UNIPETROL, a.s.

Auditor's report
and non-consolidated financial statements
in accordance with International
Financial Reporting Standards

31 December 2009

Translated from the Czech original

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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Auditor's report to the shareholders of UNIPETROL, a.s.

We have audited the accompanying financial statements of UNIPETROL, a.s., which comprise the statement of financial position as of 31 December 2009, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of UNIPETROL, a.s. in accordance with International Financial Reporting Standards as adopted by the E.U. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

KPMG

Opinion

In our opinion, the financial statements present fairly in all material respects the assets, liabilities and the financial position of UNIPETROL, a.s. as of 31 December 2009, and its expenses, revenues and financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the E.U.

Prague
26 March 2010

KPMG Česká republika Audit, s.r.o.
Licence number 71

Otakar Hora
Partner
Licence number 1197

UNIPETROL, a.s.

Non-consolidated statement of finacial position
prepared in accordance with International Financial Reporting Standards
As at 31 December 2009
(in thousands of Czech crowns)

	Note	31 December 2009	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	10	371,551	384,461
Intangible assets	11	5,607	2,425
Investment property	12	162,627	160,057
Investments in subsidiaries and joint ventures	13	14,274,717	14,165,271
Other investments	14	4,151	4,151
Loans to subsidiaries	16	2,963,304	3,006,223
Receivables from subsidiaries	17	73,564	84,556
Total non-current assets		**17,855,521**	**17,807,144**
Current assets			
Trade and other receivables	18	275,225	552,163
Loans to subsidiaries	19	8,280,334	9,691,662
Loans to related companies	20	250,214	300,031
Prepaid expenses		9,167	5,790
Cash and cash equivalents	22	253,876	19,658
Assets classified as held for sale	15	1,093	1,093
Total current assets		**9,069,909**	**10,570,397**
Total assets		**26,925,430**	**28,377,541**
EQUITY AND LIABILITIES			
Equity			
Share capital	23	18,133,476	18,133,476
Reserves		1,640,975	1,419,568
Retained earnings	25	4,472,958	4,432,501
Total equity		**24,247,409**	**23,985,545**
Non-current liabilities			
Loans and borrowings	26	2,000,000	2,000,000
Finance lease liability		--	86
Deffered tax	21	3,510	--
Total non-current liabilities		**2,003,510**	**2,000,086**
Current liabilities			
Trade and other payables and accruals	27	194,359	194,726
Dividends payable		31,380	48,530
Loans and borrowings	28	448,772	2,148,654
Total current liabilities		**674,511**	**2,391,910**
Total liabilities		**2,678,021**	**4,391,996**
Total equity and liabilities		**26,925,430**	**28,377,541**

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 54.

UNIPETROL, a.s.

Non-consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the year ended 31 December 2009
(in thousands of Czech crowns)

	Note	2009	2008
Revenue	4	243,681	397,665
Cost of sales		(107,316)	(200,769)
Gross profit		**136,365**	**196,896**
Other income		6,475	1,666
Administrative expenses		(267,103)	(313,636)
Other expenses		(3,742)	(28,636)
Results from operating activities	6	**(128,005)**	**(143,710)**
Finance income		754,993	4,925,571
Finance expenses		(313,461)	(330,565)
Net finance income	7	**441,532**	**4,595,006**
Profit before income tax		**313,527**	**4,451,296**
Income tax expense	9	(51,663)	(23,149)
Profit for the period		**261,864**	**4,428,147**
Other comprehensive income:			
Fair value changes		--	(3,232)
Revaluation of property, plant and equipment		--	213
Total comprehensive income for the period		**261,864**	**4,425,128**
Basic and diluted earnings per share (in CZK)		**1.44**	**24.40**

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 54.

UNIPETROL, a.s.
Non-consolidated statement of changes in equity
prepared in accordance with International Financial Reporting Standards
For the year ended 31 December 2009
(in thousands of Czech crowns)

	Share capital	Statutory reserves	Fair value changes relating to investment property	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2008	18,133,476	1,391,365	20,535	7,455	3,208,145	22,760,976
Profit for the period	–	–	–	–	4,428,147	4,428,147
Other comprehensive income						
Gains on property revaluation	–	–	213	–	–	213
Other items	–	–	–	–	(3,232)	(3,232)
Total other comprehensive income	–	–	213	–	(3,232)	(3,019)
Total comprehensive income for the period	–	–	213	–	4,424,915	4,425,128
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Dividens to equity holders	–	–	–	–	(3,200,559)	(3,200,559)
Total transactions with owners	–	–	–	–	(3,200,559)	(3,200,559)
Balance as at 31 December 2008	18,133,476	1,391,365	20,748	7,455	4,432,501	23,985,545
Balance as at 1 January 2009	18,133,476	1,391,365	20,748	7,455	4,432,501	23,985,545
Profit for the period	–	–	–	–	261,864	261,864
Total comprehensive income for the period	–	–	–	–	261,864	261,864
Allocation of profit to reserves	–	221,407	–	–	(221,407)	–
Balance as at 31 December 2009	18,133,476	1,612,772	20,748	7,455	4,472,958	24,247,409

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 54.

UNIPETROL, a.s.

Non-consolidated statement of cash flows
prepared in accordance with International Financial Reporting Standards
For the year ended 31 December 2009
(in thousands of Czech crowns)

	Note	2009	2008
Cash flows from operating activities:			
Profit for the period		261,864	4,428,147
Adjustments for:			
Depreciation of property, plant and equipment	10	6,883	6,940
Amortisation of intangible assets	11	1,131	8,597
Loss on disposals of property, plant and equipment		6,256	33,992
Profit on disposals of financial investments		–	(330,964)
Net finance income		(239,883)	(311,341)
Dividends income		(151,562)	(3,951,209)
Reversal of impairment losses on financial investments, property, plan and equipment, inventory and receivables		(536)	(68)
Foreign exchange gains		(2,628)	(26,354)
Income tax expense		51,663	23,149
Change in trade and other receivables, prepayments and other current assets		287,258	(47,714)
Change in trade and other accounts payable and accruals		(48,532)	(55,883)
Interest paid		(343,531)	(349,339)
Net cash used in operating activities		(171,617)	(572,047)
Cash flows from investing activities:			
Acquisition of property, plant and equipment and intangible assets		(12,388)	(14,027)
Acquisition of investment property		(4,214)	(1,869)
Acquisition of financial investments		(109,446)	(47,403)
Proceed from sale of property, plant and equipment and intangible assets		9,961	1,854
Proceed from sale of financial investments		–	1,183,000
Interest received		586,504	657,335
Repayment / (Providing) borrowings to subsidiaries		1,410,933	(5,614,262)
Repayment / (Providing) borrowings to other companies		49,817	(300,031)
Dividends received		151,562	3,951,209
Net cash used in investing activities		2,082,729	(184,194)
Cash flows from financing activities:			
Receipt/(repayment) of loans and borrowings		(1,659,744)	1,655,905
Dividends paid		(17,150)	(3,152,029)
Net cash used in financing activities		(1,676,894)	(1,496,124)
Net change in cash and cash equivalents		234,218	(2,252,365)
Cash and cash equivalents at begining of the year		19,658	2,272,023
Cash and cash equivalents at the end of the year		253,876	19,658

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 54.

