UNIPETROL, a.s.

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

AS OF 30 SEPTEMBER 2009 AND 2008

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

TABLE OF CONTENTS

UNIPETROL, a.s.

Consolidated statement of financial position
prepared in accordance with International Financial Reporting Standards
As at 30 September 2009 and 31 December 2008
(in thousands of Czech crowns)

	Note	30 September 2009 unaudited	31 December 2008 audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	36,081,523	36,667,494
Investment property	10	160,700	160,057
Intangible assets	11	1,613,663	1,567,691
Goodwill	12	51,595	51,595
Other investments		201,239	203,640
Non-current receivables	13	134,632	145,111
Derivative financial instruments	14	86,235	76,991
Deferred tax asset	15	18,581	17,399
Total non-current assets		**38,348,167**	**38,889,978**
Current assets			
Inventories	16	8,280,847	7,211,638
Trade receivables	17	11,155,165	10,188,530
Prepayments and other current assets	18	207,414	435,464
Loans granted	19	250,000	300,031
Derivative financial instruments	14	111,954	72,172
Income tax receivable		64,221	567,722
Cash and cash equivalents	20	1,207,956	952,207
Assets classified as held for sale	21	78,333	78,333
Total current assets		**21,355,891**	**19,806,097**
Total assets		**59,704,058**	**58,696,075**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	18,133,476	18,133,476
Statutory reserves		2,397,256	2,173,616
Other reserves		20,773	35,864
Retained earnings	23	17,562,398	18,359,613
Total equity attributable to equity holders of the Company		**38,113,903**	**38,702,569**
Minority interests		--	210,271
Total equity		**38,113,903**	**38,912,840**
Non-current liabilities			
Loans and borrowings		2,122,388	2,084,000
Deferred tax liability	15	1,824,057	2,131,330
Provisions	25	373,431	357,756
Finance lease liability	26	22,400	36,356
Other non-current liabilities	27	204,848	220,089
Total non-current liabilities		**4,547,126**	**4,829,531**
Current liabilities			
Trade and other payables and accruals	28	14,946,992	12,614,119
Current portion of loans and borrowings		326,447	243,176
Short-term bank loans	29	1,405,322	1,749,553
Current portion of finance lease liabilities	26	85,252	92,596
Derivative financial instruments	14	16,068	--
Provisions	25	198,821	205,905
Income tax payable		64,126	48,355
Total current liabilities		**17,043,029**	**14,953,704**
Total liabilities		**21,590,154**	**19,783,235**
Total equity and liabilities		**59,704,058**	**58,696,075**

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 34.

UNIPETROL, a.s.

Consolidated statement of comprehensive income
prepared in accordance with International Financial Reporting Standards
For the 9 month period ended 30 Sepetember 2009 and 30 Sepetember 2008
(in thousands of Czech crowns)

	Note	30 Sepetember 2009 unaudited	30 Sepetember 2008 unaudited
Revenue	3	49,039,785	79,128,530
Cost of sales		(47,059,523)	(74,081,651)
Gross profit		**1,980,262**	**5,046,879**
Other income		368,367	788,600
Distribution expenses		(1,470,819)	(1,789,101)
Administrative expenses		(1,044,143)	(1,230,539)
Other expenses		(227,564)	(552,509)
Operating profit before finance costs	6	**(393,896)**	**2,263,330**
Finance income		73,612	177,223
Finance expenses		(455,156)	(828,117)
Net finance costs	7	**(381,544)**	**(650,894)**
Profit before tax		**(775,440)**	**1,612,436**
Income tax expense	8	191,781	(353,140)
Profit for the period		**(583,659)**	**1,259,296**
Other comprehensive income:			
Exchange differences on translating foreign operations		(15,091)	1,048
Other transactions		5,105	(22,776)
Other comprehensive income for the year, net of tax		(9,986)	(21,728)
Total comprehensive income for the period		**(593,645)**	**1,237,567**
Profit attributable to:			
Owners of the parent		(578,680)	1,265,019
Non-controlling interests		(4,979)	(5,723)
		(583,659)	**1,259,296**
Total comprehensive income attributable to:			
Owners of the parent		**(588,666)**	**1,243,291**
Non-controlling interests		(4,979)	(5,723)
		(593,645)	**1,237,567**
Basic and diluted earnings per share (in CZK)		**(3,22)**	**6,94**

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 34.

UNIPETROL, a.s.

Consolidated statement of changes in equity
prepared in accordance with International Financial Reporting Standards
For the 9 month period ended 30 September 2009 and 30 September 2008
(in thousands of Czech crowns)

	Share capital	Statutory reserves	Other reserves	Retained earnings	Equity attributable to equity holders of the Company	Minority interest	Total equity
Balance as at 1 January 2008	**18,133,476**	**2,042,971**	**16,875**	**21,648,819**	**41,842,141**	**295,928**	**42,138,069**
Total comprehensive income for the period	--	(3,484)	1,192	1,245,583	1,243,291	(5,723)	1,237,567
Dividends	--	--	--	(3,200,559)	(3,200,559)	--	(3,200,559)
Allocation of profit to reserves	--	134,129	--	(134,129)	--	--	--
Aquisition of 3,75 % shares of Paramo	--	--	--	--	--	(86,822)	(86,822)
Balance as at 30 September 2008	**18,133,476**	**2,173,616**	**18,067**	**19,559,714**	**39,884,873**	**203,383**	**40,088,255**
Balance as at 1 January 2009	**18,133,476**	**2,173,616**	**35,864**	**18,359,613**	**38,702,569**	**210,271**	**38,912,840**
Total comprehensive income for the period	--	(7,454)	(15,091)	(566,121)	(588,666)	(4,979)	(593,645)
Allocation of profit to reserves	--	231,094	--	(231,094)	--	--	--
Aquisition of 8,24 % shares of PARAMO a.s.	--	--	--	--	--	(205,292)	(205,292)
Balance as at 30 September 2009	**18,133,476**	**2,397,256**	**20,773**	**17,562,398**	**38,113,903**	**--**	**38,113,903**

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 34.

UNIPETROL, a.s.

