

UNIPETROL, a.s.

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

AS OF 30 JUNE 2010 AND 2009

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

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UNIPETROL, a.s.

Consolidated statement of financial position
prepared in accordance with International Financial Reporting Standards
As at 30 June 2010 and 31 December 2009
(in thousands of Czech crowns)

	Note	30 June 2010 (unaudited)	31 December 2009 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	34,837,235	35,811,639
Investment property	10	162,190	162,627
Intangible assets	11	1,972,064	1,616,589
Goodwill	12	51,595	51,595
Other investments		198,343	198,343
Non-current receivables	13	123,250	121,179
Deferred tax asset	15	96,972	99,409
Total non-current assets		37,441,649	38,061,381
Current assets			
Inventories	16	8,868,545	8,598,273
Trade and other receivables	17	11,644,996	9,310,024
Prepayments and other current assets	18	198,407	230,626
Short-term financial assets held to maturity	19	379,164	359,405
Loans granted	20	504,993	250,214
Derivative financial instruments	14	82,538	137,423
Income tax receivable		35,452	37,730
Cash and cash equivalents	21	2,289,960	1,185,721
Assets classified as held for sale	22	--	78,333
Total current assets		24,004,055	20,187,749
Total assets		61,445,704	58,249,130
EQUITY AND LIABILITIES			
Equity			
Share capital	23	18,133,476	18,133,476
Statutory reserves		2,477,298	2,425,274
Other reserves		27,673	33,615
Retained earnings	24	18,056,025	17,278,971
Total equity		38,694,472	37,871,336
Non-current liabilities			
Loans and borrowings	25	2,000,000	2,012,000
Deferred tax liability	15	1,851,544	1,714,928
Provisions	26	361,355	355,891
Finance lease liability	27	14,405	19,363
Other non-current liabilities	28	155,347	165,033
Total non-current liabilities		4,382,651	4,267,215
Current liabilities			
Trade and other payables and accruals	29	16,060,547	14,595,230
Current portion of loans and borrowings		323,587	208,769
Short-term bank loans	30	1,147,168	140,068
Current portion of finance lease liabilities	27	12,290	17,417
Derivative financial instruments	14	17,015	307
Provisions	26	784,748	1,106,768
Income tax payable		23,226	42,020
Total current liabilities		18,368,581	16,110,579
Total liabilities		22,751,232	20,377,794
Total equity and liabilities		61,445,704	58,249,130

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 36.

UNIPETROL, a.s.

Consolidated statement of comprehensive income
 prepared in accordance with International Financial Reporting Standards
 For the 6 month periods ended 30 June 2010 and 30 June 2009
 (in thousands of Czech crowns)

	Note	30 June 2010 (unaudited)	30 June 2009 (unaudited)
Revenue	3	41,447,785	30,308,002
Cost of sales		(38,740,354)	(29,046,986)
Gross profit		<u>2,707,431</u>	<u>1,261,016</u>
Other income		295,573	270,375
Distribution expenses		(948,072)	(1,063,310)
Administrative expenses		(584,923)	(687,743)
Other expenses		(151,513)	(179,181)
Operating profit (loss) before finance costs	6	<u>1,318,496</u>	<u>(398,842)</u>
Finance income		381,456	46,635
Finance expenses		(645,011)	(321,470)
Net finance costs	7	<u>(263,555)</u>	<u>(274,835)</u>
Profit before tax		1,054,941	(673,677)
Income tax	8	(225,863)	124,759
Profit (loss) for the period		<u>829,078</u>	<u>(548,918)</u>
Other comprehensive income:			
Exchange differences on translating foreign operations		(5,942)	(5,204)
Other transactions		--	(6,517)
Other comprehensive income for the year, net of tax		(5,942)	(11,721)
Total comprehensive income for the period		<u>823,136</u>	<u>(560,639)</u>
Profit (loss) attributable to:			
Owners of the parent		829,078	(543,939)
Non-controlling interests		--	(4,979)
		<u>829,078</u>	<u>(548,918)</u>
Total comprehensive income attributable to:			
Owners of the parent		823,136	(555,660)
Non-controlling interests		--	(4,979)
Total comprehensive income		<u>823,136</u>	<u>(560,639)</u>
Basic and diluted earnings per share (in CZK)		<u>4.57</u>	<u>(3.03)</u>

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 36.

UNIPETROL, a.s.

Consolidated statement of changes in equity
prepared in accordance with International Financial Reporting Standard
For the 6 month periods ended 30 June 2010 and 30 June 2009
(in thousands of Czech crowns)

	Share capital	Statutory reserves	Translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2009	18,133,476	2,173,616	18,645	17,219	18,359,613	38,702,569	210,271	38,912,840
Total comprehensive income for the period								
Profit or loss	--	231,094	--	--	(775,033)	(543,939)	(4,979)	(548,918)
Other comprehensive income								
Foreign currency translation differences	--	--	(5,204)	--	--	(5,204)	--	(5,204)
Other items	--	--	--	--	(6,517)	(6,517)	--	(6,517)
Total other comprehensive income	--	--	(5,204)	--	(6,517)	(11,721)	--	(11,721)
Total comprehensive income for the period	--	231,094	(5,204)	--	(781,550)	(555,660)	(4,979)	(560,639)
Transactions with owners, recorded directly in equity								
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Acquisition of 8.24 % shares of PARAMO,a.s.	--	--	--	--	--	--	(205,292)	(205,292)
Total changes in ownership interests in subsidiaries	--	--	--	--	--	--	(205,292)	(205,292)
Total transactions with owners	--	--	--	--	--	--	(205,292)	(205,292)
Balance as at 30 June 2009	18,133,476	2,404,710	13,441	17,219	17,578,063	38,146,909	--	38,146,909
Balance as at 1 January 2010	18,133,476	2,425,274	12,867	20,748	17,278,971	37,871,336	--	37,871,336
Total comprehensive income for the period								
Profit or loss	--	52,024	--	--	777,054	829,078	--	829,078
Other comprehensive income								
Foreign currency translation differences	--	--	(5,942)	--	--	(5,942)	--	(5,942)
Total other comprehensive income	--	--	(5,942)	--	--	(5,942)	--	(5,942)
Total comprehensive income for the period	--	52,024	(5,942)	--	777,054	823,136	--	823,136
Balance as at 30 June 2010	18,133,476	2,477,298	6,925	20,748	18,056,025	38,694,472	--	38,694,472

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 36.

UNIPETROL, a.s.