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(in thousands of CZK)

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 Pankráci 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, 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 31 December 2009 are as follows:

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

(in thousands of CZK)

1. DESCRIPTION OF THE COMPANY (CONTINUED)

Members of the statutory and supervisory bodies as at 31 December 2009 were as follows:

	Position	Name
Board of directors	Chairman	Piotr Chelminski
	Vice-Chairman	Wojciech Ostrowski
	Vice-Chairman	Marek Serafin
	Member	Martin Durčák
	Member	Ivan Ottis
	Member	Artur Paździor
Supervisory board	Chairman	Dariusz Jacek Krawiec
	Vice-Chairman	Ivan Kočárník
	Vice-Chairman	Slawomir Robert Jedrzejczyk
	Member	Piotr Robert Kearney
	Member	Zdeněk Černý
	Member	Krystian Pater
	Member	Rafal Sekula
	Member	Andrzej Jerzy Kozlowski
	Member	Bogdan Dzudzewicz

Changes in the board of directors during 2009 were as follows:

Position	Name	Change	Date of change
Chairman	Francois Vleugels	Resigned as member	13 February 2009
Chairman	Krzysztof Urbanowicz	Elected as a member and Chairman	13 February 2009
Vice-Chairman	Marek Serafin	Elected as a member and Vice - Chairman	13 February 2009
Member	Arkadiusz Kotlicki	Resigned as member	29 April 2009
Member	Ivan Ottis	Reelected as a member	24 June 2009
Member	Martin Durčák	Reelected as a member	30 October 2009
Member	Piotr Chełmiński	Elected as a member	30 October 2009
Member	Artur Paździor	Elected as a member	30 October 2009
Chairman	Krzysztof Urbanowicz	Resigned as member and Chairman	10 December 2009
Chairman	Piotr Chełmiński	Elected as a Chairman	10 December 2009

Changes in the supervisory board during 2009 were as follow:

Position	Name	Change	Date of change
Member	Marek Serafin	Resigned as member	13 February 2009
Member	Arkadiusz Kawecki	Elected as member replacement	13 February 2009
Member	Bogdan Dzudzewicz	Elected as member	24 June 2009
Member	Arkadiusz Kawecki	Elected as member	24 June 2009
Member	Ivan Kočárník	Reelected as member	24 June 2009
Vice-Chairman	Ivan Kočárník	Elected as Vice-Chairman	24 June 2009
Member	Wojciech Wróblewski	Recalled as member	24 June 2009
Member	Andrzej Jerzi Kozłowski	Elected as member	24 June 2009
Member	Arkadiusz Kawecki	Resigned as member	30 October 2009
Member	Rafał Sekuła	Elected as member replacement	30 October 2009
Member	Rafał Sekuła	Elected as member	10 December 2009

(in thousands of CZK)

2. SIGNIFICANT INVESTMENTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

The following table shows subsidiaries and joint-ventures forming the consolidated group of UNIPETROL, a.s., and the Company's interest in the capital of subsidiaries and joint-ventures held either directly by the parent company or indirectly by the consolidated subsidiaries (information as of 31 December 2009).

Name and registered office	Ownership interest of the parent company in share capital	Ownership interest in share capital through subsidiaries
Parent company		
UNIPETROL, a.s. Na Pankráci 127 140 00 Praha 4 Czech Republic		
Consolidated subsidiaries		
BENZINA, s.r.o. Na Pankráci 127 140 00 Praha 4 Czech Republic	100.00 %	--
PARAMO, a.s. Přerovská 560 530 06 Pardubice Czech Republic	100.00 %	--
UNIPETROL TRADE a.s. Na Pankráci 127 140 00 Praha 4 Czech Republic	100.00 %	--
UNIPETROL RPA, s.r.o. Litvínov – Záluží 1 436 70 Litvínov Czech Republic	100.00 %	--
UNIPETROL SERVICES, s.r.o. Litvínov - Záluží 1 436 70 Litvínov Czech Republic	100.00 %	--
UNIPETROL DOPRAVA, s.r.o. Litvínov – Růžodol č.p. 4 436 70 Litvínov Czech Republic	0.12%	99.88 %
Chemapol (Schweiz) AG Leimenstrasse 21 4003 Basel Switzerland	--	100.00 %
UNIPETROL Deutschland GmbH Paul Ehrlich Str. 1/B 63225 Langen/Hessen Germany	--	100.00%

(in thousands of CZK)

2. SIGNIFICANT INVESTMENTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTINUED)

Name and registered office	Ownership interest of the parent company in share capital	Ownership interest in share capital through subsidiaries
Consolidated subsidiaries		
PETROTRANS, s.r.o. Střelničná 2221 182 00 Praha 8 Czech Republic	0.63%	99.37%
UNIPETROL SLOVENSKO s.r.o. (previously UNIRAF SLOVENSKO s.r.o) Panónská cesta 7 850 00 Bratislava Slovak republic	13.04%	86.96%

Name and registered office	Ownership interest of the parent company in share capital	Ownership interest in share capital through subsidiaries
Consolidated joint-ventures		
ČESKÁ RAFINÉRSKÁ, a.s. Záluží 2 436 70 Litvínov Czech Republic	51.225 %	--
Butadien Kralupy a.s. O. Wichterleho 810 278 01 Kralupy nad Vltavou Czech Republic	51.00 %	--

According to the articles of association of ČESKÁ RAFINÉRSKÁ, a.s. adoption of decisions on all important matters requires 67.5 % or greater majority of all votes.

3. SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and accounting policies

The non-consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB) as adopted for use in the European Union.

In the non-consolidated financial statements as at and for the year ended 31 December 2009 the Company has adopted changes resulting form revision of IAS 1 Presentation of Financial Statements.

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

- IFRIC 15 Agreements for the Construction of Real Estate– effective for annual periods beginning on or after 1 January 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners - effective for annual periods beginning on or after 1 July 2009
- IFRIC 18 Transfers of Assets from Customers - effective for annual periods beginning on or after 1 July 2009
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments - effective for annual periods beginning on or after 1 July 2009

Acceptance of IFRIC 19 by the European Union is pending.

According to a preliminary assessment, the application of IFRIC 15, IFRIC 17, IFRIC 18 and IFRIC 19 after their acceptance by European Commission will not have a significant impact on the Company's financial statements.

3. 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13 – investment in subsidiaries and joint-ventures in relation to impairment.

The accounting policies set out below have been applied consistently to all periods presented in these non-consolidated financial statements.

C Significant accounting policies

(1) Investments in subsidiaries, jointly controlled entities and associates

Investments in subsidiaries, jointly controlled entities and associates are carried in the balance sheet at cost less any impairment of the value of individual investments.

(2) Loans provided to subsidiaries and associates

Loans provided to subsidiaries and associates are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loan on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) Revenue recognition

(i) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and amount of revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. When the Company acts as an agent for its customers and buys and sells goods for a fixed margin without controlling purchase and selling prices, it does not report the revenue and cost from the sale of goods on a gross basis. It reports a net margin in the income statement.

(ii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received.

(iii) Interest and dividend income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

(iv) Government grants

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Company will comply with the conditions attaching to it. Grants that compensate the Company for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are recognised in the income statement as other operating income on a systematic basis over the useful life of the asset.

(4) Foreign currency

(i) Foreign currency translation

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In preparing the financial statements transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Any gains or losses resulting from changes in foreign exchange rates after the transaction date are recognized as financial income or expenses in the income statement. The foreign exchange gains and losses are presented in the profit and loss in the net amount.

(5) Borrowing costs

Borrowing costs are costs relating to qualifying assets. The Company capitalises borrowing costs attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, until the time when the assets are substantially ready for their intended use or sale. Qualifying assets are the assets that necessarily take a substantial period of time to get ready for their intended use or sale.
Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(6) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are recognized regardless of when the timing difference is likely to be realized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is recognised in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends and is able to settle its current tax assets and liabilities on a net basis.

(7) Property, plant and equipment

(i) Owned assets

Items of assets owned are stated at cost less accumulated depreciation (see below) and impairment losses (refer to accounting policy 10). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Depreciation is charged so as to write off the cost or valuation of assets to their residual values, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures and fittings	2 – 20 years
Vehicles	4 – 17 years
Other tangible fixed assets	4 – 30 years

Depreciation of an asset begins when it is available for use that is from the month it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, over the period reflecting their estimated economic useful life, considering the residual value. Appropriateness of the applied depreciation rates is verified periodically (once a year), and respective adjustments are made to the subsequent periods of depreciation. Components of assets which are material for the whole item are depreciated separately in accordance with their economic useful life.

Items of assets costing less than CZK 40 thousand are charged to the profit or loss in the period in which they are ready for their intended use.

Assets under development are stated at cost. This includes cost of construction and other direct costs. Assets under development are not depreciated until the relevant assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in income.