Consolidated statements of cash flows
prepared in accordance with International Financial Reporting Standards
For the 9 month period ended 30 September 2009 and 30 September 2008
(in thousands of Czech crowns)

	30 September 2009	30 September 2008
	unaudited	unaudited
Cash flows from operating activities:		
Profit for the period	(583,659)	1,259,296
Adjustments for:		
Depreciation and amortisation of the property, plant and equipment and intangible assets	2,552,431	2,567,738
Gain on disposals of property, plant and equipment and intangible assets	(82,610)	(165,581)
Negative goodwill derecognition	(86,640)	--
Interest expense	211,240	136,391
Dividends income	(10,183)	--
(Reversal of) impairment losses on financial investments, property, inventory, receivables	(18,131)	(65 858)
Other non cash transaction	19,925	--
Income tax expense (gain)	(191,781)	353,140
Foreign exchange gains	(119,862)	74,928
Operating profit before working capital changes	**1,690,731**	**4,160,054**
Change in trade and other receivables, prepayments and other current assets	(1,919,289)	(4,219,539)
Change in trade and other accounts payable and accruals	2,932,487	1,220,458
Change in provisions	9,166	(65,858)
Interest paid	(74,031)	(63,809)
Income tax returned (paid)	403,771	(451,787)
Net cash provided by operating activities	**3,042,835**	**579,519**
Cash flows from investing activities:		
Acquisition of property, plant and equipment and intangible assets	(2,377,029)	(2,782,909)
Acquisition of additional shareholding in subsidiary	(112,403)	(50,147)
Change of loans provided	50,031	(300,000)
Proceed from disposals of property, plant and equipment and intangible assets	102,585	138,720
Proceed from disposals Aliachem and Agrobohemie	--	1,183,000
Dividends received	10,183	19,832
Net cash used in investing activities	**(2,326,633)**	**(1,791,505)**
Cash flows from financing activities:		
Change in loans and borrowings	(444,779)	2,266,314
Dividends paid	(15,674)	(3,118,605)
Net cash provided by financing activities	**(460,453)**	**(852,291)**
Net change in cash and cash equivalents	**255,749**	**(2,064,277)**
Cash and cash equivalents at the beginning of the year	**952,207**	**3,106,496**
Cash and cash equivalents at the end of the year in the balance sheet	**1,207,956**	**1,042,219**

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 5 to 34.

Index

(in thousands of CZK)

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

Establishment of the parent company

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

Registered office of the Company

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

Principal activities

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

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

Ownership structure

The shareholders as at 30 September 2009 are as follows:

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

The consolidated financial statements of the Group as at and for the year ended 31 December 2008 are available upon request from the Company's registered office or at website address.

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

The condensed consolidated interim financial statements comprise the same subsidiaries and joint ventures as those comprised by the Group in its consolidated financial statements at and for the year ended 31 December 2008 except for the changes described below.

Purchase of shares of PARAMO, a.s.

As described in the consolidated financial statements of the Group as at 31 December 2008 Unipetrol intended to squeeze out the other shares of Paramo within the meaning of Sections 183i et seq. of the Commercial Code and performed all required by law steps to become sole shareholder of Paramo.

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 registered 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.

2. SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and accounting policies

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

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

As compared with consolidated financial statements as at and for the year ended 31 December 2008 the Group has changed allocation of companies to respective segments. Companies dealing with transportation services were assigned to Refinery and Retail segments starting from 1 January 2009. Company representing primary logistic is presented under Refinery Segment and company representing secondary logistics under Retail. The comparative data has been adjusted (Note 4). Segment disclosures are in line with requirements of IFRS 8 *Operating Segments.*

In the consolidated financial statements as at and for the period ended 30 June 2009 the Group has adopted changes resulting from revision of IAS 1 *Presentation of Financial Statements* and applied IAS 23 *Borrowing Costs* to qualifying assets from which capitalisation of borrowing costs commences on or after 1 January 2009 in relation to all borrowings.

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

- Revised IFRS 3 *Business Combinations* (effective for annual periods beginning on or after 1 July 2009). As the revised Standard should not be applied to business combinations prior to the date of adoption, it is expected to have no impact on the financial statements with respect to business combinations that occur before the date of its adoption.

- 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 - for annual periods beginning on or after 1 July 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Acceptance of IFRIC 17 and IFRIC 18 by the European Union is pending.

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

B Basis of preparation

The consolidated financial statements of the Company for the period ended 30 September 2009 comprise the Company and its subsidiaries (together referred as the “Group”) and the Group’s interest in jointly controlled entities.

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

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

The preparation of financial statements in conformity with IFRS 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 consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

(in thousands of CZK)

3. REVENUE

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

	30/09/2009	30/09/2008
Gross revenue from sale of own products and merchandise		
Total gross proceeds	63,395,946	92,644,646
Less: Excise tax	(18,248,195)	(17,808,331)
Net revenue from sale of own products and merchandise	**45,147,751**	**74,836,315**
Revenue from services	3,892,034	4,292,215
Total revenue	**49,039,785**	**79,128,530**

4. BUSINESS SEGMENTS

Period ended 30/09/2009	Refinery production	Retail	Petrochemical production	Other	Eliminations	Total
Revenue						
Total external revenues	26,887,237	5,388,612	16,712,466	51,470	--	49,039,785
Intersegment revenues	9,152,649	254,303	1,476,279	465,231	11,348,462	
Total segment revenue	36,039,886	5,642,915	18,188,745	516,701	(11,348,462)	49,039,785
Result from operating activities	**(856,560)**	**484,629**	**(127,694)**	**105,727**	**--**	**(393,896)**
Net finance costs						(381,544)
Loss before tax						**(775,440)**
Income tax expense						191,781
Loss for the period						**(583,659)**

Period ended 30/09/2008	Refinery production	Retail	Petrochemical production	Other	Eliminations	Total
Revenue						
Total external revenues	44,556,605	7,755,980	26,751,040	64,905	--	79,128,530
Intersegment revenues	16,286,796	254,278	3,255,653	158,037	19,954,764	
Total segment revenue	60,843,401	8,010,258	30,006,693	222,942	(19,954,764)	79,128,530
Result from operating activities	**1,200,462**	**409,325**	**748,824**	**(95,281)**	**--**	**2,263,330**
Net finance costs						(650,894)
Profit before tax						**1,612,436**
Income tax expense						(353,140)
Profit for the period						**1,259,296**

