,583	--	3,082,226
Effect of restatement	(5 947)	(10 390)	--	(16 337)
Balance as at 31/12/07 after restatement	753,696	2,312,193	--	3,065,889
Additions	46,099	108,909	35,861	190,869
Disposals	(951)	(53,980)	--	(54,931)
Other	(1,763)	(18,614)	--	(20,377)
Balance as at 31/12/08	797,080	2,348,508	35,861	3,181,449
Amortization				
Balance as at 1/1/07	663,404	593,965	--	1,257,369
Charge for the year	41,462	110,7	--	152,162
Disposals	(21,729)	--	--	(21,729)
Reclassifications	243	13,426	--	13,669
Transfer to assets held for sale	(3,797)	(7,892)	--	(11,689)
Disposal of subsidiary	1,401	558	--	1,959
Balance as at 31/12/07	680,984	710,757	--	1,391,741
Effect of restatement	(5,405)	(10,390)	--	(15,795)
Balance as at 31/12/07 after restatement	675,579	700,367	--	1,375,946
Charge for the year	38,803	177,358	--	216,162
Disposals	(1,176)	(47,805)	--	(48,981)
Other	4,090	65,936	--	70,026
Balance as at 31/12/08	717,296	895,856	--	1,613,153
Impairment				
Balance as at 1/1/07	--	153	3,500	3,653
Reversal of impairment losses	--	(80)	(3,500)	(3,580)
Balance as at 31/12/07	--	73	--	73
Balance as at 31/12/07 after restatement	--	73	--	73
Impairment losses	--	544	--	544
Reversal of impairment losses	--	(12)	--	(12)
Balance as at 31/12/08	--	605	--	605
Carrying amount as at 31/12/07	78,659	1,611,753	--	1,690,412
Effect of restatement	(542)	--	--	(542)
Balance as at 31/12/07 after restatement	78,117	1,611,753	--	1,689,870
Carrying amount as at 31/12/08	79,784	1,452,046	35,861	1,567,691

Other intangible assets primarily include purchased licenses related to production of plastics (high-density polyethylene - HDPE and polypropylene), which account for CZK 1,628,960 thousand of acquisition cost as of 31 December 2008 and Unicracking process licence in acquisition cost for CZK 11,558 as of 31 December 2008.

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12. GOODWILL

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

Purchase of shares of PARAMO, a.s.

On 5 September 2008 the purchase of 3.73 % share of PARAMO a.s. was completed. The negative goodwill amounting to CZK 39,422 thousand was recognised in other operating income.

The share of 3.73 % in the fair value of the identifiable assets and liabilities of PARAMO a.s. as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Carrying value	Fair value recognized on acquisition
Non-current assets	74,378	74,378
Current assets	130,687	130,687
Total assets	205,065	205,065
Non-current liabilities	5,930	5,930
Current liabilities	112,313	112,313
Total liabilities	118,243	118,243
Net assets	86,822	86,822
Consideration, covered by cash		47,400
Negative goodwill on acquisition		39,422

Cash outflow on acquisition:	
Net cash acquired	973
Cash paid	47,400
Net cash outflow	46,427

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13. NON-CURRENT RECEIVABLES

The Group has provided a loan to ČESKÁ RAFINÉRSKÁ, a.s. in the amount of CZK 237,457 thousand (31 December 2007: CZK 338,158 thousand) for reconstruction of production unit. Part of this receivable in amount of CZK 121,638 thousand was eliminated as an intergroup transaction. The loan is due in 2016 and bears interest of 1M PRIBOR increased by mark up. The Group also presents non-current receivables from cash guarantees from operators of fuel stations amounted to CZK 30,083 thousand.

Due date	Due within 1-3 year	Due 3-5 years	Due within more than 5 years	Total
31/12/2008	49,347	41,950	53,814	145,111
31/12/2007	59,496	59,496	26,268	152,220

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

14. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments primarily to hedge currency and interest rate positions, and thereby minimise currency risks and financing costs caused by exchange rate or interest rate fluctuations. The instruments used are foreign currency swap contracts and interest rate swaps. Transactions with derivative financial instruments are subject to risk management procedures.

The following table shows the contract principal amounts and fair values of derivative financial instruments analysed by type of contracts. The contract or underlying principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The markets and standard pricing models of financial instruments determine the fair values.

The Group has entered in 2008 into two Emission Allowances Swaps EUA/CER with settlement in December 2009 and December 2010. These derivatives are presented as derivatives held for trading.