The residual value, estimated useful life and depreciation methods are reassessed annually.

The costs of current maintenance of property, plant and equipment is recorded in the profit or loss in the period when they are incurred.

(ii) Leased assets

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In calculating the present value of the minimum lease payments the discount factor is the interest rate implicit in the lease. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(iii) Subsequent expenditure

The Company recognises in the carrying amount of an item of assets the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(8) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Gains and losses resulting from changes in fair value of investment property are presented in the profit and loss in the period when remeasured.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(9) Intangible assets

Intangible assets are measured at acquisition or construction cost less amortization and impairment allowances. Intangible assets with a definite useful life are amortized when it is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management over their estimated economic useful life. Appropriateness of the applied amortization periods and rates is periodically reviewed, at least at the end of the reporting year, and potential adjustments to amortization allowances are made in the subsequent periods. Intangible assets costing less than CZK 60 thousand are charged to the profit or loss in the period in which they are ready for their intended use. Intangible assets with an indefinite useful life are not amortized.

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Development costs that have been capitalised are amortised on a straight-line basis over the period of their expected benefit.

(ii) Computer software

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include employee costs of the software development team and an appropriate portion of relevant overheads.

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of five years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Other intangible assets

Expenditure to acquire patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, except for licenses related to the purchase of production technologies, which are amortised over the estimated useful life of the technologies purchased. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only if it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(10) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets (refer to accounting policy 6), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use and intangible assets with indefinite useful lives, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

Financial instruments, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial instruments are impaired where there is an objective evidence that, as a result of one or more events that occurred after the initial recognition the estimated future cash flows of the instrument have been impacted.

For equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial instruments the objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- evidence that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For certain categories of financial instruments, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial instruments measured at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised as income. An impairment loss recognised in respect of goodwill is not reversed in subsequent periods.

(11) Trade and other receivables

Trade and other receivables are recognized initially at the present value of the expected proceeds and are stated in subsequent periods at amortized cost using the effective interest method less any impairment losses.

(12) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, bank deposits and short-term highly liquid investments with original maturities of three months and less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments are initially recognised at fair value, plus transaction costs, except for instruments at fair value through profit or loss, which are initially measured at fair value. Non-derivative financial instruments are classified into the following categories: financial assets 'at fair value through profit or loss', 'held-to-maturity', 'available-for-sale' and other. The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument.

Financial assets at fair value through profit or loss

Financial instruments are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss upon initial recognition.

A financial instrument is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial instrument other than a financial instrument held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial instrument forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described below.

Held-to-maturity

Debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment.

Available-for-sale financial instruments

Equity securities held by the Company that are traded in an active market are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described below. Gains and losses arising from changes in fair value are recognised directly in equity with the exception of impairment losses and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the instrument is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in equity is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Other financial instruments

Other financial instruments include instruments that have fixed or determinable payments that are not quoted in an active market. Other financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial instruments

The Company derecognises a financial instrument when the contractual rights to the cash flows from the asset expire; or it transfers the financial instrument and substantially all the risks and rewards of ownership of the instrument to another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred instrument, the Group recognises its retained interest in the instrument and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial instrument, the Company continues to recognise the financial instrument and also recognises a collateralised borrowing for the proceeds received.

Derivative financial instruments

The Company, based on Risk management policy, can enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative instrument is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and nonderivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged items.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedge risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are reported in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.
Amounts previously recognised in equity are transferred to profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in equity are transferred from equity and included in the initial measurement of the asset or liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in equity remains in equity until the forecast transaction is recorded in profit or loss. When a forecast transaction is no longer expected to occur; the cumulative gain or loss that was recognised in equity is transferred immediately to profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial instruments with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial instruments (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

(14) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company establishes provisions for environmental damage, legal disputes, penalties and estimated expenditures related to the fulfillment of obligations as a result of warranty claims. No provisions are established in respect of environmental damages which occurred prior to establishment of the Company as the Czech government contractually committed to reimburse the Company for clean-up costs.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Future operating costs are not provided for.

In accordance with the Company's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(15) Social security and pension schemes

Contributions are made to the Czech government's health retirement and unemployment schemes at the statutory rates in force during the year based on gross salary payments. The cost of security payments is charged to the income statement in the same period as the related salary cost. The Company has no pension or post-retirement commitments.

(16) Long-term service benefits

The Company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on AAA credit rated bonds that have maturity dates approximating to the terms of the Company's obligations.

Retirement benefits and jubilee bonuses

Under the Company's remuneration plans, its employees are entitled to jubilee bonuses and retirement benefits. The jubilee bonuses are paid to employees after elapse of a defined number of years in service. The retirement benefits are paid once at retirement. The amount of retirement benefits and jubilee bonuses depends on the number of years of service and an employee's average remuneration. The Company does not assign assets which would be used for future retirement or jubilee liabilities. The Company creates a provision for future retirement benefits and jubilee bonuses in order to allocate costs to relevant periods. In accordance with IAS 19, jubilee bonuses are long-term employee benefits and retirement benefits are classified as post-employment benefit plans. The present value of those liabilities is estimated at the end of each reporting period and adjusted if there are any material indications impacting the value of the liabilities. The accumulated liabilities equal discounted future payments, considering employee rotation. Demographic data and information on employee rotation are based on historical records. Actuarial gains and losses are recognized in the profit and loss.

(17) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale.

Non-current assets are classified as held for sale when the following criteria are met:

- a decision on initiation of the sale was adopted by the Company's management;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- the assets are available for an immediate sale in their present condition;
- an active program to locate a buyer has been initiated;
- the sale transaction is highly probable and can be completed within 12 months following the sale decision.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, investment property, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

(18) Share capital

Ordinary shares are classified as share capital.

(19) Contingent liabilities and receivables

Contingent liabilities are defined as obligations that arise from past events and which are dependent on occurrence or non-occurrence of some uncertain future events. Contingent liabilities are not recognized in the balance sheet however the information on contingent liabilities is disclosed unless the probability of outflow of resources relating to economic benefits is remote.

Contingent receivables are not recognized in the balance sheet however the respective information on the contingent receivable is disclosed if the inflow of assets relating to economic benefits is probable.

4. REVENUE

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

	2009	2008
Fees for use of land	102,962	103,010
Revenues from services	140,719	294,655
Total revenues	**243,681**	**397,665**

5. 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 entities located in the Czech Republic.

(in thousands of CZK)

6. ANALYSIS OF EXPENSES ACCORDING TO THEIR NATURE

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

2009	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(860)	(2,068)	--	(2,928)
Repairs and maintenance	(581)	(1,396)	--	(1,977)
Services related to administration of investments in subsidiaries	(5,422)	(13,040)	--	(18,462)
Advertising expense	(18,156)	(43,661)	--	(61,817)
Legal services	(4,418)	(10,624)	--	(15,042)
Advisory services	(1,624)	(3,905)	--	(5,529)
Non-cancellable operating lease rentals	(1,315)	(3,162)	--	(4,477)
Travel expense	(1,370)	(3,294)	--	(4,664)
Telecommunication fees	(447)	(1,075)	--	(1,522)
Representation cost	(695)	(1,673)	--	(2,368)
Accounting, HR and other administrative services	(17,420)	(41,891)	--	(59,311)
IT services	(7,251)	(17,436)	--	(24,687)
Other services	(7,799)	(18,757)	--	(26,556)
Staff cost including remuneration of board members	(32,538)	(78,247)	--	(110,785)
Social and health insurance	(5,067)	(12,186)	--	(17,253)
Depreciation	(2,021)	(4,862)	--	(6,883)
Amortization	(332)	(799)	--	(1,131)
Impairment of PPE and intangibles (recognised) / released	--	--	471	471
Impairment to trade receivables (recognised) / released	--	--	65	65
Profit / (loss) on disposal of PPE	--	--	(3,460)	(3,460)
Insurance	--	(1,906)	--	(1,906)
Other expense	--	(7,121)	(282)	(7,403)
Other income	--	--	5,939	5,939
Total operating expense	**(107,316)**	**(267,103)**	**2,733**	**(371,686)**
Revenue				243,681
Results from operating activities				**(128,005)**