(in thousands of CZK)

4. BUSINESS SEGMENTS (CONTINUED)

Balance sheet 30/09/2009	Refinery production	Retail	Petrochemical production	Other	Elimination	Consolidated
Segment assets	26,881,626	6,803,258	25,718,316	3,988,434	(4,477,897)	58,913,737
Unallocated corporate assets						790,321
Total assets						**59,704,058**

Balance sheet 31/12/2008	Refinery production	Retail	Petrochemical production	Other	Elimination	Consolidated
Segment assets	24,508,997	6,853,822	26,328,754	3,816,514	(4,016,238)	57,491,849
Unallocated corporate assets						1,204,226
Total assets						**58,696,075**

Other information 30/09/2009	Refinery production	Retail	Petrochemical production	Other	Consolidated
Depreciation and amortisation	(831,087)	(280,117)	(1,371,832)	(69,395)	**(2,552,431)**

Other information 30/09/2008	Refinery production	Retail	Petrochemical production	Other	Consolidated
Depreciation and amortisation	(856,203)	(267,822)	(1,429,216)	(14,497)	**(2,567,738)**

(in thousands of CZK)

5. GEOGRAPHICAL SEGMENTS

Secondary reporting format – geographical segments

	Revenues		Total assets		Additions to non-current assets	
	30/09/2009	**30/09/2008**	**30/09/2009**	**31/12/2008**	**30/09/2009**	**30/09/2008**
Czech Republic	36,959,914	56,990,625	58,505,440	57,686,787	2,173,115	2,630,048
Other European Union countries	10,874,057	21,480,310	1,137,474	1,009,288	617	157
Other countries	1,205,814	657,595	61,144	--	65	--
Total	**49,039,785**	**79,128,530**	**59,704,058**	**58,696,075**	**2,173,797**	**3,212,965**

With the exception of the Czech Republic no other individual country accounted for more than 10 % of consolidated revenues or assets. Revenues are based on the country in which the customer is located.

6. ANALYSIS OF EXPENSES ACCORDING TO THEIR NATURE

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

30/09/2009	**Cost of sales**	**Distribution costs**	**Administrative expenses**	**Other operating income / (expenses)**	**Total**
Materials consumed	(37,787,021)	(191,216)	(148,178)	--	(38,126,415)
Energy	(1,386,972)	(980)	(4,925)	--	(1,392,877)
Repairs and maintenance	(805,254)	(16,988)	(8,348)	--	(830,590)
Other services	(3,541,760)	(751,374)	(243,899)	--	(4,537,033)
Personnel expenses	(1,261,548)	(143,879)	(434,059)	--	(1,839,486)
Depreciation					
- owned assets	(1,973,187)	(309,708)	(24,215)	--	(2,307,110)
- leased assets	(67,699)	(22,785)	(67)	--	(90,551)
Amortization					
- software	(16,373)	(903)	(11,774)	--	(29,050)
- other intangible assets	(92,980)	(1,131)	(31,611)	--	(125,722)
Impairment of PPE recognised / released	--	--	--	(18,136)	(18,136)
Inventory write-down released / recognised	123,537	--	--	--	123,537
Impairment to receivables released / recognised	--	--	--	(50,388)	(50,388)
Research expenditures	(10,244)	(6,425)	--	--	(16,669)
Investment property expense	--	--	--	(918)	(918)
Non-cancellable operating lease rentals	(27,043)	--	--	--	(27,043)
Profit / (loss) on disposal of PPE	--	--	--	76,609	76,609
Release / (Addition) to provisions	--	--	--	(36,947)	(36,947)
Insurance	(112,639)	(2,947)	(69,634)	--	(185,220)
Derecognition of negative goodwill	--	--	--	86,640	86,640
Other expenses	(100,339)	(22,483)	(67,433)	(45,661)	(235,919)
Other income	--	--	--	129,604	129,604
Total operating expenses	**(47,059,523)**	**(1,470,819)**	**(1,044,143)**	**140,803**	**(49,433,681)**
Revenue					49,039,785
Operating profit before financing costs					**(393,896)**

(in thousands of CZK)

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

30/09/2008	Cost of sales	Distribution costs	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed	(64,069,814)	(148,427)	(30,710)	--	(64,248,951)
Energy	(1,273,294)	(1,937)	(3,949)	--	(1,279,180)
Repairs and maintenance	(1,134,548)	(27,079)	(7,017)	--	(1,168,644)
Other services	(3,153,462)	(1,137,077)	(631,087)	(4,170)	(4,925,796)
Personnel expenses	(1,274,214)	(155,482)	(352,578)	--	(1,782,274)
Depreciation					
- owned assets	(1,837,190)	(281,448)	(25,010)	--	(2,143,648)
- leased assets	(239,365)	(23,727)	--	--	(263,092)
Amortization					
- software	(19,256)	(2,662)	(6,270)	--	(28,189)
- other intangible assets	(106,252)	(1,528)	(25,030)	--	(132,809)
Impairment of PPE recognised / released	--	--	--	62,237	62,237
Inventory write-down released / recognised	(265,733)	--	--	--	(265,733)
Impairment to receivables released / recognised	108,650	--	--	239,921	348,571
Research expenditures	(7,984)	(6,659)	(3,904)	10,213	(8,334)
Investment property expense	(975)	--	--	--	(975)
Non-cancellable operating lease rentals	(32,236)	--	--	--	(32,236)
Profit / (loss) on disposal of PPE	1,306	--	--	93,421	94,727
Release / (Addition) to provisions	11,649	--	--	73,566	85,215
Insurance	(92,833)	(2,012)	(36,333)	(30,500)	(161,679)
Derecognition of negative goodwill	--	--	--	--	--
Other expenses	(826,004)	(8,574)	(139,921)	(435,512)	(1,410,011)
Other income	129,905	7,510	31,271	226,304	394,990
Total operating expenses	**(74,081,651)**	**(1,789,101)**	**(1,230,539)**	**236,091**	**(76,865,200)**
Revenue					79,128,530
Operating profit before financing costs					**2,263,330**

(in thousands of CZK)