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14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments – assets

	Settlement date	Contract principal amount		Fair value of derivatives	
		31/12/2008	31/12/2007	31/12/2008	31/12/2007
Derivatives held for trading					
Emission Allowances Swaps EUA/CER	1.12.2009	4 386,3 T EUR	--	67,378	--
Emission Allowances Swaps EUA/CER	1.12.2010	4 732,2 T EUR	--	76,991	--
Emission Allowances Swaps EUA/CER	14.12.2009	180 T EUR	--	1,441	--
Emission Allowances Swaps EUA/CER	14.12.2009	187,5 T EUR	--	1,643	--
Emission Allowances Swaps EUA/CER	14.12.2009	190 T EUR	--	1,710	--
Commodity Swap	8.1.2008	--	73 T USD	--	1,315
Total financial derivatives – assets				149,163	1,315

Derivative financial instruments – liabilities

	Settlement date	Contract principal amount		Fair value of derivatives	
		31/12/2008	31/12/2007	31/12/2008	31/12/2007
Derivatives held for trading					
Interest rate swaps	15.8.2008	--	16,938 T USD	--	(6,258)
Commodity swap - Citibank	8.1.2008	--	231 T USD	--	(4,174)
Commodity swap - Citibank	8.1.2008	--	14 T USD	--	(247)
Commodity swap - Česká spořitelna	8.1.2008	--	63 T USD	--	(1,137)
Commodity swap - Česká spořitelna	8.1.2008	--	105 T USD	--	(1,896)
Total financial derivatives – liabilities				--	(13,712)

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

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

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14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Fair value as at 31/12/2008			Fair value as at 31/12/2007		
	Non-current receivables	Current receivables	Total	Non-current receivables	Current receivables	Total
Emission Allowances Swaps EUA/CER	72,172	76,991	149,163	--	--	--
Commodity Swap	--	--	--	--	1,315	1,315
Total	72,172	76,991	149,163	--	1,315	1,315

	Fair value as at 31/12/2008			Fair value as at 31/12/2007		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Commodity Swaps	--	--	--	--	(7,454)	(7,454)
Interest Rate Swaps	--	--	--	--	(6,258)	(6,258)
Total	--	--	--	--	(13,712)	(13,712)

15. DEFERRED TAX

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

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

	2008
At the beginning of the period	(2,248,074)
Income statement charge	134,122
F/X differences	21
Tax charged to equity	--
At the end of the period	(2,113,931)

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15. DEFERRED TAX (CONTINUED)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) recognised by the Group during the period is as follows:

Deferred tax liabilities	1/1/2008	Charged/ (credited) to net profit	31/12/2008
Property, plant and equipment	2,368,115	(7,494)	2,360,621
Inventory	54,453	(28,887)	25,566
Provisions	--	8,484	8,484
Finance lease	117,665	1,479	119,144
Other	73,741	1,466	75,184
Total deferred tax liabilities	2,613,974	(24,952)	2,588,999

Deferred tax assets	1/1/2008	Charged/ (credited) to net profit	31/12/2008
Property, plant and equipment	25,114	10,135	14,979
Provisions	243,318	(14,020)	257,338
Unused tax losses carried forward	10,500	(173,923)	184,423
10% investment relief	68,478	68,478	--
Other	18,490	162	18,328
Total deferred tax assets	365,900	(109,169)	475,069

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

	31/12/2008	31/12/2007
Deferred tax asset	17,399	23,924
Deferred tax liability	(2,131,330)	(2,271,998)
Net	(2,113,931)	(2,248,074)

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

The Group has tax assets relating primarily to tax deductible temporary differences as shown below in the amount of CZK 60,710 thousand which have not been recognised due to unpredictability of future taxable income (2007: CZK 231,972 thousand). Tax losses of CZK 34,012 thousand (2007: CZK 14,674 thousand) will expire in 2009.