Consolidated statements of cash flows
prepared in accordance with International Financial Reporting Standards
For the 6 month periods ended 30 June 2010 and 30 June 2009
(in thousands of Czech crowns)

	30 June 2010 (unaudited)	30 June 2009 (unaudited)
Cash flows from operating activities:		
Profit for the period	829,078	(548,918)
Adjustments for:		
Depreciation and amortisation of the property, plant and equipment and intangible assets	1,702,883	1,691,869
Gain on disposals of property, plant and equipment and intangible assets	(211,984)	(73,076)
Negative goodwill derecognition	--	(86,640)
Interest expense	102,242	97,950
Dividends income	(7,759)	--
Impairment losses on financial investments, property, inventory, receivables	46,130	19,678
Other non cash transaction	3,979	--
Income tax cost (gain)	225,863	(124,759)
Foreign exchange gains	(6,801)	(71,326)
Change in trade and other receivables, prepayments and other current assets	(2,732,810)	(663,390)
Change in trade and other accounts payable and accruals	1,502,481	480,789
Change in provisions	(316,556)	11,530
Interest paid	(30,980)	(56,522)
Income tax paid	(103,496)	(66,289)
Net cash from operating activities	1,002,270	610,896
Cash flows from investing activities:		
Acquisition of property, plant and equipment and intangible assets	(1,304,650)	(1,827,214)
Acquisition of additional shareholding in subsidiary	--	(107,623)
Acquisition of short-term financial assets	(219,249)	--
Change of loans provided	(239,516)	183,521
Proceed from disposals of property, plant and equipment and intangible assets	566,086	97,669
Proceed from disposals of short-term financial assets	199,462	--
Proceed from disposals of CELIO, a.s.	78,323	--
Dividends received	7,759	--
Net cash used in investing activities	(911,785)	(1,653,647)
Cash flows from financing activities:		
Change in loans and borrowings	1,013,794	941,472
Net cash from financing activities	1,013,794	941,472
Net change in cash and cash equivalents	1,104,279	(101,279)
Cash and cash equivalents at the beginning of the period	1,185,681	952,207
Cash and cash equivalents at the end of the period	2,289,960	850,928

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 36.

UNIPETROL, a.s.

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

Period ended 30 June 2010
(in thousands of CZK)

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UNIPETROL, a.s.

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

Period ended 30 June 2010
(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, 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 June 2010 are as follows:

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

Changes in structure of the Group

On 1 June 2010 the company CHEMAPOL (SCHWEIZ) AG was put under liquidation due to restructuring process of UNIPETROL TRADE Group. It is expected that liquidation will finish in 2011.

UNIPETROL, a.s.

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

Period ended 30 June 2010
(in thousands of CZK)

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 2009.

The Group used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

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

Certain new standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods but which the Group has not early adopted. Relevant items are as follows:

- IFRS 9 Financial Instruments - effective for annual periods beginning on or after 1 January 2013
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments - effective for annual periods beginning on or after 1 July 2010

Acceptance of IFRS 9 by the European Union is pending.

Change in presentation of CO2 emissions allowances

In these condensed consolidated financial statements of the Company for the period ended 30 June 2010 the Group recognized CO2 emission allowances granted free of charge as intangible assets and deferred income at the fair value of CO2 emission allowances at the date of their receipt in the consolidated statement of financial position. The Group recognized provision for estimated CO2 emissions in the reporting period.

In the consolidated statement of comprehensive income the cost of recognized provision is compensated with settlement of deferred income on granted CO2 emission rights.

In the financial statements for the previous reporting periods intangible assets were compensated, and presented net with deferred income.

The change in presentation had no material impact on consolidated statement of comprehensive income for the period ended 30 June 2009, nor on the consolidated statement of financial position as at 31 December 2009 due to the sale of CO2 emissions allowances in 2009.

According to the management the above mentioned changes will ensure better presentation of effects of the activities.

UNIPETROL, a.s.

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

Period ended 30 June 2010
(in thousands of CZK)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B Basis of preparation

The consolidated financial statements of the Company for the period ended 30 June 2010 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 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 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 2009.

3. REVENUE

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

	30/06/2010	30/06/2009
Gross revenue from sale of own products and merchandise		
Total gross proceeds	49,645,933	39,294,063
Less: Excise tax	(10,876,090)	(11,566,137)
Net revenue from sale of own products and merchandise	38,769,843	27,727,926
Revenue from services	2,677,942	2,580,076
Total revenue	41,447,785	30,308,002

UNIPETROL, a.s.

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

Period ended 30 June 2010
(in thousands of CZK)

4. OPERATING SEGMENTS

Revenues and operating result

Period ended	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
30/06/2010						
Revenues						
Total external revenues	21,620,872	3,961,290	15,792,296	73,327	--	41,447,785
Inter segment revenues	9,037,011	153,302	674,988	275,245	10,140,546	--
Total segment revenue	30,657,883	4,114,592	16,467,284	348,572	(10,140,546)	41,447,785
Result from operating activities	635,477	266,257	395,113	21,649	--	1,318,496
Net finance costs						(263,555)
Profit before income tax						1,054,941
Income tax credit						(225,863)
Profit for the period						829,078

Period ended	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
30/06/2009						
Revenues						
Total external revenues	16,300,675	3,317,942	10,654,202	35,183	--	30,308,002
Inter segment revenues	5,757,452	165,056	917,323	319,408	7,159,239	--
Total segment revenue	22,058,127	3,482,998	11,571,525	354,591	(7,159,239)	30,308,002
Result from operating activities	(391,565)	243,311	(346,433)	95,847	--	(398,842)
Net finance costs						(274,835)
Loss before income tax						(673,677)
Income tax credit						124,759
Loss for the period						(548,918)

Assets and liabilities

	Refinery	Retail	Petrochemical	Other	Eliminations	Consolidated
30/06/2010						
Segment assets	26,021,934	6,957,870	25,730,518	2,759,091	(1,448,677)	60,020,736
Unallocated corporate assets	--	--	--	--	--	1,424,968
Total assets						61,445,704
Segment liabilities	13,253,343	1,725,694	3,661,739	196,592	(1,448,677)	17,388,691
Unallocated corporate liabilities	--	--	--	--	--	5,362,541
Total liabilities						22,751,232
31/12/2009						
Segment assets	24,130,332	6,827,730	26,265,413	2,623,241	(2,840,455)	57,006,261
Unallocated corporate assets	--	--	--	--	--	1,242,869
Total assets						58,249,130
Segment liabilities	9,840,213	1,647,732	7,150,263	430,568	(2,840,455)	16,228,321
Unallocated corporate liabilities	--	--	--	--	--	4,149,473
Total liabilities						20,377,794

UNIPETROL, a.s.

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

Period ended 30 June 2010
(in thousands of CZK)

4. OPERATING SEGMENTS (CONTINUED)

Other material non-cash items

30/06/2010	Refinery	Retail	Petrochemical	Other	Consolidated
Depreciation and amortisation	(546,072)	(180,986)	(934,582)	(41,243)	(1,702,883)
Impairment losses on intangible assets and PPE recognized / (released)	7,163	27,670	1,371	--	36,204
Additions to non-current assets	130,393	147,941	428,520	9,020	715,874

30/06/2009	Refinery	Retail	Petrochemical	Other	Consolidated
Depreciation and amortisation	(552,786)	(187,824)	(904,769)	(46,490)	(1,691,869)
Impairment losses on intangible assets and PPE recognized / (released)	9,819	(12,900)	(6,675)	5	(9,751)
Additions to non-current assets	657,493	76,531	806,937	30,867	1,571,828

Additions to non-current assets comprise additions to property, plant and equipment (Note 9) and intangible assets (Note 11).

