

UNIPETROL, a.s.

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

AS OF 31 DECEMBER 2009 AND 2008

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

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UNIPETROL, a.s.

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

	Note	31 December 2009 (unaudited)	31 December 2008 (audited)
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	14,279,110	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		17,859,914	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		4,774	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		9,065,516	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	24	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
Deferred 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 38.

UNIPETROL, a.s.

Non-consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the periods ended 31 December 2009 and 31 December 2008
(in thousands of Czech crowns)

	Note	31 December 2009 (unaudited)	31 December 2008 (audited)
Revenue	4	243,681	397,665
Cost of sales		<u>(107,316)</u>	<u>(200,769)</u>
Gross profit		136,365	196,896
Other income		60,550	1,666
Administrative expenses		(267,103)	(313,636)
Other expenses		<u>(3,742)</u>	<u>(28,636)</u>
Operating profit (loss) before finance income	6	(73,930)	(143,710)
Finance income		700,918	4,925,571
Finance expenses		<u>(313,461)</u>	<u>(330,565)</u>
Net finance income	7	387,457	4,595,006
Profit before tax		313,527	4,451,296
Income tax expense	9	(51,663)	(23,149)
Profit/(loss) for the period		261,864	4,428,147
Other comprehensive income:			
Other transactions		--	(3,232)
Gains on property revaluation		--	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 38.

UNIPETROL, a.s.

Non-consolidated statement of changes in equity
prepared in accordance with International Financial Reporting Standards
For the periods ended 31 December 2009 and 31 December 2008
(in thousands of Czech crowns)

	Share capital	Statutory reserves	Fair value reserve	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 or loss for the period	--	--	--	--	4,428,147	4,428,147
Other comprehensive income	--	--	213	--	--	213
Gains on property revaluation	--	--	--	--	(3,232)	(3,232)
Other items	--	--	213	--	(3,232)	(3,019)
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:						
Dividends 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 or loss for the period	--	--	--	--	261,864	261,864
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	--	261,864	261,864
Allocation of profit to reserves	--	221,407	--	--	(221,407)	--
Total transactions with owners	--	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 38.

UNIPETROL, a.s.

Non-consolidated statement of cash flows
 prepared in accordance with International Financial Reporting Standards
 For the periods ended 31 December 2009 and 31 December 2008
 (in thousands of Czech crowns)

	Note	31 December 2009 (unaudited)	31 December 2008 (audited)
Cash flows from operating activities:			
Profit/(loss) 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	42,803
Loss (Gain) on disposals of property, plant and equipment		6,256	(214)
Profit on disposals of financial investments		--	(330,964)
Net finance costs		(239,883)	(311,341)
Dividends income		(151,562)	(3,951,209)
(Reversal of) impairment losses on financial investments, property, plant and equipment, inventory and receivables		(536)	(68)
Foreign exchange losses / (gains)		(2,628)	(26,354)
Income tax expense		51,663	23,149
Operating profit before changes in working capital		(66,812)	(119,111)
Change in trade and other receivables, prepayments and other current assets		291,651	(47,714)
Change in trade and other accounts payable and accruals		(48,532)	(56,204)
Interest paid		(343,531)	(349,339)
Net cash used in operating activities		(167,224)	(572,368)
Cash flows from investing activities:			
Increase of capital of subsidiary		--	--
Acquisition of property, plant and equipment and intangible assets		(12,388)	(13,706)
Acquisition of investment property		(4,214)	(1,869)
Acquisition of financial investments		(113,839)	(47,403)
Proceed from disposal of property, plant and equipment and intangible assets		9,961	1,854
Proceed from disposal of financial investments		--	1,183,000
Interest received		586,504	657,335
Change in loans provided to subsidiaries		1,410,933	(5,614,262)
Change in loans provided to other companies		49,817	(300,031)
Dividends received		151,562	3,951,209
Net cash from investing activities		2,078,336	(183,873)
Cash flows from financing activities:			
Change in 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 beginning of the year		19,658	2,272,023
Effect of exchange rate fluctuations on cash held			
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 38.

UNIPETROL, a.s.

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

Year ended 31 December 2009
(in thousands of CZK)

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Year ended 31 December 2009
(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 %

UNIPETROL, a.s.

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

Year ended 31 December 2009
(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 Chelmiński
	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 Kearney
	Member	Zdeněk Černý
	Member	Krystian Pater
	Member	Rafał Sekuła
	Member	Andrzej Jerzy Kozłowski
	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 date 18 March 2009	30 April 2009
Member	Ivan Ottis	Elected for a new Term of office as a member	24 June 2009
Member	Martin Durčák	Elected for a new Term of office as a member	30 October 2009
Member	Piotr Chelmiński	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 Chelmiński	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	Elected for anew Term of office 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

UNIPETROL, a.s.

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

Year ended 31 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%

UNIPETROL, a.s.

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

Year ended 31 December 2009
(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.

UNIPETROL, a.s.

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

Year ended 31 December 2009
(in thousands of CZK)

3. SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and accounting policies

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

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

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning 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.

UNIPETROL, a.s.

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

Year ended 31 December 2009
(in thousands of CZK)

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.

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

UNIPETROL, a.s.

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

Year ended 31 December 2009
(in thousands of CZK)

4. REVENUE

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

	31/12/2009	31/12/2008
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.

UNIPETROL, a.s.

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

Year ended 31 December 2009
(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.

31/12/2009	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	(1,505)	(2,972)	--	(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	(7,609)	(18,948)	--	(26,557)
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)
Income from receivable to UNIPETROL TRADE a.s.	--	--	54,75	54,075
Other income	--	--	5,939	5,939
Total operating expense	(107,316)	(267,103)	56,808	(317,611)
Revenue				243,681
Operating loss before financing income				(73,930)

UNIPETROL, a.s.