7. FINANCE INCOME AND FINANCE EXPENSES

	30/09/2009	30/09/2008
Finance income		
Interest income:		
- bank deposits	20,974	116,163
- other loans and receivables	29,819	6,338
Dividend income	10,183	13,601
Net foreign exchange gains	--	11,242
Reversal of impairment on held-to-maturity securities	2,200	9,467
Other finance income	10,437	20,413
Total finance income	**73,612**	**177,223**
Finance expenses		
Interest expense:		
- bank overdrafts, loans and borrowings	(234,964)	(231,634)
- finance leases	(1,905)	(6,043)
- other	(1,839)	(20,079)
Total borrowing costs	(238,708)	(257,755)
Less: amounts included in the cost of qualifying assets	6,368	--
Borrowing costs recognized in the income statement	**(232,340)**	**(257,755)**
Net foreign exchange losses	(51,027)	--
Net loss arising on derivatives	(120,972)	(526,137)
Revaluation of investments	--	(3,440)
Other finance expenses	(50,817)	(40,785)
Total finance expenses	**(455,156)**	**(828,117)**
Net finance costs	**(381,544)**	**(650,894)**

8. INCOME TAX EXPENSE

	30/09/2009	30/09/2008
Current tax – Czech Republic	(94,629)	(321,138)
Current tax – other countries	(19,232)	(13,096)
Deferred tax	305,642	(18,906)
Income tax (expense) income	**191,781**	**(353,140)**

(in thousands of CZK)

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other	Assets under development	Total
Cost					
Balance as at 01/01/2008	**23,175,238**	**35,960,963**	**602,483**	**3,259,827**	**62,998,511**
Additions	76,892	223,860	108,323	3,770,019	4,179,094
Disposals	(198,122)	(484,757)	(131,278)	--	(814,157)
Reclassifications	705,346	2,053,497	--	(2,758,843)	--
Other	(3,558)	(50,288)	93,341	(93,693)	(54,198)
Balance as at 31/12/08	**23,755,796**	**37,703,275**	**672,869**	**4,177,310**	**66,309,250**
Additions	23,307	317,196	90,621	1,603,712	2,034,835
Disposals	(3,930)	(340,523)	(79,783)	--	(424,236)
Reclassifications	428,565	902,358	20,325	(1,351,615)	(366)
Other	(108,466)	(335,002)	(9,162)	(109,511)	(562,140)
Balance as at 30/09/2009	**24,095,271**	**38,247,304**	**694,871**	**4,319,896**	**67,357,342**
Depreciation					
Balance as at 01/01/2008	**7,221,003**	**19,072,484**	**359,429**	**--**	**26,652,916**
Charge for the period	607,450	2,488,248	166,024	--	3,261,722
Disposals	(91,557)	(453,320)	(124,466)	--	(669,343)
Other	30,966	26,995	(5,324)	--	52,637
Balance as at 31/12/08	**7,767,862**	**21,134,407**	**395,663**	**--**	**29,297,932**
Charge for the period	460,365	1,853,299	83,997	--	2,397,660
Disposals	(107,817)	(625,485)	(74,273)	--	(807,575)
Other	3,258	22,397	(418)	--	25,236
Balance as at 30/09/2009	**8,123,667**	**22,384,618**	**404,968**	**--**	**30,913,253**
Impairment					
Balance as at 01/01/2008	**324,194**	**213,831**	**--**	**5,481**	**543,503**
Impairment losses	17,904	5,566	(662)	--	22,809
Reversal of impairment losses	(103,055)	(116,477)	662	(3,620)	(222,489)
Balance as at 31/12/2008	**239,043**	**102,920**	**--**	**1,861**	**343,823**
Impairment losses	44,363	23,098	--	--	67,461
Reversal of impairment losses	(30,198)	(18,054)	--	(467)	(48,718)
Balance as at 30/09/2009	**253,208**	**107,964**	**--**	**1,394**	**362,565**
Carrying amount as at 01/01/2008	**15,630,041**	**16,674,648**	**243,054**	**3,254,346**	**35,802,089**
Carrying amount as at 31/12/2008	**15,748,891**	**16,465,948**	**277,206**	**4,175,449**	**36,667,494**
Carrying amount as at 30/09/2009	**15,718,395**	**15,754,723**	**289,903**	**4,318,502**	**36,081,523**

The carrying amount of property, plant and equipment includes production technologies of CZK 499,515 thousand (CZK 435,306 thousand as of 31 December 2008) and vehicles of CZK 172,632 thousand (CZK 264,393 thousand as of 31 December 2008) held under finance leases as of 30 September 2009.

The total capitalised borrowing costs in 2009 amounted to CZK 6,368 thousand (0 CZK in 2008).

(in thousands of CZK)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Pledged assets

The Group's gas stations, buildings, machinery and land are pledged to secure bank borrowings and obligations under finance leases of the Group.

Bank – lender	Asset pledged	Acquisition cost of pledged assets	Outstanding amount of loan secured
ČSOB	Buildings	1,684,628	112,800
Total as of 30/09/2009		**1,684,628**	**112,800**

Bank – lender	Asset pledged	Acquisition cost of pledged assets	Outstanding amount of loan secured
ČSOB	Buildings	1,676,648	156,583
Total as of 31/12/2008		**1,676,648**	**156,583**

10. INVESTMENT PROPERTY

Investment property as at 30 September 2009 comprised land owned by the Group and leased to third parties. The changes recorded during 2009 are presented in following table:

	Balance as at 31/12/2008	Additions	Transfer to Property, plant and equipment	Transfer from Property, plant and equipment	Balance as at 30/09/2009
Lands	**160,057**	--	--	643	**160,700**

Rental income amounted to CZK 14,489 thousand in nine month period ended 30 September 2009 (nine month period ended 30 September 2008 – CZK 19,812 thousand). Operating costs relating to investment property amounted to CZK 975 thousand in nine month period ended 30 September 2008 and to CZK 918 thousand in nine month period ended 30 September 2009.