Revenues from major products and services

The following is an analysis on the Group's external revenues from its major products and services:

External revenues from major products and services	30/06/2010	30/06/2009
Refinery production	21,620,872	16,300,674
Diesel	10,705,947	7,878,424
Gasoline	4,862,558	3,312,932
Bitumen	1,001,294	729,363
Lubricants	383,218	340,130
Other refinery products	2,871,565	2,250,446
Services	1,796,290	1,789,379
Retail	3,961,290	3,317,942
Refinery products	3,810,127	3,147,175
Services	151,163	170,767
Petrochemical production	15,792,296	10,654,202
Ethylene	2,013,892	1,193,529
Benzene	2,022,457	722,897
Urea	425,554	478,594
Ammonia	418,612	662,494
C4 fraction	1,084,597	517,187
Polyethylene	3,657,155	2,900,887
Polypropylene	3,345,182	1,907,425
Other petrochemical products	2,117,537	1,675,013
Services	707,310	596,176
Other	73,327	35,183
Total	41,447,785	30,308,002

UNIPETROL, a.s.

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

Period ended 30 June 2010
(in thousands of CZK)

5. GEOGRAPHICAL SEGMENTS

	Revenues		Total assets	
	30/06/2010	30/06/2009	30/06/2010	31/12/2009
Czech Republic	28,644,177	22,712,957	59,984,788	57,138,036
Other European Union countries	11,420,036	6,713,517	1,385,068	1,035,246
Other countries	1,383,572	881,528	75,848	75,848
Total	41,447,785	30,308,002	61,445,704	58,249,130

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

6. ANALYSIS OF EXPENSES ACCORDING TO THEIR NATURE

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

	Cost of sales	Distribution costs	Administrative expenses	Other operating income / (expenses)	Total
30/06/2010					
Materials consumed	(32,435,693)	(100,419)	(12,397)	--	(32,548,509)
Energy	(909,015)	(714)	(3,150)	--	(912,879)
Repairs and maintenance	(561,847)	(11,710)	(7,064)	--	(580,621)
Other services	(2,377,029)	(483,539)	(120,898)	--	(2,981,466)
Personnel expenses	(838,691)	(116,245)	(315,397)	--	(1,270,333)
Depreciation					
- owned assets	(1,332,065)	(197,860)	(13,328)	--	(1,543,254)
- leased assets	(46,914)	(11,593)	(267)	--	(58,774)
Amortization					
- software	(10,677)	(366)	(6,065)	--	(17,108)
- other intangible assets	(58,266)	(6,422)	(19,058)	--	(83,747)
Impairment losses on intangible assets and PPE recognized / (released)	--	--	--	36,204	36,204
Inventory write-down released / (recognized)	(8,403)	--	--	--	(8,403)
Impairment to receivables released / (recognized)	--	--	--	(71,410)	(71,410)
Research expenditures	(8,971)	(3,575)	--	--	(12,546)
Investment property expense	--	--	--	(657)	(657)
Non-cancellable operating lease rentals	(16,192)	--	(9,022)	--	(25,214)
Profit / (loss) on disposal of intangible assets and PPE	--	--	--	20,746	20,746
Release / (Addition) to provisions	(568,435)	--	--	43,121	(525,314)
Insurance	(77,102)	(3,167)	(46,505)	--	(126,774)
Other expenses	(59,489)	(12,462)	(31,772)	(8,884)	(112,607)
CO2 rights grant derecognition	568,435	--	--	35,431	603,866
Other income	--	--	--	89,509	89,509
Total operating expenses	(38,740,354)	(948,072)	(584,923)	144,060	(40,129,289)
Revenue					41,447,785
Results from operating activities					1,318,496

UNIPETROL, a.s.

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

30/06/2009	Cost of sales	Distribution costs	Administrative expenses	Other operating income / (expenses)	Total
Materials consumed	(22,787,711)	(222,651)	(126,928)	--	(23,137,290)
Energy	(954,885)	(812)	(3,673)	--	(959,370)
Repairs and maintenance	(589,059)	(11,482)	(2,818)	--	(603,359)
Other services	(2,280,348)	(503,998)	(118,770)	--	(2,903,116)
Personnel expenses	(852,771)	(90,351)	(294,993)	--	(1,238,115)
Depreciation					
- owned assets	(1,305,082)	(199,883)	(16,168)	--	(1,521,133)
- leased assets	(51,141)	(15,210)	--	--	(66,351)
Amortization					
- software	(11,920)	(716)	(6,931)	--	(19,567)
- other intangible assets	(62,143)	(715)	(21,959)	--	(84,817)
Impairment losses on intangible assets and PPE recognised / (released)	--	--	--	(9,751)	(9,751)
Inventory write-down recognised / (released)	67,742	--	--	--	67,742
Impairment to receivables recognised / (released)	--	--	--	(47,326)	(47,326)
Research expenditures					
Investment property expense	--	--	--	(631)	(631)
Non-cancellable operating lease rentals	(24,648)	--	--	--	(24,648)
Profit / (loss) on disposal of PPE	--	--	--	72,246	72,246
Release / (Addition) to provisions	--	--	--	(33,858)	(33,858)
Insurance	(66,949)	(2,039)	(45,089)	--	(114,077)
Derecognition of negative goodwill	--	--	--	86,640	86,640
Other expenses	(128,071)	(15,452)	(50,414)	(38,983)	(232,920)
Other income	--	--	--	62,858	62,858
Total operating expenses	(29,046,986)	(1,063,310)	(687,743)	91,194	(30,706,844)
Revenue					30,308,002
Results from operating activities					(398,842)

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7. FINANCE INCOME AND FINANCE EXPENSE

	30/06/2010	30/06/2009
Finance income		
Interest income:		
- bank deposits	6,416	12,802
- other loans and receivables	34,318	23,809
Revaluation of investments	--	2,200
Dividends	7,759	--
Net gain arising on derivatives	327,394	--
Other finance income	5,569	7,824
Total finance income	381,456	46,635
Finance expenses		
Interest expense:		
- bank overdrafts, loans and borrowings	(142,637)	(161,272)
- finance leases	(110)	(1,363)
- other	(1,473)	(9,325)
Total borrowing costs	(144,220)	(171,960)
Less: amounts included in the cost of qualifying assets	1,133	6,368
Borrowing costs recognized in the income statement	(143,087)	(165,592)
Net foreign exchange losses	(454,646)	(60,423)
Net loss arising on derivatives	--	(67,718)
Other finance expenses	(47,278)	(27,737)
Total finance expenses	(645,011)	(321,470)
Net finance expense	(263,555)	(274,835)