(in thousands of CZK)

6. ANALYSES OF EXPENSES ACCORDING TO THEIR NATURE (CONTINUED)

2008	Cost of sales	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed and energy	(6,189)	(16,204)	--	(22,393)
Repairs and maintenance	(338)	(1,372)	--	(1,710)
Services related to administration of investments in subsidiaries	(1,429)	(9,543)	--	(10,972)
Advertising expense	(81,928)	--	--	(81,928)
Legal services	(6,716)	(9,261)	--	(15,977)
Advisory services	(3,304)	(10,458)	--	(13,762)
Non-cancellable operating lease rentals	(2,440)	(14,284)	--	(16,724)
Travel expense	(1,167)	(3,929)	--	(5,096)
Telecommunication fees	(1,211)	(3,058)	--	(4,269)
Representation cost	(764)	(4,631)	--	(5,395)
Accounting, HR and other administrative services	(25,655)	(65,490)	--	(91,145)
IT services	(2,605)	(17,203)	--	(19,808)
Other services	(15,327)	(17,948)	--	(33,275)
Staff cost including remuneration of board members	(36,656)	(85,092)	--	(121,748)
Social and health insurance	(9,184)	(9,129)	--	(18,313)
Depreciation	(3,019)	(3,920)	--	(6,939)
Amortization	(1,819)	(6,779)	--	(8,598)
Disposal of intangible assets		(34,206)		(34,206)
Impairment of PPE and intangibles (recognised) / released	--	--	68	68
Impairment to trade receivables (recognised) / released	--	--	60	60
Profit / (loss) on disposal of PPE	--	--	214	214
Insurance	(549)	--	(1,687)	(2,236)
Other expense	(469)	(1,129)	(26,949)	(28,547)
Other income	--	--	1,324	1,324
Total operating expense	**(200,769)**	**(313,636)**	**(26,970)**	**(541,375)**
Revenue				397,665
Results from operating activities				**(143,710)**

(in thousands of CZK)

7. FINANCE INCOME AND FINANCE EXPENSES

	2009	2008
Finance income		
Interest income:		
- other loans and receivables	522,634	567,463
- bank deposits	20,556	66,581
Dividend income*	151,562	3,951,209
Profit from sale of investments in subsidiaries	--	330,965
Income from receivable to UNIPETROL TRADE a.s.	54,075	--
Other finance income	6,166	9,353
Total finance income	**754,993**	**4,925,571**
Finance expenses		
Interest expense:		
- bank overdrafts, loans and borrowings	(303,299)	(322,689)
- finance leases	(8)	(14)
Borrowing costs recognized in profit or loss	**(303,307)**	**(322,703)**
Net foreign exchange losses	(1,770)	(923)
Other finance expenses	(8,384)	(6,939)
Total finance expenses	**(313,461)**	**(330,565)**
Net finance income	**441,532**	**4,595,006**

* The information about dividends received is included in Notes 13, 14 and 15.

(in thousands of CZK)

8. PERSONNEL EXPENSES

The number of employees and managers and staff costs for 2009 and 2008 are as follows:

2009	**Number of employees average per year (average FTE)**	**Number of employees as at balance sheet day**	**Wages and salaries**	**Social and health insurance**	**Expenses related to benefit plans**	**Social expense**
Employees	21	20	61,084	11,625	517	650
Management	4	5	41,085	3,585	76	212
Total	**25**	**25**	**102,169**	**15,210**	**593**	**862**

In 2009 the remuneration of members of the board of directors was CZK 2,874 thousand (CZK 2,815 thousand in 2008). The remuneration of members of the supervisory board was CZK 5,684 thousand (CZK 6,527 thousand in 2008). Cost of social and health insurance connected with members of Board of directors and Supervisory board remuneration amounted to CZK 587 thousand in 2009 (CZK 642 thousand in 2008).

In 2009 the remuneration of members of the audit committee was CZK 57 thousand (0 in 2008).

2008	**Number of employees average per year (average FTE)**	**Number of employees as at balance sheet day**	**Wages and salaries**	**Social and health insurance**	**Expenses related to benefit plans**	**Social expense**
Employees	29	29	79,826	13,974	356	358
Management	3	5	32,580	2,020	110	853
Total	**32**	**34**	**112,406**	**15,994**	**466**	**1,211**

(in thousands of CZK)

9. INCOME TAX EXPENSE

	2009	2008
Current tax – Czech Republic	48,153	23,149
Deferred tax	3,510	--
Income tax expense	**51,663**	**23,149**

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

Reconciliation between the income tax expense and accounting profit is as follows:

	2009		2008	
Profit for the period		261,864		4,428,147
Total income tax expense		(51,663)		(23,149)
Profit excluding income tax		313,527		4,451,296
Income tax using domestic income tax rate	(20)%	(62,706)	(21)%	(934,772)
Effect of tax rates in foreign jurisdictions	--	--	0 %	30
Non-deductible expenses	(3.7)%	(11,712)	(4.6)%	(203,649)
Tax exempt income	9.7%	30,320	24.3%	1,081,405
Recognition of previously unrecognised tax losses	--	--	0.8%	34,219
Change in unrecognised temporary differences	(0.9)%	(2,690)	0%	(382)
Tax penalties	0%	(55)	--	--
Under (over) provided in prior periods	(1.5)%	(4,820)	--	--
Total income tax expense	**(16.5)%**	**(51,663)**	**(0.5)%**	**(23,149)**

(in thousands of CZK)

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Machinery and equipment	Other	Assets under development	Total
Cost					
Balance as at 01/01/2008	**354,949**	**30,750**	**151**	**2,754**	**388,604**
Additions	20	8,223	3,837	12	12,092
Disposals	(6)	(3,971)	--	--	(3,977)
Additions from investment property	5,349	--	--	--	5,349
Transfer to investment property	(369)	--	--	--	(369)
Reclassifications	--	1,707	--	(2,007)	(300)
Other	--	359	--	--	359
Balance as at 31/12/2008	**359,943**	**37,068**	**3,988**	**759**	**401,758**
Additions	5,840	1,408	--	832	8,080
Disposals	(2,448)	(13,977)	(3,837)	(467)	(20,729)
Additions from investment property	846	--	--	--	846
Transfer to investment property	(643)	--	--	--	(643)
Other	1,560	--	--	--	1,560
Balance as at 31/12/2009	**365,098**	**24,499**	**151**	**1,124**	**390,872**
Depreciation					
Balance as at 01/01/2008	--	**11,885**	--	--	**11,885**
Charge for the year	--	6,934	5	--	6,939
Disposals	--	(2,338)	--	--	(2,338)
Other	--	345	--	--	345
Balance as at 31/12/2008	--	**16,826**	**5**	--	**16,831**
Charge for the year	--	6,870	13	--	6,883
Disposals	--	(4,375)	(18)	--	(4,393)
Balance as at 31/12/2009	--	**19,321**	--	--	**19,321**
Impairment losses					
Balance as at 01/01/2008	--	--	--	**466**	**466**
Balance as at 31/12/2008	--	--	--	**466**	**466**
Reversal of impairment losses	--	--	--	(466)	(466)
Balance as at 31/12/2009	--	--	--	--	--
Carrying amount as at 01/01/2008	**354,949**	**18,865**	**151**	**2,288**	**376,253**
Carrying amount as at 31/12/2008	**359,943**	**20,242**	**3,983**	**293**	**384,461**
Carrying amount as at 31/12/2009	**365,098**	**5,178**	**151**	**1,124**	**371,551**

(in thousands of CZK)

11. INTANGIBLE ASSETS

	Software	Other intangible assets	Total
Cost			
Balance as at 01/01/2008	**11,375**	**50,982**	**62,357**
Additions	1,935	--	1,935
Disposals	--	(42,100)	(42,100)
Reclassification	300	--	300
Balance as at 31/12/2008	**13,610**	**8,882**	**22,492**
Additions	--	4,308	4,308
Balance as at 31/12/2009	**13,610**	**13,190**	**26,800**
Amortization			
Balance as at 01/01/2008	**11,176**	**8,183**	**19,359**
Charge for the period	452	8,145	8,597
Disposals	--	(7,894)	(7,894)
Balance as at 31/12/2008	**11,628**	**8,434**	**20,062**
Charge for the period	620	511	1,131
Balance as at 31/12/2009	**12,248**	**8,945**	**21,193**
Impairment losses			
Balance as at 01/01/2008	--	**73**	**73**
Reversal of impairment losses	--	(68)	(68)
Balance as at 31/12/2008	--	**5**	**5**
Reversal of impairment losses	--	(5)	(5)
Balance as at 31/12/2009	--	--	--
Carrying amount as at 01/01/2008	**199**	**42,726**	**42,925**
Carrying amount as at 31/12/2008	**1,982**	**443**	**2,425**
Carrying amount as at 31/12/2009	**1,362**	**4,245**	**5,607**

In year ended 31 December 2008 the Company wrote off unused SAP licences with an acquisition cost of CZK 42,100 thousand.