Future rental income is as follows:

	Less than one year	Between one and five years
Total future rental income	19,320	77,280

(in thousands of CZK)

11. INTANGIBLE ASSETS

	Software	Other intangible assets	Assets under development	Total
Cost				
Balance as at 01/01/2008	**753,696**	**2,312,193**	**--**	**3,065,889**
Additions	46,099	108,909	35,861	190,869
Disposals	(951)	(53,980)	--	(54,931)
Other	(1,763)	(18,614)	--	(20,377)
Balance as at 31/12/2008	**797,080**	**2,348,508**	**35,861**	**3,181,449**
Additions	6,928	64,155	198,451	286,120
Disposals	(284)	--	--	(284)
Other	(2,280)	(20,531)	(46,631)	(86,028)
Balance as at 30/09/2009	**801,445**	**2,392,132**	**187,680**	**3,381,257**
Amortization				
Balance as at 01/01/2008	**675,579**	**700,367**	**--**	**1,375,946**
Charge for the year	38,803	177,359	--	216,162
Disposals	(1,176)	(47,805)	--	(48,981)
Other	4,090	65,935	--	70,025
Balance as at 31/12/2008	**717,296**	**895,856**	**--**	**1,613,152**
Charge for the year	29,050	125,721	--	154,771
Disposals	(677)	(11,962)	--	(12,639)
Other	(41)	12,351	--	12,310
Balance as at 30/09/2009	**745,628**	**1,021,966**	**--**	**1,767,594**
Impairment				
Balance as at 01/01/2008	**--**	**73**	**--**	**73**
Impairment losses	--	544	--	544
Reversal of impairment losses	--	(11)	--	(11)
Balance as at 31/12/2008	**--**	**606**	**--**	**606**
Reversal of impairment losses	--	(606)	--	(606)
Balance as at 30/09/2009	**--**	**--**	**--**	**--**
Carrying amount as at 01/01/2008	**78,117**	**1,611,753**	**--**	**1,689,870**
Carrying amount as at 31/12/2008	**79,784**	**1,452,046**	**35,861**	**1,567,691**
Carrying amount as at 30/09/2009	**55,817**	**1,370,166**	**187,680**	**1,613,663**

Other intangible assets primarily include purchased licenses related to production of plastics (high-density polyethylene - HDPE and polypropylene), which account for CZK 1,157,447 thousand of carrying amount as of 30 September 2009 and Unicracking process licence in carrying amount of CZK 8,187 thousand as of 30 September 2009.

(in thousands of CZK)

12. GOODWILL

The goodwill presented by the Group amounted to CZK 51,595 thousand as at 30 September 2009 (31 December 2008: CZK 51,595 thousand). It results from the acquisition of 0.225 % share in the registered capital of ČESKÁ RAFINÉRSKÁ, a.s. during the year ended 31 December 2007.

Purchase of shares of PARAMO, a.s.

On 4 March 2009 the purchase of 8.24 % share of PARAMO a.s. was completed. The negative goodwill amounting to CZK 86,640 thousand was recognised in other operating income.

The share of 8.24 % in the fair value of the identifiable assets and liabilities of PARAMO a.s. as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Carrying value	Fair value recognized on acquisiti
Non-current assets	163,188	163,188
Current assets	173,927	173,927
Total assets	**337,115**	**337,115**
Non-current liabilities	8,233	8,233
Current liabilities	135,172	135,172
Total liabilities	**143,406**	**143,406**
Net assets	**193,710**	**193,710**
Consideration, covered by cash		107,070
Negative goodwill on acquisition		**86,640**

Cash outflow on acquisition:	
Net cash acquired	871
Cash paid	107,070
Net cash outflow	**106,199**

(in thousands of CZK)

13. NON-CURRENT RECEIVABLES

The Group has provided a loan to ČESKÁ RAFINÉRSKÁ, a.s. in the amount of CZK 206,287 thousand (31 December 2008: CZK 237,457 thousand) for reconstruction of production unit. Part of this receivable in amount of CZK 105,671 thousand was eliminated as an intergroup transaction. The loan is due in 2016 and bears interest of 1M PRIBOR increased by mark up. The Group also presents non-current receivables from cash guarantees from operators of fuel stations amounted to CZK 31,017 thousand.

Due date	Due within 1-3 year	Due 3-5 years	Due within more than 5 years	Total
30/09/2009	49,890	42,262	42,481	**134,632**
31/12/2008	49,347	41,950	53,814	**145,111**

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

14. DERIVATIVE FINANCIAL INSTRUMENTS

Transactions with derivative financial instruments are subject to risk management procedures.

The Group monitors the emission allowances granted to the Group under National Allocation Plan and CO_2 emissions planned. The Group enters into transactions on emission allowances market in order to cover for shortages or utilize the excess of obtained emission allowances over the required amount.

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

Derivative financial instruments – assets

	Settlement date	Contract principal amount		Fair value of derivatives	
		30/09/2009	**31/12/2008**	**30/09/2009**	**31/12/2008**
Derivatives held for trading					
Emission Allowances Swaps EUA/CER	1.12.2009	4 386,3 T EUR	4 386,3 T EUR	92,605 T CZK	67,378 T CZK
Emission Allowances Swaps EUA/CER	1.12.2010	4 732,2 T EUR	4 732,2 T EUR	86,235 T CZK	76,991 T CZK
Emission Allowances Swaps EUA/CER	14.12.2009	180,0 T EUR	180 T EUR	3,055 T CZK	1,441 T CZK
Emission Allowances Swaps EUA/CER	14.12.2009	187,5 T EUR	187,5 T EUR	3,244 T CZK	1,643 T CZK
Emission Allowances Swaps EUA/CER	14.12.2009	190,0 T EUR	190 T EUR	3,307 T CZK	1,710 T CZK
Emission Allowances Swaps EUA/CER	17.12.2009	39,0 T EUR	--	98 T CZK	--
Emission Allowances Swaps EUA/CER	17.12.2009	50,0 T EUR	--	521 T CZK	--
Forwards	14.10.2009	20 000 T USD	--	1,672 T CZK	--
Emission Allowances Swaps EUA/CER	14.12.2009	50,0 T EUR	--	7,452 T CZK	--
Total financial derivatives – assets				**198,189**	**149,163**

(in thousands of CZK)

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments – liabilities

	Settlement date	Contract principal amount		Fair value of derivatives	
		30/09/2009	31/12/2008	30/09/2009	31/12/2008
Derivatives held for trading					
Emission Allowances Swaps EUA/CER	17.12.2009	50 T EUR	--	216 T CZK	--
Forwards	2.10.2009	13 600 T USD	--	4,185 T CZK	--
Forwards	7.10.2009	7 000 T USD	--	462 T CZK	--
Forwards	8.10.2009	42 800 T USD	--	10,695 T CZK	--
Forwards	14.10.2009	20 000 T USD	--	510 T CZK	--
Total financial derivatives – liabilities				**16,068**	**--**