8. INCOME TAX

	30/06/2010	30/06/2009
Current tax – Czech Republic	(70,442)	(76,157)
Current tax – other countries	(16,341)	(8,028)
Deferred tax	(139,080)	208,944
Income tax	(225,863)	124,759

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9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other	Assets under development	Total
Cost					
Balance as at 01/01/2009	23,755,796	37,703,275	672,869	4,177,310	66,309,250
Additions	91,126	419,620	135,317	1,877,244	2,523,307
Disposals	(54,820)	(567,763)	(91,804)	--	(714,387)
Reclassifications	838,302	1,854,978	28,739	(2,733,208)	(11,189)
Other	(105,797)	(237,862)	(8,757)	(113,927)	(466,343)
Balance as at 31/12/2009	24,524,607	39,172,248	736,364	3,207,419	67,640,638
Additions	756	8,579	19,393	607,809	636,537
Disposals	(15,622)	(110,358)	(122,396)	(230)	(248,606)
Reclassifications	456,808	1,391,167	19,350	(1,867,325)	--
Other	(293)	(3,920)	(8,248)	(18)	(12,479)
Balance as at 30/06/2010	24,966,256	40,457,716	644,463	1,947,655	68,016,090
Depreciation					
Balance as at 01/01/2009	7,767,862	21,134,407	395,663	--	29,297,932
Charge for the period	622,602	2,481,299	118,230	--	3,222,131
Disposals	(123,548)	(1,073,556)	(84,293)	--	(1,281,397)
Other	9,209	256,255	(155)	--	265,309
Balance as at 31/12/09	8,276,125	22,798,405	429,445	--	31,503,975
Charge for the period	275,908	1,256,519	69,601	--	1,602,028
Disposals	(11,484)	(102,363)	(102,281)	--	(216,128)
Other	(42)	5,118	(4,916)	--	160
Balance as at 30/06/2010	8,540,507	23,957,679	391,849	--	32,890,035
Impairment					
Balance as at 01/01/2009	239,043	102,920	--	1,861	343,823
Impairment losses	63,923	24,619	--	--	88,542
Reversal of impairment losses	(75,954)	(30,561)	--	(827)	(107,342)
Balance as at 31/12/2009	227,012	96,978	--	1,034	325,024
Impairment losses	5,000	2,105	--	378	7,483
Reversal of impairment losses	(36,663)	(7,024)	--	--	(43,687)
Balance as at 30/06/2010	195,349	92,059	--	1,412	288,820
Carrying amount as at 01/01/2009	15,748,891	16,465,948	277,206	4,175,449	36,667,494
Carrying amount as at 31/12/2009	16,021,470	16,276,865	306,919	3,206,385	35,811,639
Balance as at 30/06/2010	16,230,400	16,407,978	252,614	1,946,243	34,837,235

The carrying amount of property, plant and equipment includes production technologies of CZK 391,261 thousand (CZK 469,506 thousand as of 31 December 2009) and vehicles of CZK 172,836 thousand (CZK 203,920 thousand as of 31 December 2009) held under finance leases as of 30 June 2010.

The total capitalised borrowing costs in 2010 amounted to CZK 1,133 thousand (CZK 3,084 thousand in 2009).

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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	1,690,275	62,487
Total as of 30/06/2010		1,690,275	62,487

Bank – lender	Asset pledged	Acquisition cost of pledged assets	Outstanding amount of loan secured
ČSOB	Buildings	1,690,562	84,155
Total as of 31/12/2009		1,690,562	84,155

10. INVESTMENT PROPERTY

Investment property as at 30 June 2010 comprised the land owned by the Group and leased to third parties. The changes recorded during the year 2010 are presented in the following table:

	Balance as at 31/12/2009	Additions	Disposal	Transfer to Property, plant and equipment	Transfer from Property, plant and equipment	Balance as at 30/06/2010
Land	162,627	112	549	--	--	162,190

Rental income amounted to CZK 10,349 thousand in three month period ended 30 June 2010 (six month period ended 30 June 2009: CZK 9,660 thousand). Operating costs relating to investment property amounted to CZK 657 thousand in three month period ended 30 June 2010 (six month period ended 30 June 2009: CZK 631 thousand).

Future rental income is as follows:

	Less than one year	Between one and five years
Total future rental income	20,696	82,784

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11. INTANGIBLE ASSETS

	Software	Other intangible assets	Assets under development	Total
Cost				
Balance as at 01/01/2009	797,080	2,348,508	35,861	3,181,449
Additions	31,024	3,747	499,556	534,327
Disposals	(428)	(362,875)	(5,712)	(369,015)
Reclassifications	18,592	417,378	(424,781)	11,189
Other	(18,820)	(3,044)	103,067	81,201
Balance as at 31/12/2009	827,446	2,403,714	207,991	3,439,151
Additions	2,359	270,650	536,462	809,471
Disposals	--	(496,263)	--	(496,263)
Recalssifications	2,652	1,685,784	(1,688,436)	--
Other	156	(1,023,865)	1,166,518	142,809
Balance as at 30/06/2010	832,613	2,840,020	222,535	3,895,168
Amortization				
Balance as at 01/01/2009	717,296	895,856	--	1,613,152
Charge for the year	42,056	168,005	--	210,061
Disposals	(813)	(12,179)	--	(12,992)
Other	(11)	12,352	--	12,341
Balance as at 31/12/2009	758,528	1,064,034	--	1,822,562
Charge for the year	17,108	83,747	--	100,855
Disposals	--	(255)	--	(255)
Other	138	(196)	--	(58)
Balance as at 30/06/2010	775,774	1,147,330	--	1,923,104
Impairment				
Balance as at 01/01/2009	--	606	--	606
Reversal of impairment losses	--	(606)	--	(606)
Balance as at 31/12/2009	--	--	--	--
Reversal of impairment losses	--	--	--	--
Balance as at 30/06/2010	--	--	--	--
Carrying amount as at 01/01/2009	79,784	1,452,046	35,861	1,567,691
Carrying amount as at 31/12/2009	68,918	1,339,680	207,991	1,616,589
Carrying amount as at 30/06/2010	56,839	1,692,690	222,535	1,972,064

Other intangible assets primarily include purchased licenses related to production of plastics (high-density polyethylene - HDPE and polypropylene), which account for CZK 1,122,963 thousand of carrying amount as of 30 June 2010 (CZK 1,134,739 thousand as of 31 December 2009) and Unicracking process licence in carrying amount of CZK 6,742 thousand as of 30 June 2010 (CZK 7,705 as of 31 December 2009).

As at 30 June 2010 value of CO2 emission allowances amounted CZK 368,832 thousand and was included in Other intangible asset.