(in thousands of CZK)

12. INVESTMENT PROPERTY

Investment property as at 31 December 2009 comprised land owned by the Company and leased to third parties. The changes recorded during 2009 are presented in following table:

	Balance as at 31/12/2008	Additions	Disposals	Transfer from Property, plant and equipment	Transfer to Property, plant and equipment	Balance as at 31/12/2009
Land	**160,057**	4,214	(1,441)	643	(846)	**162,627**

Rental income amounted to CZK 20,494 thousand in 2009 (2008: CZK 25,230 thousand). Operating costs relating to investment property amounted to CZK 1,301 thousand (2008: CZK 1,224 thousand).

Future rental income is as follows:

	Less than one year	Between one and five years
Total future rental income	20,697	89,190

13. INVESTMENTS IN SUBSIDIARIES AND JOINT - VENTURES

Investments in subsidiaries and joint – ventures as at 31 December 2009 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the period
Subsidiaries						
UNIPETROL RPA, s.r.o.	Litvínov	7,360,335	100.00	--	7,360,335	--
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	59,172	100.00	7,860	51,312	--
UNIPETROL TRADE a.s.	Praha 4	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 4	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,280	100.00	--	100,280	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	545,389	100.00	--	545,389	--
Joint - ventures						
ČESKÁ RAFINÉRSKÁ, a.s. *)	Litvínov	3,872,299	51.225	--	3,872,299	150,082
Butadien Kralupy, a. s.	Kralupy	85,694	51.00	--	85,694	--
Total		**16,554,647**	--	**2,279,930**	**14,274,717**	**150,082**

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

Dividend income for 2009 included dividend received from PETROTRANS, s.r.o CZK 230 thousand, ČESKÁ RAFINÉRSKÁ, a.s. CZK 150,082 thousand, Celio, a.s. CZK 1,000 thousand, Polymer Institute Brno s.r.o. CZK 45 thousand, UNIPETROL DOPRAVA, s.r.o. CZK 205 thousand.

(in thousands of CZK)

13. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

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

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the period
Subsidiaries						
UNIPETROL RPA, s.r.o.	Litvínov	7,360,335	100.00	--	7,360,335	3,750,000
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	59,172	100.00	7,860	51,312	--
UNIPETROL TRADE a.s.	Praha 4	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 4	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,280	100.00	--	100,280	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	435,943	91.77	--	435,943	--
Joint - ventures						
ČESKÁ RAFINÉRSKÁ, a.s. *)	Litvínov	3,872,299	51.225	--	3,872,299	188,244
Butadien Kralupy, a. s.	Kralupy	85,694	51.00	--	85,694	--
Total		**16,445,201**	--	**2,279,930**	**14,165,271**	**3,938,244**

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

Purchase of shares of PARAMO, a.s.

On 29 August 2008 UNIPETROL, a.s. and Polski Koncern Naftowy ORLEN Spółka Akcyjna (PKN ORLEN) executed the Share Purchase Agreement, pursuant to which UNIPETROL, a.s., as purchaser, acquired from PKN ORLEN, as seller, 49,660 shares of PARAMO, a.s., a.s., which represent in aggregate 3.73 per cent of the registered share capital and voting rights in PARAMO, a.s. 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, a.s. as the owner of shares in PARAMO, a.s. representing 91.77 % share in the registered capital and voting rights of PARAMO, a.s., effected a squeeze out the other shares of PARAMO, a.s. within the meaning of Sections 183i et seq. of the Commercial Code and became the sole shareholder of PARAMO, a.s., under condition that UNIPETROL, a.s. provides to the other shareholders of PARAMO, a.s., upon fulfilment of all conditions prescribed by applicable law, the monetary consideration in the amount of CZK 977 per one share of PARAMO, a.s., 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, a.s. The implementation was 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 Extraordinary General Meeting of PARAMO, a.s. on transfer of all other shares of PARAMO, a.s. to UNIPETROL, a.s.

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

(in thousands of CZK)

13. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

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

In connection with the squeeze-out, some of the minority shareholders of PARAMO, a.s. filed a petition with the Regional Court in Hradec Králové for review of reasonableness of consideration within the meaning of the Czech Commercial Code. Furthermore some of former minority shareholders of PARAMO, a.s. requested the Regional Court in Hradec Králové to declare the invalidity of PARAMO, a.s. general meeting resolution dated 6 January 2009 and that the District Court in Prague 4 reviews the decision of 28 November 2008 by which the Czech National Bank granted in accordance with Section 183n(1) of the Czech Commercial Code its previous approval with the evidence of the monetary consideration amount provided under the above squeeze-out. In case of invalidity of the General Meeting resolution, the Regional Court of Hradec Kralové (Pardubice branch) on 2 March 2010 decided in favour of PARAMO, a.s. and dismissed the Action of minority shareholders.

With respect to the above described facts regarding determination of consideration value, Czech National Bank decision and approval of the Extraordinary General Meeting of PARAMO, a.s., UNIPETROL, a.s. considers the petition for review of reasonableness of consideration unfounded.

14. OTHER INVESTMENTS

Other investments as at 31 December 2009 were as follows:

Company	Registered office	Cost of investment	Ownership percentage	Carrying amount	Dividend income for the period
ORLEN MALTA HOLDING	La Valetta	522	--	522	--
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.2	--	0.2	--
UNIPETROL DOPRAVA s.r.o.	Litvínov	1,799	0.12	1,799	205
UNIPETROL SLOVENSKO s..r.o*	Bratislava	95	13.04	95	--
PETROTRANS, s.r.o.	Praha	780.8	0.63	780.8	230
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	954	1	954	45
Total		**4,151**		**4,151**	**480**

* till 13 October 2009 UNIRAF SLOVENSKO s.r.o.

(in thousands of CZK)

14. OTHER INVESTMENTS (CONTINUED)

Other investments as at 31 December 2008 were as follows:

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

15. ASSETS HELD FOR SALE

As at at 31 December 2009 Company held 20 shares in CELIO a.s. in nominal value of 1,000 thousand CZK. The Company's share in CELIO a.s. was classified as a current asset held for sale since its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Company approved a plan to sell its investment in CELIO a.s. The carrying amount of the investment totals CZK 1,093 thousand CZK (2008: CZK 1,093 thousand). The sale transaction is expected to be completed in April 2010.

Dividend income amounted to CZK 1,000 thousand in period ended 31 December 2009 (period ended 31 December 2008 – CZK 1, 000 thousand).

(in thousands of CZK)

16. NON-CURRENT LOANS TO SUBSIDIARIES

The Company provided to its subsidiaries UNIPETROL RPA, s.r.o., BENZINA, s.r.o. and BUTADIEN KRALUPY a.s. non-current loans amounting to CZK 2,963,304 thousand as at 31 December 2009. The interest rates were based on 3M and 6M PRIBOR and fair value of loans approximates their carrying amount except for the loan provided to BENZINA s.r.o. in 1998. This loan bears effective interest rate 9.97 % p.a. and fair value amounted to CZK 2,626,125 thousand as at 31 December 2009. Carrying amount of this loans amounts to CZK 2,139,218 thousand. The portion of non-current loans due within one year is reported as current loans to subsidiaries (note 19).