Details of the tax assets not recognised are summarised in the following table:

Add info

	31/12/2008	31/12/2007
Unused tax losses	34,012	14,674
Deductible temporary differences	60,710	231,972
Deferred tax asset	94,722	246,646

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16. INVENTORIES

	31/12/2008	31/12/2007
Raw materials	2,749,557	3,967,494
Net realisable value allowance for raw materials	(354,858)	(123,002)
Work in progress	1,092,295	1,309,395
Net realisable value allowance for work in progress	--	(593)
Finished goods	2,535,135	3,886,928
Net realisable value allowance for finished goods	(106,269)	(17,256)
Goods for sale	398,889	471,877
Net realisable value allowance for goods for sale	(41,288)	(14,440)
Spare parts	1,047,218	945,660
Net realisable value allowance for goods for spare parts	(109,040)	(103,535)
Total inventory	7,211,638	10,322,528

Changes in the net realisable value allowances for inventories amount to CZK 325,781 thousand and increased cost of sales in 2008. In year ended 31 December 2007 the impact of changes in the net realisable value allowances for inventories decreased cost of sales by CZK 66,961 thousand.

17. TRADE AND OTHER RECEIVABLES

	31/12/2008	31/12/2007
Trade accounts receivable	9,663,245	12,488,146
Other receivables	1,449,211	1,809,724
Gross trade and other receivables	11,112,456	14,297,870
Allowances for doubtful receivables	(923,926)	(1,287,205)
Net trade and other receivables	10,188,530	13,010,664

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

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17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Denominated in	31/12/2008	31/12/2007
CZK	7,230,722	9,420,813
EUR	1,875,173	2,389,927
USD	346,484	471,879
Other currencies	736,151	728,045
Total trade and other receivables	10,188,530	13,010,664

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

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

Movement in the allowance for doubtful receivables

	31/12/2008	31/12/2007
Balance at beginning of the year	1,287,205	1,115,595
Impairment losses recognized on receivables	44,572	271,446
Amounts written off as uncollectible	(316,017)	(16,291)
Amounts recovered during the year	(76,817)	(23,267)
Impairment losses reversed	(22,662)	(60,278)
Unwind of discount	(313)	--
F/X differences	7,958	--
Balance at end of the year	923,926	1,287,205

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

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18. LOANS GRANTED

In 2008 the Group provided current loan to external entity. The carrying amount of the loan amounted CZK 300,031 thousand as at 31 December 2008. The interest rates were based on appropriate inter-bank rates and the fair value of the loan approximated its carrying amount as at 31 December 2008.

19. CASH AND CASH EQUIVALENTS

	31/12/2008	31/12/2007
Cash in hand and at bank	414,065	2,370,386
Short-term bank deposits	538,142	713,898
Total cash and cash equivalents	952,207	3,084,285

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

Withdrawals from the Group's bank account with Komerční banka, a.s. must be approved by the Environmental Department of the District Authority in Ústí nad Labem. The account had balance of CZK 62,842 thousand (31 December 2007 CZK 60,218 thousand).

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

Denominated in	31/12/2008	31/12/2007
CZK	774,779	2,836,753
EUR	76,148	190,934
USD	8,070	50,706
Other currencies	93,210	5,892
Total cash and cash equivalents	952,207	3,084,285

20. ASSETS HELD FOR SALE

As at 31 December 2008 Group held 97 shares in CELIO a.s. in nominal value of 1,000 thousand CZK. The Group's share in CELIO a.s. was classified as a current asset held for sale since its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The management agreed a plan to sell the asset. The Group approved a plan to sell its investment in CELIO a.s. The carrying amount of the investment totals CZK 78,333 thousand CZK (2007: CZK 78,333 thousand).

Based on circumstances described in the consolidated financial statements of the Group 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.

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20. ASSETS HELD FOR SALE (CONTINUED)

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.

21. SHARE CAPITAL

The issued capital of the parent company as at 31 December 2008 was CZK 18,133,476 thousand (2007: CZK 18,133,476 thousand). This represents 181,334,764 (2007: 181,334,764) bearer ordinary shares, each with a nominal value of CZK 100. All issued shares have been fully paid and bear equal voting rights. The Company's shares are listed on the Prague stock exchange.

22. RETAINED EARNINGS AND DIVIDENDS

Dividends

In accordance with appropriate Czech law, dividends can be paid from unconsolidated profit of the parent company.

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 CZK 9,120,840.63 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 31 December 2008 the amount of dividends paid was CZK 3,152,029 thousand.