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

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

	Fair value as at 30/09/2009			Fair value as at 31/12/2008		
	Non-current receivables	Current receivables/ (liabilities)	Total	Non-current receivables	Current receivables	Total
Emission Allowances Swaps EUA/CER	86,235	110,282	196,517	72,172	76,991	149,163
Forwards	--	1,672	1,672	--	--	--
Emission Allowances Swaps EUA/CER	--	(216)	(216)	--	--	--
Forwards	--	(15,852)	(15,852)	--	--	--
Total	**86,235**	**95,886**	**182,121**	**72,172**	**76,991**	**149,163**

15. DEFERRED TAX

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

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

	30/09/2009
At the beginning of the period	**2,113,930**
Income statement charge	(305,642)
F/X differences	(2,812)
Tax charged to equity	--
At the end of the period	**1,805,476**

(in thousands of CZK)

15. DEFFERRED TAX (CONTINUED)

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

	30/09/2009	31/12/2008
Deferred tax asset	18,581	17,399
Deferred tax liability	(1,824,057)	(2,131,330)
Net	**(1,805,476)**	**(2,113,931)**

16. INVENTORIES

	30/09/2009	31/12/2008
Raw materials	3,140,617	2,749,557
Net realisable value allowance for raw materials	(168,553)	(354,858)
Work in progress	1,446,094	1,092,295
Net realisable value allowance for work in progress	(760)	--
Finished goods	2,167,753	2,535,135
Net realisable value allowance for finished goods	(33,194)	(106,269)
Goods for sale	380,568	398,889
Net realisable value allowance for goods for sale	(15,375)	(41,288)
Spare parts	1,633,734	1,047,218
Net realisable value allowance for goods for spare parts	(270,037)	(109,041)
Total inventory	**8,280,847**	**7,211,638**

Changes in the net realisable value allowances for inventories amount to CZK 123,537 thousand and decreased cost of sales in 2009 (30 September 2008: 265,733 CZK thousand increased cost of sales).

17. TRADE AND OTHER RECEIVABLES

	30/09/2009	31/12/2008
Trade accounts receivable	11,076,605	9,663,245
Other receivables	1,005,956	1,449,211
Gross trade and other receivables	**12,082,561**	**11,112,456**
Allowances for doubtful receivables	(927,396)	(923,926)
Net trade and other receivables	**11,155,165**	**10,188,530**

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

(in thousands of CZK)

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Denominated in	30/09/2009	31/12/2008
CZK	8,282,086	7,230,722
EUR	2,713,112	1,875,173
USD	145,116	346,484
Other currencies	14,851	736,151
Total trade and other receivables	**11,155,165**	**10,188,530**

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

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

Ageing of past due receivables but not impaired

Not impaired trade receivables	30//09/2009	31/12/2008
60-90 days	109,788	107,640
90-180 days	66,896	80,507
180+ days	238,783	456,452
Total	**415,467**	**644,599**

Movement in the impairment loss amount

	30/09/2009	31/12/2008
Balance at beginning of the year	**923,926**	**1,287,205**
Increases	63,670	50,204
Utilization	(37,950)	--
Release	(13,282)	(418,710)
Other decreases	--	(2,731)
F/X differences	(8,969)	7,958
Balance at end of the year	**927,396**	**923,926**

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

(in thousands of CZK)

18. PREPAYMENTS AND OTHER CURRENT ASSETS

	30/09/2009	31/12/2008
Deferred cost	133,019	285,254
Other current assets	74,395	150,210
Total	**207,414**	**435,464**

The management considers that the carrying amount of other current assets approximates their fair value.

19. LOANS GRANTED

In 2009 the Group provided a short-term loan to related entity. The carrying amount of the loan amounted CZK 250,000 thousand as at 30 September 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 30 September 2009.

20. CASH AND CASH EQUIVALENTS

	30/09/2009	31/12/2008
Cash in hand and at bank	891,191	414,065
Short-term bank deposits	316,764	538,142
Total cash and cash equivalents	**1,207,956**	**952,207**

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

Withdrawals from the Group’s bank account with Komerční banka, a.s. must be approved by the Environmental Department of the District Authority in Ústí nad Labem. The account had balance of CZK 62,977 thousand (31 December 2008 CZK 62,842 thousand).

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

Denominated in	30/09/2009	31/12/2008
CZK	998,494	774,779
EUR	173,359	76,148
USD	8,800	8,070
Other currencies	27,302	93,210
Total cash and cash equivalents	**1,207,956**	**952,207**

21. ASSETS HELD FOR SALE

As at 30 September 2009 Group held 97 shares in CELIO a.s. in nominal value of 1,000 thousand CZK. The Group’s share in CELIO a.s. was classified as a current asset held for sale since its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The management agreed a plan to sell the asset. The Group approved a plan to sell its investment in CELIO a.s. The carrying amount of the investment totals CZK 78,333 thousand CZK.

(in thousands of CZK)

22. SHARE CAPITAL

The issued capital of the parent company as at 30 September 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.

23. 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.

24. NON-CURRENT LOANS AND BORROWINGS

Interest bearing loans and borrowings as at 30 September 2009 and 31 December 2008 were as follows:

Creditor	Currency	Balance at 30/09/2009	Fair value at 30/09/2009	Balance at 31/12/2008	Effective interest rate	Form of collateral
Long-term bonds – Issue I.	CZK	2,081,588	2,607,127	2,000,000	9.82%	Unsecured
Bank loans	CZK	40,800	40,800	84,000	PRIBOR*	Pledge assets
Total		**2,122,388**		**2,084,000**		

*) Interest rate is increased by the agreed mark up

The current portion of non-current interest-bearing loans and borrowings maturing until 31 December 2010 is reported separately under current liabilities.