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12. GOODWILL

The goodwill presented by the Group amounted to CZK 51,595 thousand as at 30 June 2010 (31 December 2009: 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 acquisition
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	143,405	143,405
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

13. NON-CURRENT RECEIVABLES

The Group has provided a loan to ČESKÁ RAFINÉRSKÁ, a.s. in the amount of CZK 189,124 thousand (31 December 2009: CZK 206,287 thousand) for reconstruction of production unit. Part of this receivable in amount of CZK 96,871 thousand was eliminated as an intergroup transaction. The loan is due in 2016 and bears interest of 1M PRIBOR increased by mark up. Short term part of the loan in amount of CZK 15,284 thousand is presented in other receivables. The Group also presents non-current receivables from cash deposits to operators of fuel stations in amount of CZK 31,095 thousand.

Due date	Due within 1-3 year	Due 3-5 years	Due within more than 5 years	Total
30/06/2010	62,110	30,570	30,570	123,250
31/12/2009	49,890	32,600	38,689	121,179

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

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14. DERIVATIVE FINANCIAL INSTRUMENTS

Transactions with derivative financial instruments are subject to risk management procedures. The Group analyses the risk arising from discrepancies in the pricing formulas in purchases of crude oil and sales of products and reduces it by entering into commodity swaps.

The Group is exposed to commodity price risk resulting from the adverse changes in raw material, mainly crude oil prices. Management addresses these procurement risks by means of a commodity and supplier risk management.

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 Swap EUA/CER with settlement in December 2010. This derivative is held and reported as derivative for trading.

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

Derivative financial instruments – assets

	Settlement date	Contract principal amount		Fair value of derivatives	
		30/06/2010	31/12/2009	30/06/2010	31/12/2009
Derivatives held for trading					
Emission Allowances Swaps EUA/CER	1.12.2010	4,732 T EUR	4,732 T EUR	82,013	95,527
Forwards USD/CZK	4.1.2010	--	10,000 T USD	--	13,957
Forwards USD/CZK	4.1.2010	--	13,000 T USD	--	18,665
SWAP EUR/CZK	4.1.2010	--	10,100 T EUR	--	408
Forwards USD/CZK	4.1.2010	--	10,000 T USD	--	8,850
Forwards USD/EUR	19.1.2010	--	5,000 T USD	--	16
Forwards USD/EUR	1.7.2010	7,000 T USD	--	525	--
Total financial derivative – assets				82,538	137,423

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14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments – liabilities

	Settlement date	Contract principal amount		Fair value of derivatives	
		30/06/2010	31/12/2009	30/06/2010	31/12/2009
Derivatives held for trading					
Forwards USD/EUR	1.7.2010	10,000 T USD	--	2,393	--
Forwards USD/EUR	1.7.2010	10,000 T USD	--	1,959	--
Forwards USD/EUR	1.7.2010	10,000 T USD	--	1,300	--
Forwards USD/EUR	2.7.2010	10,000 T USD	--	737	--
Forwards USD/EUR	2.7.2010	10,000 T USD	--	1,392	--
Forwards USD/CZK	2.7.2010	5,000 T USD	--	1,053	--
Forwards USD/EUR	7.7.2010	10,000 T USD	--	1,905	--
Forwards USD/EUR	7.7.2010	10,000 T USD	--	1,747	--
Forwards USD/EUR	7.7.2010	10,000 T USD	--	1,907	--
Forwards USD/EUR	7.7.2010	10,000 T USD	--	1,077	--
Forwards USD/EUR	7.7.2010	10,000 T USD	--	1,545	--
Forwards USD/CZK	7.1.2010	--	5,000 T USD	--	61
Forwards USD/CZK	7.1.2010	--	4,000 T USD	--	29
Forwards USD/CZK	7.1.2010	--	3,000 T USD	--	24
Forwards USD/EUR	11.1.2010	--	6,000 T USD	--	99
Forwards USD/EUR	19.1.2010	--	5,000 T USD	--	66
Forwards USD/EUR	19.1.2010	--	4,000 T USD	--	7
Forwards USD/EUR	19.1.2010	--	3,000 T USD	--	21
Total financial derivatives – liabilities				17,015	307

The Group has derivative financial instruments, which serve as a hedging instrument pursuant to the Group's risk management strategy.

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 statement of comprehensive income.

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 30/06/2010			Fair value as at 31/12/2009		
	Non-current receivables	Current receivables	Total	Non-current receivables	Current receivables	Total
Emission Allowances	--	82,013	82,013	--	95,527	95,527
Swaps EUA/CER	--	--	--	--	408	408
SWAP EUR/CZK	--	--	--	--	408	408
Forwards	--	525	525	--	41,488	41,488
Total	--	82,538	82,538	--	137,423	137,423

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14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Fair value as at 30/06/2010			Fair value as at 31/12/2009		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Forwards USD/CZK	--	1,015	1,015	--	114	114
Forwards USD/EUR	--	16,000	16,000	--	193	193
Total	--	17,015	17,015	--	307	307

The impact of transactions with financial derivatives as at 30 June 2010 and 30 June 2009 in Financial result is as follows:

	30/06/2010			30/06/2009		
	Financial income	Financial expense	Net loss/gain	Financial income	Financial expense	Net loss/gain
Emission Allowances Swaps EUA/CER	--	(13,513)	(13,513)	21,581	--	21,838
Currency Swaps	5,268	--	5,268	--	(1,727)	(1,727)
Forwards	335,639	--	335,639	--	(87,829)	(87,829)
Total	340,907	(13,513)	327,394	21,581	(89,556)	(67,718)

15. 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 period in the Group's net deferred tax position was follows:

	30/06/2010
At 1 January 2010	(1,615,519)
Deferred tax recognised	(139,080)
FX difference	27
Tax charged to other comprehensive income	--
At 30 June 2010	(1,754,572)

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:

	30/06/2010	31/12/2009
Deferred tax asset	96,972	99,409
Deferred tax liability	(1,851,544)	(1,714,928)
Net	(1,754,572)	(1,615,519)

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16. INVENTORIES

	30/06/2010	31/12/2009
Raw materials	2,963,557	2,564,312
Net realisable value allowance for raw materials	(36,798)	(176,683)
Work in progress	1,254,335	1,361,751
Net realisable value allowance for work in progress	(1,072)	(4)
Finished goods	2,836,413	3,087,124
Net realisable value allowance for finished goods	(15,823)	(20,095)
Goods for sale	468,969	435,327
Net realisable value allowance for goods for sale	(6,002)	(8,521)
Spare parts	1,677,518	1,615,302
Net realisable value allowance for spare parts	(272,552)	(260,240)
Total inventory	8,868,545	8,598,273

Changes in the net realisable value allowances for inventories amount to CZK 8,403 thousand and are included in cost of sales (CZK 132,505 thousand as at 31 December 2009) see Note 6.