Movement table of non-current loans to subsidiaries:

	31/12/2009	31/12/2008
Balance at beginning of the period	**3,006,223**	**3,070,718**
Loans granted	319,406	215,069
Reclassification to current loans to subsidiaries	(362,325)	(279,564)
Balance at end of the period	**2,963,304**	**3,006,223**

17. NON-CURRENT RECEIVABLES FROM SUBSIDIARIES

Non-current receivables from subsidiaries include advance payment for Benzina's cards in amount CZK 168 thousand and a receivable from UNIPETROL TRADE a.s., acquired by the Company in 2001 from Credit Lyonnais bank Praha, a.s. and Credit Lyonnais bank Slovakia, a.s. The receivable is payable in instalments out of which the last one is due on 31 December 2017. It is denominated in CZK. The carrying amount of the receivable as of 31 December 2009 is CZK 73,396 thousand (31 December 2008: CZK 84,556 thousand). The nominal value of the non-current receivable is CZK 263,000 thousand as of 31 December 2009 (31 December 2008: CZK 303,000 thousand) and the current part is CZK 40 000 thousand as of 31 December 2009 (31 December 2008: CZK 75,000 thousand).

18. TRADE AND OTHER RECEIVABLES

	31/12/2009	31/12/2008
Trade accounts receivable	243,058	503,633
Other receivables	163,687	180,115
Allowances for other receivables	(131,520)	(131,585)
Total accounts receivable	**275,225**	**552,163**

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

(in thousands of CZK)

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Denominated in	31/12/2009	31/12/2008
CZK	274,412	534,033
EUR	811	15,726
USD	2	679
Other currencies	--	1,725
Total accounts receivable	**275,225**	**552,163**

The average credit period on sales of services is 35 days. No interest is charged on the trade receivables for the first 3 days after the due date. Thereafter, interest is charged using 2W REPO actual rate or 6M EURIBOR actual rate. The Company sets impairment charges based on analysis of customers' creditworthiness and ageing of receivables.

Movement in the allowance for doubtful debts

	31/12/2009	31/12/2008
Balance at beginning of the year	**131,585**	**131,645**
Release	(65)	(60)
Balance at end of the year	**131,520**	**131,585**

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the debtor from the date credit was initially granted up to the reporting date. Accordingly, the management considers that there is no further credit risk allowance required in excess of the allowance for impairment charges.

Ageing of past due but not impaired trade receivables:

Not impaired trade receivables	31/12/2009	31/12/2008
60-90 days	--	15
90-180 days	--	178
180+ days	--	40
Total	**--**	**233**

(in thousands of CZK)

19. CURRENT LOANS TO SUBSIDIARIES

The Company provided loans to its subsidiaries UNIPETROL RPA, s.r.o., BENZINA s.r.o., PARAMO a.s., UNIPETROL TRADE a.s., UNIPETROL DOPRAVA, s.r.o. and Butadien Kralupy a.s.

The following table presents loans granted as at 31 December 2009 and 31 December 2008.

	31/12/2009	31/12/2008
Cash pooling	1,402,198	2,794,553
Operating loans	6,878,136	6,897,109
Total	**8,280,334**	**9,691,662**

The movements on operating loans were as follows:

Balance as at 1 January 2009	**6,897,109**
Loans granted	3,115,143
Repayment	(3,496,441)
Reclassification from non-current loans to subsidiaries	362,325
Total as at 31 December 2009	**6,878,136**

The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount except for the loan provided to BENZINA s.r.o. in 1998 (see note 16). The current loans provided to subsidiaries are not collateralised. The current loans to subsidiaries as at 31 December 2009 include the portion of non-current loans due within one year amounted to CZK 425,334 thousand (31 December 2008 – CZK 467,364 thousand).

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

Denominated in	31/12/2009	31/12/2008
CZK	8,258,150	9,592,949
EUR	12,311	94,221
USD	9,873	4,492
Total	**8,280,334**	**9,691,662**

20. CURRENT LOANS TO RELATED COMPANIES

In 2009 the Company provided a short-term loan to related entity SPOLANA a.s. The carrying amount of the loan amounted CZK 250,214 thousand as at 31 December 2009 (31 December 2008 – CZK 300,031 thousand). The interest rates were based on appropriate inter-bank rates and the fair value of the loan approximated its carrying amount as at 31 December 2009. Zakłady Azotowe ANWIL Spółka Akcyjna provided full guarantee for the loan obligation of SPOLANA a.s.

(in thousands of CZK)

21. DEFERRED TAX

Deferred income taxes result from future tax benefits and costs 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. 19 % in 2010 and onward).

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

	2009
At 1 January	--
Income statement charge	3,510
At 31 December	**(3,510)**

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

Deferred tax liabilities	1/1/2009	Recognised in profit or loss	31/12/2009
Property, plant and equipment	(1,155)	(3,713)	(4,868)
Finance lease	(5)	(9)	(14)
Total deferred tax liabilities	**(1,160)**	**(3,722)**	**(4,882)**

Deferred tax assets	1/1/2009	Recognised in profit or loss	31/12/2009
Other	1,160	212	1,372
Total deferred tax assets	**1,160**	**212**	**1,372**

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.

(in thousands of CZK)

22. CASH AND CASH EQUIVALENTS

	31/12/2009	31/12/2008
Cash in hand	61	66
Cash at bank	253,815	19,592
Total	**253,876**	**19,658**

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	31/12/2009	31/12/2008
CZK	211,791	7,178
EUR	36,161	10,085
USD	5,924	2,395
Total cash and cash equivalents	**253,876**	**19,658**

23. SHARE CAPITAL

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

24. STATUTORY RESERVES

In accordance with the Czech Commercial Code, joint stock companies are required to establish a reserve fund for possible future losses and other events. Contributions must be a minimum of 20 % of the profit for the period in the first year in which profits are generated and 5 % of profit each year thereafter until the fund reaches at least 20 % of the issued capital. The balance of Statutory reserve fund amounted as at 31 December 2009 to CZK 1,612,772 thousand (31 December 2008 – CZK 1,391,365 thousand).

25. RETAINED EARNINGS AND DIVIDENDS

The Ordinary General Meeting of UNIPETROL, a.s. held on 24 June 2009 decided on distribution of the profit for 2008 amounting to CZK 4,428,147 thousands. In accordance with Article 26 (1) of the Company's Articles of Association CZK 221,407 thousands was allocated to the reserve fund and CZK 4,206,740 thousands to retained earnings.

The decision regarding appropriation of 2009 profit will be made on the annual general meeting of shareholders, which will be held in May / June 2010.

(in thousands of CZK)

26. NON-CURRENT LOANS AND BORROWINGS

Non-current interest-bearing borrowings as at 31 December 2009 were as follows:

Creditor	Currency	Balance at 31/12/2009	Fair value at 31/12/2009	Balance at 31/12/2008	Fair value at 31/12/2008	Effective interest rate	Form of collateral
Long-term bonds	CZK	2,000,000	2,634,838	2,000,000	2,776,760	9.82%	Unsecured
Total		**2,000,000**					

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

The aggregate carrying amount of the bonds is CZK 2,136,614 thousand (CZK 2,170,593 thousand at 31 December 2008). 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 2,634,838 thousand. Accrued interest, which will be repaid before 31 December 2010, is presented within current loans and borrowings in note 28 amounts to CZK 136,614 thousand (CZK 170,593 thousand at 31 December 2008).

27. TRADE AND OTHER PAYABLES AND ACCRUALS

	31/12/2009	31/12/2008
Trade payables	97,569	76,437
Other payables	62,368	52,396
Social security and other taxes	34,422	65,893
Total accounts payable	**194,359**	**194,726**

The average credit period for trade payables is 30 days.