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

Year ended 31 December 2009
(in thousands of CZK)

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

31/12/2008	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)	(14,770)	--	(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)	(17,463)	--	(33,276)
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
Operating loss before financing income				(143,710)

UNIPETROL, a.s.

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

Year ended 31 December 2009
(in thousands of CZK)

7. FINANCE INCOME AND FINANCE EXPENSES

	31/12/2009	31/12/2008
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
Other finance income	6,166	9,353
Total finance income	700,918	4,925,571
Finance expenses		
Interest expense:		
- bank overdrafts, loans and borrowings	(303,299)	(322,689)
- finance leases	(8)	(14)
Borrowing costs recognized in the income statement	(303,307)	(322,703)
Net foreign exchange losses	(1,771)	(923)
Other finance expenses	(8,383)	(6,939)
Total finance expenses	(313,461)	(330,565)
Net finance income	387,457	4,595,006

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

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8. PERSONNEL EXPENSES

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

31/12/2009	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	20,94	20	61,084	11,625	517	650
Management	4,53	5	41,085	3,585	76	212
Total	25,47	25	102,170	15,211	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 amounted to CZK 587 thousand in 2009 and CZK 642 thousand in 2008.

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

31/12/2008	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

9. INCOME TAX EXPENSE

	31/12/2009	31/12/2008
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 %.

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10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	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

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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.

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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 1	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 7	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	3,876,692	51.225	--	3,876,692	150,082
Butadien Kralupy, a. s.	Kralupy	85,694	51.00	--	85,694	--
Total		16,559,040	--	2,279,930	14,279,110	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.

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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 1	350,000	100.00	350,000	--	--
BENZINA s. r.o.	Praha 7	4,181,070	100.00	1,922,070	2,259,000	--
UNIPETROL SERVICES, s.r.o.	Litvínov	100,280	100.00	--	100,280	--
UNIPETROL RAFINÉRIE, s.r.o.	Praha	408	100.00	--	408	--
PARAMO, a.s.	Pardubice	435,943	91,76	--	435,943	--
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., intends to squeeze out the other shares of PARAMO, a.s. within the meaning of Sections 183i et seq. of the Commercial Code and become the sole shareholder of PARAMO, a.s., under condition that UNIPETROL, a.s. will provide 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.

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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 become the sole shareholder of Paramo.

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

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 8	780.8	0.625	780.8	230
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	954	1	954	45
Total		4,151		4,151	480

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

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 8	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

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15. ASSETS HELD FOR SALE

As at 31 December 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 (2008: CZK 1,093 thousand).

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

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 loan 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).

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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.

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 goods 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 impairment loss amount

	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. 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

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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. 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:

	31/12/2009
Balance as at 1 January 2009	6,897,109
Loans granted	15,155,144
Repayment	(15,536,442)
Reclassification from non-current loans to subsidiaries	362,325
Balance 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. 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.

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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.

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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. 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 non-consolidated profit for 2008 amounting to CZK 4,428,147,324.84. In accordance with Article 26 (1) of the Company's Articles of Association CZK 221,407,366.24 was allocated to the contingency fund and CZK 4,206,739,958.60. to account of unallocated profit from previous years.

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

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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 purchases 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 that opinion that the carrying amount of trade payables approximates their fair values.

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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 loans in banks 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 maximum amount in a 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 (2008 – CZK 1,725,404 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 252,657 thousand).

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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	4,774	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	42,982	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.

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

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

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

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

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30. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

Apart from the foregoing, the sale of shares of KAUCUK, 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 KAUCUK, a.s. to ČESKÁ RAFINÉRSKÁ, a.s.; and
- continuation of all important agreements with the companies of Unipetrol Group and further operation of the energy unit.

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

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

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

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

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

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

Claims related to fines imposed by the European Commission

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

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

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30. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

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%).

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

	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	207,527	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	--

	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 fixed assets	--	1,276	--	--
Dividends income	--	3,950,209	--	1,000
Dividends paid	2,016,098	--	--	--
Financial income and expense	--	549,728	11,354	--

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

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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

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				Total
	CZK	EUR	USD	Other currencies	
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	3,505	224	805	240	4,774
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	9,408,890	43,830	6,741	(1,301)	9,458,160

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32. FINANCIAL INSTRUMENTS (CONTINUED)

	31/12/2008				Total
	CZK	EUR	USD	Other currencies	
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	3,765	700	808	517	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	9,192,476	117,453	6,265	509	9,316,703

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 or from companies in the Group 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.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

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 30,261 thousand (2008: decrease/increase by CZK 8,748 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.

Interest rate risk profile

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

	31/12/2009	31/12/2008
Fixed rate instruments		
Financial assets	2,607,439	2,662,167
Financial liabilities	2,194,359	2,194,726
Variable rate instruments		
Financial assets	9,493,852	10,997,916
Financial liabilities	448,772	2,148,654

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.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

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	
		2009	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	11,343,157	506,511	13,127,425
European Union	--	64	--	699
Total	456,694	11,343,221	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.

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

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32. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Expected maturity of non-derivative financial assets

	Total	Less than 3 months	3-12 months	More than 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	8,141,116	139,218	--
Loans to other entities	250,214	250,214	--	--
Cash and cash equivalents	253,876	253,876	--	--
Total	12,096,517	8,920,431	139,218	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 than 3 months	3-12 months	More than 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

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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

Signature of statutory representatives

24 February 2010

Piotr Chelminski

Wojciech Ostrowski

Chairman of the Board of Directors

Vice-chairman of the Board of Directors