17. TRADE AND OTHER RECEIVABLES

	30/06/2010	31/12/2009
Trade accounts receivable	12,317,194	9,900,832
Other receivables	310,673	326,164
Gross trade and other receivables	12,627,867	10,226,996
Impairment losses	(982,871)	(916,972)
Net trade and other receivables	11,644,996	9,310,024

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

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

Movement in the impairment loss amount

	30/06/2010	31/12/2009
Balance at beginning of the year	916,972	923,926
Increases	78,472	106,029
Utilization	(2,363)	(56,947)
Release	(7,062)	(54,633)
F/X differences	(3,148)	(1,403)
Balance at end of the period	982,871	916,972

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

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18. PREPAYMENTS AND OTHER CURRENT ASSETS

	30/06/2010	31/12/2009
Deferred cost	180,628	158,451
Other current assets	17,779	72,175
Total	198,407	230,626

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

19. SHORT-TERM FINANCIAL ASSETS HELD TO MATURITY

Following table presents detailed information regarding promissory notes bought in 2010 and 2009:

Counterparty	Currency	Maturity date	30/06/2010	31/12/2009
ČEZ, a.s.	CZK	03/03/2010	--	101,004
ČEZ, a.s.	CZK	22/04/2010	--	76,008
ČEZ, a.s.	CZK	24/05/2010	--	50,703
ČEZ, a.s.	CZK	03/02/2010	--	75,937
ČEZ, a.s.	CZK	22/03/2010	--	55,753
ČEZ, a.s.	CZK	13/07/2010	101,538	--
ČEZ, a.s.	CZK	10/08/2010	76,155	--
ČEZ, a.s.	CZK	03/08/2010	50,886	--
ČEZ, a.s.	EUR	19/11/2010	150,585	--
Total			379,164	359,405

20. LOANS GRANTED

The Group provided short-term loans to related entities. The carrying amount of the loans amounted CZK 504,993 thousand as at 30 June 2010 (31 December 2009 CZK 250,214 thousand). The interest rates were based on appropriate inter-bank rates and the fair value of the loans approximated their carrying amounts as at 30 June 2010.

The loan in amount of CZK 500,035 thousand provided to related entity from PKN ORLEN Group is fully guaranteed.

21. CASH AND CASH EQUIVALENTS

	30/06/2010	31/12/2009
Cash in hand and at bank	2,248,860	1,085,223
Short-term bank deposits	41,100	100,498
Total cash and cash equivalents	2,289,960	1,185,721

Short-term bank deposits comprise deposits with maturity of three months or less and obligatory deposits relating to the bank loans. The carrying amount of these assets approximates their fair value.

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22. ASSETS HELD FOR SALE

As at 31 December 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 was to be recovered principally through a sale transaction rather than through continuing use. The management approved a plan to sell its investment in CELIO a.s. The carrying amount of the investment was CZK 78,333 thousand as at 31 December 2009.

On 24 March 2010 UNIPETROL, a.s. and UNIPETROL RPA, s.r.o. as the sellers entered into an agreement for the sale and purchase of 50 % of shares in CELIO a.s. with TICATANOR s.r.o., a special purpose vehicle established by two top managers of CELIO a.s., as the buyer.

Under the agreement 10.53 % of the shares owned by UNIPETROL, a.s. and 39.47 % owned by UNIPETROL RPA, s.r.o. were sold on 14 April 2010. On the same date the remaining 1.06 % of the shares in CELIO a.s. owned by UNIPETROL RPA, s.r.o. was sold to B.E. Fin S.A. As a consequence of transactions, CELIO has currently two shareholders B.E. Fin S.A and TICATANOR s.r.o. each of them holding a 50% stake.

The closing of both transactions resulted in exit of UNIPETROL, a.s. and UNIPETROL RPA, s.r.o. from CELIO a.s. of 14 April 2010. The Group under above mentioned transactions sold in total a shareholding of 51.06% in CELIO for the aggregate purchase price of CZK 78,333 thousand.

23. SHARE CAPITAL

The issued capital of the parent company as at 30 June 2010 was CZK 18,133,476 thousand (31 December 2009: CZK 18,133,476 thousand). This represents 181,334,764 (31 December 2009: 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. RETAINED EARNINGS AND DIVIDENDS

Dividends

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

The Ordinary General Meeting of UNIPETROL, a.s. held on 28 June 2010 decided on distribution of the unconsolidated profit for 2009 amounting to CZK 261,864 thousand. In accordance with Article 26 (1) of the Company's Articles of Association CZK 13,093 thousand was allocated to the reserve fund and CZK 248,771 thousand to retained earnings.

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25. NON-CURRENT LOANS AND BORROWINGS

Interest bearing loans and borrowings as at 30 June 2010 were as follows:

Creditor	Currency	Balance at 30/06/2010	Fair value at 30/06/2010	Balance at 31/12/2009	Fair value at 31/12/2009	Effective interest rate	Form of collateral
Long-term bonds – Issue I. - 1998	CZK	2,000,000	2,758,510	2,000,000	2,634,838	9.82%	Unsecured
Bank loans	CZK	--	--	12,000	12,000	PRIBOR*	Pledge assets
Total		2,000,000		2,012,000			

*) Interest rates are increased by the agreed mark up.

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 2,246,664 thousand (CZK 2,136,614 thousand at 31 December 2009). 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 2,758,510 thousand. Accrued interest, which will be repaid before 31 December 2010, is presented within current loans and borrowings amounts to CZK 246,664 thousand (CZK 136,614 thousand at 31 December 2009).

26. PROVISIONS

	31/12/2009	Reclassification btw. accounts	Additional provision	Utilization of provision	Release of provision	F/X differences	30/06/2010
Provisions for environmental damages and land restoration	306,246	--	7,249	(638)	(213)	--	312,644
Provisions for legal disputes	146,010	--	4,939	--	--	--	150,949
Employee benefits provision	32,147	--	420	--	(2,406)	--	30,161
Provision on CO2 allowances	--	917,860	752,580	(905,077)	(196,951)	--	568,412
Other provisions	978,256	(917,860)	29,737	(1,766)	(4,410)	(20)	83,937
Total	1,462,659	--	794,925	(907,481)	(203,980)	(20)	1,146,103

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 299,542 thousand as at 30 June 2010 (CZK 293,746 thousand as at 31 December 2009). The provision for Bílina's river pollution (leakage of pyrolytic gas) amounted to CZK 5,000 thousand as at 30 June 2010 (CZK 5,000 thousand as at 31 December 2009). Provision for compensation of damage to Lesy Česká republika amounted to CZK 5,602 thousand as at 30 June 2010 (CZK 5,000 thousand as at 31 December 2009).

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 June 2010 included the nominal

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26. PROVISION (CONTINUED)

amount of penalty increased by interest in amount of CZK 29,193 thousand (CZK 25,511 thousand as of 31 December 2009). Provision for legal disputes - Aversen amounted to 6,000 CZK as at 30 June 2010 (CZK 6,000 thousand as at 31 December 2009).