Denominated in	31/12/2009	31/12/2008
CZK	188,745	191,610
EUR	3,889	1,189
USD	184	194
Other currencies	1,541	1,733
Total accounts payable	**194,359**	**194,726**

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

(in thousands of CZK)

28. CURRENT LOANS AND BORROWINGS

Current loans and borrowings as at 31 December 2009 were as follows:

	31/12/2009	31/12/2008
Bank loans	18,141	1,725,404
Current loans from subsidiaries	294,017	252,657
Current portion of non-current loans and borrowings	136,614	170,593
Total current loans and borrowings	**448,772**	**2,148,654**

As at 31 December 2009 the Company had bank loans amounting to CZK 18,141 thousand. The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount.

Currency analyses of bank loans (in CZK thousands)

	CZK	EUR	USD	Total
Balance at beginning of the period	**1,721,399**	**2,090**	**1,915**	**1,725,404**
Loans taken	6,820,880	25,136	12,005	6,858,021
Accrued interest	1,126	4	--	1,130
Repayments	(8,536,731)	(25,442)	(4,241)	(8,566,414)
Balance at end of the period	**6,674**	**1,788**	**9,679**	**18,141**

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

Banks: CITIBANK a.s., ING Bank N.V., organizační složka and Česká spořitelna, a.s., Commerzbank AG, HSBC Bank Plc, Calyon Bank Czech republic, a.s., ABN AMRO N.V.

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

Cash on bank accounts with the above mentioned banks is pooled between the Company and subsidiaries listed above. The agreements enable the Company and the subsidiaries to take bank overdrafts at the total amount within the range from CZK 1,000,000 thousand to CZK 1,500,000 thousand at each bank. Interest income / expense is calculated from pooled balances and subsequently divided between the participants. The liabilities from cash-pooling bank loans amounted CZK 18,141 thousand and cash-pooling liabilities to subsidiaries in amount of CZK 294,017 thousand as at 31 December 2009 (as at 31 December 2008 CZK 1,725,404 thousand and CZK 252,657 thousand).

(in thousands of CZK)

29. OPERATING LEASES

The Company as a lessee

Operating lease arrangements

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

Non-cancellable operating lease commitments

	Minimum lease payments	
	31/12/2009	31/12/2008
Not later than one year	4,776	17,237
Later than one year and not later than five years inclusive	19,104	73,924
Later than five years	19,104	92,334
Total	**42,984**	**183,495**

Payments recognised as an expense were as follows:

	31/12/2009	31/12/2008
Non-cancellable operating lease	4,477	16,724
Cancellable operating lease	648	486
Total	**5,125**	**17,210**

30. COMMITMENTS AND CONTINGENCIES

Contingent liabilities and commitments related to the sale of shares in KAUČUK, a.s. (currently SYNTHOS Kralupy a.s.)

On 30 January 2007, UNIPETROL, a.s., as seller, and FIRMA CHEMICZNA DWORY S.A., with its registered office at ul. Chemików 1, 32-600 Oświęcim, Poland, KRS No.: 38981 ("Dwory"), as purchaser, executed the Share Purchase Agreement (the "Share Purchase Agreement") on sale of 100% shares of KAUČUK, a.s., with its registered office at Kralupy nad Vltavou, O. Wichterleho 810, District Mělník, Postal Code: 278 52, Czech Republic, Id. No: 25053272).

Determination of Liability for Impacts of Operation of SYNTHOS Kralupy a.s. on Environment

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

The Company's management, based on the available information and current knowledge of the situation, does not expect any additional expense / payment related to described issue.

30. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

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

On 10 July 2007 the Company and SYNTHOS Kralupy a.s. executed the agreement pursuant to which UNIPETROL, a.s. undertook to create in favor of SYNTHOS Kralupy a.s. the pre-emptive right and other rights to certain plots of land owned by the Company in industrial area in Kralupy nad Vltavou which are used by SYNTHOS Kralupy 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 SYNTHOS Kralupy 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 SYNTHOS Kralupy 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.

The Company's management, based on the available information and current knowledge of the situation, does not expect any additional expense / payment related to described issue.

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.

The Company's management, based on the available information and current knowledge of the situation, does not expect any additional expense / payment related to described issue.

(in thousands of CZK)

30. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

Claims related to fines imposed by the European Commission

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

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

The claim for damages was filed with the High Court of Justice, Queen's Bench Division, Commercial Court in the United Kingdom. The claimants ask for damages, together with interest, to compensate for their loss suffered as a result of an alleged cartel. The amount claimed is to be assessed. The Company challenged the jurisdiction of the UK courts to deal with the claim. The Company's challenge is pending.

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

31. RELATED PARTIES

Ultimate controlling party

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

	31/12/2009			
	PKN Orlen	**Parties under control of the Company**	**Entities under control or significant influence of PKN Orlen**	**Other related parties**
Current receivables	4	8,424,262	250,213	--
Current payables including loans	2,148	308,564	--	--
Non-current receivables	--	2,963,304	--	--
Expenses	13,682	111,901	18	--
Revenues	10	220,164	90	--
Purchases of fixed assets	4,308	446	--	--
Sales of property, plant and equipment	--	8,086	--	--
Dividends income	--	150,562	--	1,000
Financial income and expense	--	509,137	7,703	--

(in thousands of CZK)

31. RELATED PARTIES (CONTINUED)

	31/12/2008			
	PKN Orlen	**Parties under control of the Company**	**Entities under control or significant influence of PKN Orlen**	**Other related parties**
Current receivables	182	10,094,601	300,047	--
Current payables including loans	1,228	262,530	7	--
Non-current receivables	--	3,090,779	--	--
Expenses	3,660	121,821	65	--
Revenues	383	371,177	160	
Purchases of financial assets	47,403	--	--	--
Purchases of property, plant and equipment	--	1,276	--	--
Dividends income	--	3,950,209	--	1,000
Interest income	--	549,728	11,354	--
Other financial income	--	3,029	--	--
Dividends paid	2, 016,098	--	--	--

Information about key management personnel remuneration is presented in Note 8.

32. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that entities in Unipetrol Group will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2007.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in notes 26 and 28, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23, 24 and 25 respectively.

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

	31/12/2009	**31/12/2008**
Debt (i)	2,448,772	4,148,740
Cash and cash equivalents	253,876	19,658
Net debt	**2,194,896**	**4,129,082**
Equity (ii)	24,247,409	23,985,545
Net debt to equity ratio (in %)	**9.05**	**17.21**

(i) Debt is defined as long-term and short-term borrowings, as detailed in note 26 and 28 and finance lease
(ii) Equity includes all capital and reserves of the Company

(in thousands of CZK)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk management

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

	31/12/2009				
	CZK	EUR	USD	Other currencies	Total
Non-current receivables	73,564	--	--	--	73,564
Loans granted	11,471,668	12,311	9,873	--	11,493,852
Trade and other receivables	274,412	811	2	--	275,225
Prepaid expenses	7,898	224	805	240	9,167
Cash and cash equivalents	211,791	36,161	5,924	--	253,876
Non-current loans and borrowings	(2,000,000)	--	--	--	(2,000,000)
Trade and other payables and accruals	(188,745)	(3,889)	(184)	(1,541)	(194,359)
Current loans and borrowings	(6,674)	(1,788)	(9,679)	--	(18,141)
Current loans from subsidiaries	(294,017)	--	--	--	(294,017)
Current portion of non-current loans and borrowings	(136,614)	--	--	--	(136,614)
Net exposure	**9,413,283**	**43,830**	**6,741**	**(1,301)**	**9,462,553**

	31/12/2008				
	CZK	EUR	USD	Other currencies	Total
Non-current receivables	84,556	--	--	--	84,556
Loans granted	12,899,203	94,221	4,492	--	12,997,916
Trade and other receivables	534,033	15,726	679	1,725	552,163
Prepaid expenses	3,735	698	831	526	5,790
Cash and cash equivalents	7,178	10,085	2,395	--	19,658
Non-current loans and borrowings	(2,000,000)	--	--	--	(2,000,000)
Trade and other payables and accruals	(191,610)	(1,189)	(194)	(1,733)	(194,726)
Current loans and borrowings	(1,721,399)	(2,090)	(1,915)	--	(1,725,404)
Current loans from subsidiaries	(252,657)	--	--	--	(252,657)
Current portion of non-current loans and borrowings	(170,593)	--	--	--	(170,593)
Net exposure	**9,192,446**	**117,451**	**6,288**	**518**	**9,316,703**