Debt repayment schedule:

Due date	Due 1-2 years	Due 2-3 years	Due 3-4 years	Due 4-5 years	Due over 5 years	Total
Non-current loans and borrowings as at 30/09/2009	122,388	--	--	2,000,000	--	**2,122,388**
Non-current loans and borrowings as at 31/12/2008	72,000	12,000	--	2,000,000	--	**2,084,000**

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

The aggregate carrying amount of bonds issued is CZK 2,335,670 thousand. Accrued interest, which will be repaid before 31 December 2009, is presented within current loans and borrowings in the note 29 amounts to CZK 254,081 thousand.Part of the liability due within 12 months is presented in current liabilities. Using the actual market interest rate, based on the analysis of the current market conditions, the fair value of the aggregate liability arising from the bonds is currently estimated at CZK 2,859,425 thousand.

(in thousands of CZK)

25. PROVISIONS

	31/12/2008	Additional provision	Utilization of provision	Release of provision	F/X differences	30/09/2009
Provisions for environmental damages and land restoration	313,743	10,220	(5,405)	(1,860)	--	316,697
Provisions for legal disputes	128,726	21,458	--	(1,406)	(56)	148,722
Employee benefits provision	32,414	1,440	--	(3,516)	--	30,338
Other provisions	88,778	16,757	(22,683)	(6,146)	(212)	76,495
Total	**563,661**	**49,875**	**(28,088)**	**(12,928)**	**(268)**	**572,252**

The provision for land restoration is created as a result of the legal obligation to restore the fly-ash dump after it is discontinued. This is expected to be after 2043. The provision amounted to CZK 291,344 thousand as of 30 September 2009 (CZK 274,235 thousand as of 31 December 2008).

The provision for legal disputes is created for expected future outflows arising from legal disputes with third parties where the Group is the defendant. The Group has a provision for a penalty imposed by the Antimonopoly Office for a breach of the Economic Competition Protection Act in the amount of CZK 98,000 thousand. The provision as at 30 September 2009 included the nominal amount of penalty increased by CZK 23,205 thousand interest (CZK 16,610 thousand as of 31 December 2008).

Provisions for other future liabilities of the Group amounted to CZK 76,495 thousand as at 30 September 2009, out of which CZK 62,152 thousand was a provision for dismantling costs connected with liquidation of unused assets. The provision in connection with shutdown of Oxoalcohols plant amounted to CZK 14,343 thousand as of 30 September 2009. It is planned that this provision will be utilized till 30 June 2010.

26. FINANCE LEASE LIABILITY

	Minimum lease payments		Present value of minimum lease payments	
	30/09/2009	**31/12/2008**	**30/09/2009**	**31/12/2008**
Amounts payable under finance leases:				
Not later than one year	86,591	94,762	85,252	92,596
Later than one year and not later than five years	23,496	38,338	22,400	36,356
Less: future finance charges	(2,408)	(4,148)	--	--
Present value of lease obligation	**107,652**	**128,952**	**107,652**	**128,952**
Less: Amount due for settlement within 12 months			85,252	92,596
Amount due for settlement after 12 months			**22,400**	**36,356**

It is the Group's policy to lease certain fixtures and equipment under finance leases. The average lease term is 3-4 years. Interest rates are fixed at the inception of the lease. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount. All lease obligations are denominated in Czech crowns.

(in thousands of CZK)

27. OTHER NON - CURRENT LIABILITIES

	30/09/2009	31/12/2008
Deferred income from government grants	58,455	69,035
Amounts payable to business partners	92,969	129,204
Other liabilities	53,425	21,850
Total	**204,848**	**220,089**

A government grant has been obtained from the German Ministry for Environmental Protection and Safety of Reactors in order to execute a pilot environmental project targeted at limiting cross-border pollution, in connection with the reconstruction of the T 700 power station and its desulphurization. The amount of the grant is amortized over the useful economic life of the respective assets financed by the grant.

All other non-current liabilities are denominated in Czech crowns.

28. TRADE AND OTHER PAYABLES AND ACCRUALS

	30/09/2009	31/12/2008
Trade payables	7,643,282	5,542,121
Other payables	3,028,801	3,309,632
Accrued expenses	184,175	83,796
Social security and other taxes	4,090,734	3,678,570
Total	**14,946,992**	**12,614,119**

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

	30/09/2009	31/12/2008
Denominated in		
CZK	9,756,280	9,734,947
EUR	1,041,794	632,403
USD	4,131,446	1,735,711
Other currencies	17,472	511,058
Total	**14,946,992**	**12,614,119**

29. CURRENT BANK LOANS

The short-term borrowings as at 30 September 2009 were as follows:

	USD	EUR	CZK	Other currencies	Total
Balance as at 1 January 2009	**1,915**	**26,318**	**1,721,313**	**7**	**1,749,553**
Loans taken	--	63,035	6,993,787	--	**7,056,823**
Accrued interest as balance sheet date	1	--	901	--	**902**
Repayment	(1,915)	(27,525)	(7,364,523)	(7)	**(7,393,970)**
Repayment of accrued interest	--	(3)	(7,125)	--	**(7,128)**
FX differences	--	(857)	--	--	**(857)**
Balance as at 30 September 2009	**1**	**60,968**	**1,344,353**	**--**	**1,405,322**

(in thousands of CZK)

29. CURRENT BANK LOANS (CONTINUED)

Short-term bank loans are subject to normal credit terms and their carrying amounts approximate fair values. Average effective interest rate as at 30 September 2009 was 2,65 % (31 December 2008: 3.89 %).

Analysis of short-term bank loans by security:

Security	Unsecured	Pledged assets	Total
Short - term loans as at 30/09/2009	1,381,315	24,008	**1,405,322**
Short - term loans as at 31/12/2008	1,745,648	3,905	**1,749,553**

30. OPERATING LEASES

The Group as lessee

Leasing arrangements

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

Non-cancellable operating lease commitments

	Minimum lease payments	
	30/09/2009	**31/12/2008**
Not later than one year	43,489	44,157
Later than one year and not later than five years inclusive	109,392	123,777
Later than five years	74,302	110,886
Total	**227,183**	**278,820**

The Group leases vehicles and offices under operating leases. The vehicle leases typically run for a two year period. Lease payments are increased annually to reflect market conditions. None of the leases includes contingent rentals.