Provisions for other future liabilities of the Group amounted to CZK 83,936 thousand as at 30 June 2010, out of which CZK 50,154 thousand was a provision for dismantling costs connected with liquidation of unused assets. The provision in connection with shutdown of Oxalcohols plant was fully utilized.

Employment benefits provisions are created for retirement and anniversary benefits received by employees, discount rate used is 3.75 % p.a., used assumptions are based on Collective agreement.

Provision on CO2 allowances is created for estimated CO2 emissions in the reporting period.

27. FINANCE LEASE LIABILITY

	Minimum lease payments		Present value of minimum lease payments	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Amounts payable under finance leases:				
Not later than one year	12,191	18,152	12,290	17,417
Later than one year and not later than five years	14,941	20,221	14,405	19,363
Less: future finance charges	(437)	(1,593)	--	--
Present value of lease obligation	26,695	36,780	26,695	36,780
Less: Amount due for settlement within 12 months			12,290	17,417
Amount due for settlement after 12 months			14,405	19,363

It is the Group's policy to lease certain fixtures and equipment under finance leases. For the year ended 30 June 2010, the average effective borrowing rate was 2.35%. 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.

28. OTHER NON - CURRENT LIABILITIES

	30/06/2010	31/12/2009
Deferred income from government grants	48,122	55,016
Amounts payable to business partners	91,214	92,388
Other liabilities	16,011	17,629
Total	155,347	165,033

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.

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29. TRADE AND OTHER PAYABLES AND ACCRUALS

	30/06/2010	31/12/2009
Trade payables	9,132,269	8,597,884
Other payables	1,586,470	1,956,007
Accrued expenses	220,298	76,099
Deferred income related to CO2 rights granted	639,326	--
Social security and other taxes	4,482,184	3,965,240
Total	16,090,547	14,595,230

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

30. CURRENT BANK LOANS

The short-term borrowings as at 30 June 2010 were as follows:

	USD	EUR	CZK	Total
Balance as at 1 January 2010	11,737	113,020	15,311	140,068
Loans taken	181,059	977,438	3,450,002	4,608,499
Accrued interest as balance sheet date	--	3,106	87	3,193
Repayment	(11,737)	(127,263)	(3,464,120)	(3,603,120)
Repayment of accrued interest	(1)	(1)	(1,280)	(1,282)
FX differences	--	(190)	--	(190)
Balance as at 30 June 2010	181,058	966,110	--	1,147,168

Short-term bank loans are subject to normal credit terms and their carrying amounts approximate fair values. Average effective interest rate as at 30 June 2010 was 1.74 % (31 December 2009: 2.23 %).

31. 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	
	30/06/2010	31/12/2009
Not later than one year	48,627	53,063
Later than one year and not later than five years inclusive	96,412	115,519
Later than five years	195,659	199,987
Total	340,697	368,569

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.

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31. OPERATING LEASES (CONTINUED)

Payments recognised as an expense were as follows:

	30/06/2010	30/06/2009
Non-cancellable operating lease	25,214	24,648
Cancellable operating lease	67,509	54,830
Total	92,723	79,478

32. COMMITMENTS AND CONTINGENCIES

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

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

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

The environmental audit of plots of land owned by UNIPETROL, a.s. and used by SYNTHOS Kralupy a.s. was performed for the purpose of determining the liability of contractual parties arising from existing or future impacts of SYNTHOS Kralupy a.s.’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 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).

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

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

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

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

- uninterrupted operation of the present butadiene unit;

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32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

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

The purchase price, in accordance with the share purchase agreement entered into in 2006 between UNIPETROL, a.s., 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.

- (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.

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

Purchase of shares of PARAMO, a.s.

As described in the consolidated financial statements of the Group as at 31 December 2009 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 published in the Czech Commercial Register. Pursuant to the Czech Commercial Code, the ownership title to shares of the other shareholders passed to the Company on 4 March 2009 upon

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32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

expiration of one month from the above publication and UNIPETROL, a.s. become the sole shareholder of PARAMO, a.s.

In connection with the squeeze-out, some of the minority shareholders of PARAMO, a.s. filed a petition with the Regional Court in Hradec Králové for review of adequacy of compensation within the meaning of the Czech Commercial Code. The case has been consolidated and removed to Municipal Court of Prague. The claimants have appealed the procedural decision in this respect and the case is pending on procedural appeal. No hearing or resolution on the merits has been held or issued, respectively, to date. Furthermore some of former minority shareholders of PARAMO, a.s. requested the Regional Court in Hradec Králové to declare the invalidity of PARAMO, a.s. general meeting resolution dated 6 January 2009 and that the District Court in Prague 4 reviews the decision of 28 November 2008 by which the Czech National Bank granted in accordance with Section 183n(1) of the Czech Commercial Code its previous approval with the evidence of the monetary consideration amount provided under the above squeeze-out. In case of invalidity of the General Meeting resolution, the Regional Court of Hradec Králové (Pardubice branch) on 2 March 2010 decided in favour of PARAMO, a.s. and dismissed the Action of minority shareholders. The minority shareholders filed an appeal against the said Decision of the Regional Court in Hradec Králové of 2 March 2010 and the appellate proceedings are pending before the High Court in Prague.

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

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 SYNTHOS Kralupy a.s. for an alleged cartel in the area of Emulsion Syrene Butadiene Rubber ("ESBR"). UNIPETROL, a.s. and SYNTHOS Kralupy a.s., 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, a.s. has been served with a claim for damages, which tire producers brought against the members of the ESBR cartel. The claim for damages was filed with the High Court of Justice, Queen's Bench Division, Commercial Court. 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, a.s., which decided to take part in the proceeding.

First hearing regarding the appeal of UNIPETROL, a.s. against the European Commission decision was held on 20 October 2009 at the Court of First Instance of the European Union. The Judgement has not been delivered yet.

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32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 4 February 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.

The Supreme Administrative Court by its Judgement dated 26 August 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.

In the reinstated tax proceedings, another decision rejecting the utilization of the tax incentive was issued on 27 May 2010 by the Local Tax Authority in Litvinov. The decision was issued regardless of the previous favourable opinion of the Regional Court in Usti nad Labem. Accordingly, in the tax proceedings, the Group filed an appeal against the said decision.

In this respect, on 11 June 2010 the Group also filed a petition with the Regional Court in Usti nad Labem against the unlawful intervention of the Tax Authorities claiming that the tax proceedings should be discontinued and paid tax returned to the Group.

Claims regarding reward for employees' invention

In the year 2001 the court case commenced on reward for the employees' intellectual work between UNIPETROL RPA, s.r.o. and its two employees. Employees demanded the reward in the amount of approx. CZK 1.8 million. UNIPETROL RPA, s.r.o. as a defendant did not agree and offered the reward amounting to approx. CZK 1.4 million, based on the experts' valuations. In 2005 Employees plaintiffs filed next petition to the court to extend the action to the amount of approx. CZK 82 million. The first instance hearing has not been settled by the court yet.