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23. NON-CURRENT LOANS AND BORROWINGS

Interest bearing loans and borrowings as at 31 December 2008 and 31 December 2007 were as follows:

Creditor	Currency	Balance at 31/12/2008	Fair value at 31/12/2008	Balance at 31/12/2007	Effective interest rate	Form of collateral
Long-term bonds – Issue I.	CZK	2,000,000	2,606,167	2,000,000	9.82%	Unsecured
Bank loans	CZK	84,000	84,000	156,000	PRIBOR*	Pledge assets
Total		2,084,000		2,156,000		

*) Interest rate is increased by the agreed mark up

The current portion of non-current interest-bearing loans and borrowings maturing until 31 December 2009 is reported separately under current liabilities.

Debt repayment schedule:

Due date	Due 1-2 years	Due 2-3 years	Due 3-4 years	Due 4-5 years	Due over 5 years	Total
Non-current loans and borrowings as at 31/12/2008	72,000	12,000	--	2,000,000	--	2,084,000
Non-current loans and borrowings as at 31/12/2007	72,000	72,000	12,000	--	2,000,000	2,156,000

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

The aggregate carrying amount of bonds issued is CZK 2,170,593 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 2,776,760 thousand. Accrued interest, which will be repaid before 31 December 2009, is presented within current loans and borrowings in the section 28 amounts to CZK 170,593 thousand.

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24. PROVISIONS

	31/12/2007	Additional provision	Utilization of provision	Release of provision	F/X differences	31/12/2008
Provisions for environmental damages and land restoration	315,514	19,823	--	(21,594)	--	313,743
Provisions for legal disputes	178,729	13,431	(53,156)	(10,277)	--	128,726
Employee benefits provision	54,357	222	(4,886)	(17,279)	--	32,414
Other provisions	110,587	60,612	(378)	(82,750)	707	88,778
Total	659,187	94,088	(58,420)	(131,900)	707	563,661

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

The provision for legal disputes is created for expected future outflows arising from legal disputes with third parties under whom the Group is the defendant. The most significant component is the liability resulting from the litigation with Agrobanka Praha, a.s. v likvidaci, to which the Group provided a guarantee in respect of a medium-term loan of CZK 60,000 thousand provided by Agrobanka to KOBECO spol. s r.o. At 31 December 2007 provision was adjusted according to legal status and decreased by the amount of CZK 43,156 thousand. The balance of provision amounted to CZK 53,156 thousand as at 31 December 2007. The cause was decided and the provision was realised in first halfyear of 2008.

The Group created a provision for the penalty of CZK 98,000 thousand imposed by the Antimonopoly Office for a breach of the Economic Competition Protection Act. This provision was increased about provision for the interest of CZK 16,610 thousand to 31 December 2008.

Provisions for other probable future liabilities of the Group amount to CZK 88,778 thousand as of 31 December 2008, of which CZK 54,751 thousand is a provision for dismantling costs connected with liquidation of unused assets.

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25. FINANCE LEASE LIABILITY

	Minimum lease payments		Present value of minimum lease payments	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Amounts payable under finance leases:				
Not later than one year	94,762	124,164	92,596	116,807
Later than one year and not later than five years	38,338	125,390	36,356	121,532
Less: future finance charges	(4,148)	(11,215)	--	--
Present value of lease obligation	128,952	238,339	128,952	238,339
Less: Amount due for settlement within 12 months			92,596	116,808
Amount due for settlement after 12 months			36,356	121,531

It is the Group's policy to lease certain fixtures and equipment under finance leases. The average lease term is 3-4 years. For the year ended 31 December 2008, the average effective borrowing rate was 4.32 %. Interest rates are fixed at the inception of the lease. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount.

All lease obligations are denominated in Czech crowns.

26. TRADE AND OTHER PAYABLES AND ACCRUALS

	31/12/2008	31/12/2007
Trade payables	5,542,121	7,798,523
Other payables	3,309,632	3,990,596
Accrued expenses	83,796	142,124
Social security and other taxes	3,678,570	4,181,265
Total	12,614,119	16,112,508

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

	31/12/2008	31/12/2007
Denominated in		
CZK	9,734,947	12,048,867
EUR	632,403	480,114
USD	1,735,711	3,305,579
Other currencies	511,058	277,948
Total	12,614,119	16,112,508

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27. CURRENT BANK LOANS

The short-term borrowings as at 31 December 2008 and 31 December 2007 were as follows:

	USD	EUR	CZK	Other currencies	Total
Balance as at 1 January 2008	444,062	108,874	151,064	100,531	804,531
Loans taken	1,915	22,409	1,713,901	53,241	1,791,467
Accrued interest as balance sheet date	--	3	7,995	--	7,998
Repayment	(444,062)	(104,968)	(125,917)	(154,587)	(829,534)
Repayment of accrued interest	--	--	(25,730)	--	(25,730)
FX differences	--	--	--	821	821
Balance as at 31 December 2008	1,915	26,318	1,721,313	6	1,749,553

Short-term bank loans are subject to normal credit terms and their carrying amounts approximate fair values. Average effective interest rate as at 31 December 2008 was 3.89 % (31 December 2007: 3.64 %).