Payments recognised as an expense were as follows:

	30/09/2009	31/12/2008
Non-cancellable operating lease	27,043	42,981
Cancellable operating lease	109,200	434,102
Total	**136,243**	**477,083**

(in thousands of CZK)

31. RELATED PARTIES

Parent and ultimate controlling party

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

<u>Transaction with non-consolidated subsidiaries, associates and other related parties:</u>

	30/09/2009			
	PKN Orlen	**Parties under control of the Group**	**Entities under control or significant influence of PKN Orlen**	**Other related parties**
Current receivables	76	27,878	649,120	1,499
Current payables including loans	4,056,839	9,126	18,888	1,760
Non-current payables including loans	--	4	--	19
Expenses	24,336,684	69,198	468,300	10,400
Revenues	699,510	85,083	1,217,666	2,371
Purchases of fixed assets	5,425	--	--	--
Interests income and expense	--	--	6,336	--

	31/12/2008			
	PKN Orlen	**Parties under control of the Group**	**Entities under control or significant influence of PKN Orlen**	**Other related parties**
Current receivables	4,607	127,801	639,816	221
Non-current receivables	--	215,069	--	--
Current payables including loans	1,348,872	238,188	103,472	1,319,
Non-current payables including loans	--	48	--	--
Expenses	48,958,269	477,702	1,799,726	15,980
Revenues	4,135,481	310,795	2,555,439	690
Purchases of fixed assets	47,403	11,673	--	484
Sales of property, plant and equipment	--	860	--	--
Interests income and expense	--	4,635	11,565	--

32. COMMITMENTS AND OTHER CONTINGENCIES

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

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

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

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

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

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

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

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

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

(i) Environmental guarantees provided by the National Property Fund of the Czech Republic will not be sufficient for compensation of costs for the environmental damage remediation of the Old Amalgam Electrolysis project.
In this case UNIPETROL, a.s. will be obligated to financially indemnify Anwil up to 40 % of the purchase price provided that all necessary steps will have been taken by Anwil and SPOLANA a.s. without success for obtaining additional funds for this purpose.

32. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

(ii) Other potential obstacles in future operation of SPOLANA a.s.
In this case UNIPETROL, a.s. will be obligated to financially indemnify Anwil up to 1-3 % of the purchase price.

Claims related to fines imposed by the European Commission

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

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

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

First hearing regarding the appeal of UNIPETROL against the European Commission decision was held on October 20, 2009 at the Court of First Instance of the European Union. Judgement is expected in few months.

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

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

32. COMMITMENTS AND OTHER CONTINGENCIES (CONTINUED)

The Supreme Administrative Court by its Judgement dated August 26, 2009 dismissed the cassation filed by the Tax Directorate against the decision of the Regional Court in Usti nad Labem. As a result of the Judgement, the Tax Directorate remains to be bound by the decision of the Regional Court in Usti nad labem , according to which Group rightfully asserted the corporate income tax deduction resulting from the investment incentives for the fiscal year 2005.

Claims regarding reward for employees' invention

In the year 2001 the court cases commenced on reward for the employees' invention between Unipetrol RPA and its two employees. Employees demanded the reward in the amount of approx. CZK 1,8 million. Unipetrol RPA in the role of defendant did not agree and offered the reward amounting to approx. CZK 1, 4 million, based on the experts' valuations.

In the year 2005 Employees- plaintiffs filed next petition to the court to extend the action to the amount of approx. CZK 82 million.

The Court initially did not meet this requirement, but in the year 2009 decided to extend the action in accordance with the plaintiffs' petition. The first instance hearing has not been settled by the court yet.

33. RISK MANAGEMENT

Risk management objectives

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

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess funds. Compliance with policies and exposure limits is reviewed by the internal auditors on a regular basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

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

33. RISK MANAGEMENT (CONTINUED)

Currency risk management

The currency risk arises most significantly from the exposure of trade payables and receivables denominated in foreign currencies, and the foreign currency denominated loans and borrowings. Foreign exchange risk regarding trade payables and receivables is mostly covered by natural hedging of trade payables and receivables denominated in the same currencies. The Group uses derivative financial instruments to hedge currency positions, and thereby minimise currency risks caused by exchange rate fluctuations.

Hedging instruments (forwards, currency swaps) are used to cover significant foreign exchange risk exposure of trade payables and receivables not covered by natural hedging.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite. Optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Market price risks

The Group is exposed to commodity price risk resulting from the adverse changes in raw material, mainly crude oil prices. Management addresses these risks by means of a commodity, supplier and client risk management. Depending on circumstances the Group enters into derivative commodity instruments to mitigate the risk arising from discrepancies in the pricing formulas in purchases of crude oil and sales of products.

Emission allowances risk

The Group monitors the emission allowances granted to the Group under National Allocation Plan and CO2 emissions planned. The Group enters into transactions on emission allowances market in order to cover for shortages or utilize the excess of obtained emission allowances over the required amount.
The Group has entered into Emission Allowances Swaps EUA/CER with settlement in December 2009 and December 2010. These derivatives are held and reported as derivatives for trading.

Credit risk management

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

33. RISK MANAGEMENT (CONTINUED)

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.
The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

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

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

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

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

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

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

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

(in thousands of CZK)

34. EMISSION RIGHTS

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

Information on granted emission rights and its balance sheet presentation	Value in CZK thousands	Amount (thousand tons)
The total number of the emission rights allocated to the Group for the period 2008-2012	9,604,223	18,854
Emission allowances acquired for year 2009	1,890,986	3,764
Estimated utilization in 2009	1,572,913	3,128
Revenues from sale of emissions allowances in 2009	70,977	228

35. POST-BALANCE SHEET EVENTS

On the meeting of the Supervisory board of UNIPETROL, a.s. held on 30 October 2009, Mr. Arkadiusz Kawecki resigned from position of Supervisory Board member and Mr. Rafał Sekuła has been co-opted with immediate effect as the new member of the Supervisory Board for the period until the next General Meeting of UNIPETROL, a.s.

On the same meeting Mr. Piotr Chełmiński and Mr. Artur Paździor were elected to the Board of Directors of UNIPETROL, a.s. with immediate effect.

Signature of statutory representatives	10 November 2009
Krzysztof Urbanowicz	Wojciech Ostrowski
Chairman of the Board of Directors	Vice-chairman of the Board of Directors