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32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Guarantees

The Group issued the guaranty on behalf of HC Litvínov in favour of Association of ice hockey clubs in amount of CZK 7,000 thousand.

Based on the Group's request, Commerzbank AG, and HSBC, a.s. issued bank guarantees relating to the security of customs debt and excise tax at customs offices in Most and Domažlice. Total balance of guarantees related to excise tax is CZK 905 million as at 30 June 2010 (31 December 2009 CZK 1,205 million).

33. RELATED PARTIES

Parent and ultimate controlling party

During 2010 and 2009 a majority (62.99 %) of the Company's shares were in possession of PKN Orlen.

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

	30/06/2010			
	PKN Orlen	Parties under significant influence of the Group	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	17,913	68,903	404,354	--
Current payables including loans	5,316,710	13,121	73,631	--
Non-current payables including loans	--	4	--	--
Expenses	21,644,254	55,667	657,782	3,229
Revenues	474,907	117,187	832,965	340
Interests income and expense	--	--	12,222	--

	31/12/2009			
	PKN Orlen	Parties under significant influence of the Group	Entities under control or significant influence of PKN Orlen	Other related parties
Current receivables	26	46,940	741,299	104
Current payables including loans	4,321,146	8,570	34,469	1,846
Non-current payables including loans	--	4	--	--
Expenses	32,894,819	86,342	900,960	13,412
Revenues	699,541	149,794	1,741,767	868
Purchases of property, plant and equipment	1,535	918	--	176
Interests income and expense	--	--	7,703	--
Dividends received	--	5,287	--	3,851

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34. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the 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 capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 25 and 30, cash and cash equivalents and equity attributable to equity holders of the parent, comprising shared capital and retained earnings as disclosed in notes 23 and 24 respectively.

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

	30/06/2010	31/12/2009
Debt (i)	(3,497,450)	(2,397,617)
Cash and cash equivalents	2,289,960	1,185,721
Net debt	(1,207,490)	(1,211,896)
Equity (ii)	38,694,472	37,871,336
Net debt to equity ratio	3.12	3.20

(i) Debt is defined as long- and short-term borrowings and finance lease

(ii) Equity included all capital and reserves of the Group

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 analyse 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 seeks to minimise the effects of these risks by using natural hedging and 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.

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

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34. FINANCIAL INSTRUMENTS (CONTINUED)

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

	30/06/2010				Total
	CZK	EUR	USD	Other currencies	
Non-current receivables	123,250	--	--	--	123,250
Trade and other receivables	7,203,261	4,156,699	260,652	24,384	11,644,996
Prepayment and other current assets	198,407	--	--	--	198,407
Financial assets held to maturity	228,579	150,585	--	--	379,164
Loans granted	504,993	--	--	--	504,993
Cash and cash equivalents	1,481,487	642,783	133,883	31,807	2,289,960
Non-current loans and borrowings	(2,000,000)	--	--	--	(2,000,000)
Trade and other payables and accruals	(9,584,419)	(1,202,233)	(5,240,017)	(33,879)	(16,060,547)
Current portion of non-current loans and borrowings	(323,587)	--	--	--	(323,587)
Current loans and borrowings	--	(966,110)	(181,058)	--	(1,147,168)
Financial lease liability	(26,695)	--	--	--	(26,695)
Gross exposure	(2,194,723)	2,781,723	(5,026,540)	(22,312)	(4,417,228)
Derivatives	(104,735)	(2,241,329)	2,346,064	--	--
Net exposure	(2,299,458)	540,394	(2,680,476)	(22,312)	(4,417,228)

	31/12/2009				Total
	CZK	EUR	USD	Other currencies	
Non-current receivables	121,179	--	--	--	121,179
Trade and other receivables	6,338,899	2,778,656	168,085	24,384	9,310,024
Prepayments and other current assets	230,626	--	--	--	230,626
Financial assets held to maturity	359,405	--	--	--	359,405
Loans granted	250,214	--	--	--	250,214
Cash and cash equivalents	726,853	419,137	10,063	29,667	1,185,721
Non-current loans and borrowings	(2,012,000)	--	--	--	(2,012,000)
Trade and other payables and accruals	(9,061,357)	(1,083,545)	(4,367,648)	(82,680)	(14,595,230)
Current portion of non-current loans and borrowings	(208,769)	--	--	--	(208,769)
Current loans and borrowings	(15,309)	(113,022)	(11,737)	--	(140,068)
Finance lease liability	(36,780)	--	--	--	(36,780)
Gross exposure	(3,307,036)	2,001,226	(4,201,237)	(28,631)	(5,535,678)
Derivatives	(1,154,180)	(270,216)	1,424,396	--	--
Net exposure	(4,461,216)	1,731,010	(2,776,841)	(28,631)	(5,535,678)

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34. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. 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. The Group analyses the exposure and enters to a minor extent into derivative commodity instruments to minimise the risk associated with the purchase of crude oil.

Emission allowances risk

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

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.

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. 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.

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.

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34. FINANCIAL INSTRUMENTS (CONTINUED)

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 2009.

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 2009.

35. EMISSION ALLOWANCES

In 2008 the Group obtained allowances for carbon dioxide emissions according to the Czech National Allocation Scheme for years 2008-2012. The total number of the emission allowances allocated to the Group for the period 2008-2012 was 18,819,992 tons.

Information about emission allowances in the reporting period:

Emission allowances as at 31 December 2009	733,719
Emission allowances granted in 2010	3,763,984
Settled emission allowances for 2009	(3,144,744)
Emission allowances acquired in 2010	1,310,000
Sales of emissions allowances in 2010	(1,442,816)
Estimated utilization of allowances in six month period ended 30 June 2010	(1,607,816)
Estimated emission allowances as at 30 June 2010	(387,672)
Forward purchase transactions	2,220,878
Total estimated emission allowances as at 30 June 2010	1,833,206

On 18 February 2010 the Group received CO₂ allowances in amount of 3,763,984 tons. On that day the market value of one CO₂ allowance was EUR 12.67.

In the six month period ended 30 June 2010 the Group purchased 1,310,000 tons of CO₂ allowances for CZK 461,117 thousand and sold 1,442,816 tons of CO₂ allowances for CZK 534,884 thousand. These amounts are included in the statement of consolidated cash flows under investing activities in Acquisition of property, plant and equipment and intangible assets and Proceed from disposals of property, plant and equipment and intangible assets respectively.

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36. SIGNIFICANT POST BALANCE SHEET EVENTS

The Group's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 30 June 2010.

Signature of statutory representatives	24 August 2010
Piotr Chelminski	Wojciech Ostrowski
Chairman of the Board of Directors	Vice-chairman of the Board of Directors