Analysis of short-term bank loans by security:

Security	Unsecured	Pledged assets	Total
Short - term loans as at 31/12/2008	1,745,648	3,905	1,749,553
Short - term loans as at 31/12/2007	744,876	59,655	804,531

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28. COMMITMENTS AND OTHER CONTINGENCIES

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

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

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

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

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

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

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

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

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

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28. COMMITMENTS AND OTHER CONTINGENCIES (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 UNIPETROL, a.s. will be obligated to financially indemnify Anwil up to 40 % of the purchase price provided that all necessary steps will have been taken by Anwil and SPOLANA a.s. without success for obtaining additional funds for this purpose.

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

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

Claims related to fines imposed by the European Commission

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

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

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

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28. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

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

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

29. RISK MANAGEMENT

Risk management objectives

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

Market risk

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

Currency risk

The currency risk arises most significantly from the exposure of trade payables and receivables denominated in foreign currencies, and the foreign currency denominated loans and borrowings. Foreign exchange risk regarding trade payables and receivables is mostly covered by natural hedging of trade payables and receivables denominated in the same currencies.

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29. RISK MANAGEMENT (CONTINUED)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite.

Market price risks

The Group is exposed to commodity price risk resulting from the adverse changes in raw material, mainly crude oil prices.

Management addresses these risks by means of a commodity, supplier and client risk management. To minor extent the Group enters into derivative commodity instruments to mitigate the risk associated with the purchase of crude oil.

Emission allowances risk

The Group monitors the emission allowances granted to the Group under National Allocation Plan and CO₂ emissions planned. The Group enters into transactions on emission allowances market in order to cover for shortages or utilize the excess of obtained emission allowances over the required amount.

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

Credit risk

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

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

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

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29. RISK MANAGEMENT (CONTINUED)

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

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

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

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

Liquidity risk management

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

Information about Group's risk exposure, other detailed aspects of the Group's financial risk management objectives and policies, and the Group's management of capital are described in the consolidated financial statements as at and for the year ended 31 December 2007 and interim consolidated financial statements as at and for the period ended 30 June 2008.

The Group's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2007 and interim consolidated financial statements as at and for the period ended 30 June 2008.

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30. EMISSION RIGHTS

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

Information on granted emission rights and its balance sheet presentation	Value in CZK thousands	Amount (thousand tons)
The total number of the emission rights allocated to the Group for the period 2008-2012	10,170,367	18,820
Emission allowances acquired in current period	2,034,073	3,764
Estimated utilization in 2008 of the acquired rights	1,843,953	3,409
Emission allowances to cover deficit in amount of allowances	8,005	13
Additional allowances received in exchange for different type	4,395	13
Revenues from sale of emissions allowances in the period of 2008	98,239	157

The number of emission rights that were obtained by the Group in 2005 under National Allocation Scheme for years 2005 - 2007 and remained unused amounted to 586,679 units. Out of this number 556,543 units were sold and 30,136 units were written off by the Group in 2008.

31. SIGNIFICANT POST BALANCE SHEET EVENTS

Changes in the statutory bodies of UNIPETROL, a.s.

On the Supervisory Board of UNIPETROL, a.s. meeting held on 13 February 2009 Mr. François Vleugels resigned from the position of Chairman of the Board and CEO of UNIPETROL a.s. Mr. Krzysztof Urbanowicz was subsequently elected as a new Chairman of the Board of Directors and CEO of UNIPETROL, a.s.

During the Supervisory Board of UNIPETROL, a.s. meeting Mr. Marek Serafin resigned from the position of the Supervisory Board member and was afterwards elected a new member and vice-chairman of the Board of Directors of UNIPETROL, a.s..

Mr. Arkadiusz Kawecki was appointed a new member of the Supervisory Board of UNIPETROL, a.s.

Signature of statutory representatives	23 February 2009
Krzysztof Urbanowicz	Wojciech Ostrowski
Chairman of the Board of Directors	Vice-chairman of the Board of Directors