(in thousands of CZK)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign Currency sensitivity analysis

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

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

(data in CZK thousand)		CZK / USD Impact		CZK / EUR Impact
	31/12/2009	**31/12/2008**	**31/12/2009**	**31/12/2008**
Profit/Equity	674	545	4,383	11,667

Interest rate risk management

The Company has adopted a Debt Policy, which covers transferring of external financial sources to subsidiaries. These external financial sources are transferred with similar conditions and interest rates including a mark up (see notes 16, 19, 26 and 28). There are no loans and borrowings used for Company's own purposes.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's:

- profit for the year ended 31 December 2009 would decrease/increase by CZK 42,849 thousand (2008: decrease/increase by CZK 41,788 thousand). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

The Company's sensitivity to interest rates has decreased during the current period mainly due to repayments of loans. For further information see Note 28.

(in thousands of CZK)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk profile
The interest rate profile of the Group's interest bearing financial instrument at the reporting date was as follows:

	31/12/2009	31/12/2008
Fixed rate instruments		
Financial assets	2,611,832	2,662,167
Financial liabilities	2,330,973	2,367,793
Variable rate instruments		
Financial assets	8,882,020	10,335,749
Financial liabilities	312,158	1,978,061

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 16 and 28) and receivables (notes 17 and 18) 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 16 and 19. 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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	Carrying amount	
		31/12/2009	31/12/2008
Available for sale financial assets	15	1,093	1,093
Loans and receivables	16,17,18,19,20	11,842,641	13,634,635
Cash and cash equivalents	22	253,876	19,658
Total		12,097,610	13,655,386

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was as follows:

	31/12/2009		31/12/2008	
	Secured	Unsecured	Secured	Unsecured
Czech Republic	456,694	11,385,883	506,511	13,127,425
European Union	--	64	--	699
Total	**456,694**	**11,385,947**	**506,511**	**13,128,124**

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.

(in thousands of CZK)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Aging of loans and receivables at the reporting date was:

	31/12/2009		31/12/2008	
	Gross	**Impairment**	**Gross**	**Impairment**
Not past due	11,842,626	--	13,634,402	--
Past due 0-30 days	15	--	--	--
Past due 30-180 days	--	--	193	--
More than 180 days	131,520	131,520	131,625	131,585
Total	**11,974,161**	**131,520**	**13,766,220**	**131,585**

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31/12/2009		31/12/2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Available-for-sale financial assets	1,093	1,093	1,093	1,093
Total	**1,093**	**1,093**	**1,093**	**1,093**
Assets carried at amortized cost				
Loans and receivables	11,842,641	12,329,548	13,634,635	14,227,298
Cash and cash equivalents	253,876	253,876	19,658	19,658
Total	**12,096,517**	**12,583,424**	**13,654,293**	**14,246,956**
Liabilities carried at amortised cost				
Unsecured bonds issued	2,000,000	2,634,838	2,000,000	2,776,760
Finance lease liabilities	--	--	86	86
Trade and other payables and accruals	194,359	194,359	194,726	194,726
Loans and borrowings	448,772	448,772	2,148,654	2,148,654
Total	**2,643,131**	**3,277,969**	**4,343,466**	**5,120,226**

Liquidity risk management

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

Liquidity risk tables

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

(in thousands of CZK)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Expected maturity of non-derivative financial assets

	Total	Less then 3 months	3-12 months	More then 1 year
31/12/2009				
Non-current assets				
Loans to subsidiaries	2,963,304	--	--	2,963,304
Receivables from subsidiaries	73,564	--	--	73,564
Current assets				
Trade and other receivables	275,225	275,225	--	--
Loans to subsidiaries	8,280,334	8,129,956	150,378	--
Loans to other entities	250,214	250,214	--	--
Cash and cash equivalents	253,876	253,876	--	--
Total	**12,096,517**	**8,909,271**	**150,378**	**3,036,868**
31/12/2008				
Non-current assets				
Loans to subsidiaries	3,006,223	--	--	3,006,223
Receivables from subsidiaries	84,556	--	--	84,556
Current assets				
Trade and other receivables	552,163	552,163	--	--
Loans to subsidiaries	9,691,662	9,518,595	173,067	--
Loans to other entities	300,031	300,031	--	--
Cash and cash equivalents	19,658	19,658	--	--
Total	**13,654,293**	**10,390,447**	**173,067**	**3,090,779**

Contractual maturity of non-derivative financial liabilities

	Total	Less then 3 months	3-12 months	More then 1 year
31/12/2009				
Non-current liabilities				
Loans and borrowings	2,000,000	--	--	2,000,000
Current liabilities				
Trade and other payables and accruals	194,359	194,359	--	--
Loans and borrowings	448,772	312,158	136,614	--
Total	**2,643,131**	**506,517**	**136,614**	**2,000,000**
31/12/2008				
Non-current liabilities				
Loans and borrowings	2,000,000	--	--	2,000,000
Finance lease liability	86	--	--	86
Current liabilities				
Trade and other payables and accruals	194,726	194,726	--	--
Loans and borrowings	2,148,654	1,978,061	170,593	--
Total	**4,343,466**	**2,172,787**	**170,593**	**2,000,086**

(in thousands of CZK)

33. PAST ENVIRONMENTAL LIABILITIES

The Company is the recipient of funds provided by the Ministry of Finance (previously the National Property Fund) of the Czech Republic for settling environmental liabilities relating to the historic environmental damage.

An overview of funds provided for the environmental contracts:

In CZK thousand	Total amount of funds to be provided	Used funds as at 31/12/2009	Unused funds as at 31/12/2009
UNIPETROL, a.s./ premises of UNIPETROL RPA, s.r.o.	6,012,000	2,161,480	3,850,520
UNIPETROL, a.s./ premises of SYNTHOS, a.s.	4,244,000	11,922	4,232,078
TOTAL	**10,256,000**	**2,173,402**	**8,082,598**

In CZK thousand	Total amount of funds to be provided	Used funds as at 31/12/2008	Unused funds as at 31/12/2008
UNIPETROL, a.s./ premises of UNIPETROL RPA, s.r.o.	6,012,000	1,992,000	4,020,000
UNIPETROL, a.s./ premises of SYNTHOS, a.s.	4,244,000	11,000	4,233,000
TOTAL	**10,256,000**	**2,003,000**	**8,253,000**

(in thousands of CZK)

34. SIGNIFICANT POST BALANCE SHEET EVENTS

On 24 March 2010 UNIPETROL, a.s. and UNIPETROL RPA, s.r.o. as the sellers entered into an agreement for the sale and purchase of 50 % of shares in CELIO a.s. with TICATANOR s.r.o., a special purpose vehicle established by two top managers of CELIO a.s., as the buyer. Currently 10.53 % of the shares in CELIO a.s. are owned by UNIPETROL, a.s., 40.53 % of the shares are owned by UNIPETROL RPA, s.r.o. and 48.94% of the shares are owned by B.E. Fin S.A. Under the agreement 10.53 % of the shares is to be sold by UNIPETROL, a.s. and 39.47 % by UNIPETROL RPA, s.r.o. The remaining 1.06 % of the shares currently owned by UNIPETROL RPA, s.r.o. shall be sold to B.E. Fin S.A. The closing of the transaction is subject to the approval of the general meeting of CELIO a.s. If the general meeting approves both transfers, closing shall take place in April 2010, when the selling prices will be publicly announced.

The Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2009.

Signature of statutory representatives	26 March 2010
Piotr Chelminski	Wojciech Ostrowski
Chairman of the Board of Directors	Vice-chairman of the Board of Directors