



**Annual Report**



**2009**



 **Česká  
rafinářská**

# **ANNUAL REPORT ČESKÁ RAFINÉRSKÁ, a.s. 2009**

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## **Report of the Board of Directors of ČESKÁ RAFINÉRSKÁ, a.s.** **on the Company's business activities and the state of its assets in 2009**

For ČESKÁ RAFINÉRSKÁ, a.s. (hereinafter also “the Company“) just as for other economic entities, the past year was a time of tackling the ramifications of the economic crisis that had hardly hit even the refinery business. For the Company, the year 2009 meant already the sixth year of “Processing“, under which the Company charged the subsidiaries of its shareholders – the Processors, “Processing Fees“. All market and price risks regarding both raw materials and finished products are born by the Shareholders/Processors. Irrespective of the manner of its operation, the Company continuously pays attention to safety of operations, availability/reliability of equipment, availability of required products, employee training, timely and economical implementation of the approved capital investment programme and optimum operating costs.

The Company entered the year 2009 with a number of goals and tasks set by its shareholders; these continued to become more accurate due to the deepening impacts of the economic crisis. The most important of them covered the following areas:

- Further strengthening of activities in the area of “Health and safety at work“, both in respect of the employees of the Company and in respect of its contractors;
- Achievement of the required level of Solomon Indices; 2008 Solomon study results namely revealed significant improvements in the Company's efficiency and competitive position when compared with other refineries. For the period of 2009/2010, ensuring the Company's position – in most indicators – the so-called Quartile II was set as a target;
- Implementation of a regular turnaround as a way of performing a total periodic maintenance of the Kralupy refinery in spring 2009 within an almost five-year cycle within a set scope, time scale, and budget;
- Continuation of the projects aimed at the improved management and performance of the Company;
- Sufficient amounts of cash available to the Company. This task has been implemented, subject to payment of the dividends from the entire profit generated in 2008;
- Fulfillment of the requirements of Czech national legislation regarding bio-fuels, when automobile fuels pursuant to EN 590 and 228 with an average content of bio-components in diesel oil and automobile petrol equaling 4.55% vol. and 3.52% vol., respectively were put into free tax circulation;
- Adoption of fundamental anti-crisis measures as a way of reducing costs through consumption decrease, review of contractual relations, and postponement of certain expenses, with cuts in fixed costs exceeding 12% being achieved, a reduction of investment expenditures by more than 35%, and even cuts in variable costs that have – on the ultimate level of crude processing – resulted in the reduction of the processing fee by more than 11%.

### **Fulfillment of key efficiency indicators**

In the area of accident rate - expressed through TRIR - and operation fires, the Company managed to continue in the trend set in the previous year, even though the required level of indicators failed to be met. Despite major improvements, not even the assumed level of the Energy index was met.

Indicators of availability of key facilities were fulfilled except the FCC unit (see commentary in the text herebelow). Ongoing orientation upon projects ensuring a more efficient utilization of utilities and observance of the rate of fixed costs, then, were seen as strong points of 2009.

#### ***Exhibit No. 1 – Fulfillment of key indicators of efficiency in 2009***

<b>Target</b>	<b>Target value</b>	<b>Assessment</b>
Continuous improvement of results in the area of work safety, protection of health at work, environmental protection, quality and asset protection	TRIR $\leq$ 1.8 Number of fires $\leq$ 2 Number of road accidents $\leq$ 10 Leaks with impact upon living environment exceeding 25 l $\leq$ 10	Unaccomplished. (2.1) Unaccomplished. (3) Accomplished. (4) Accomplished. (5)
Meet legal requirements relating to product quality	Motor fuels with a max. 10 ppm S wt Aver. concentration of 3.5% vol. of ethyl alcohol – gasoline Aver. concentr. of 4.5% vol. FAME – diesel Max. number of justified claims $\leq$ 6	Accomplished.
Not to exceed fixed costs	Fixed costs $\leq$ CZK 2,250 million	Accomplished. (CZK 1,962 million)
Achieve and maintain "operational excellence"; fulfill the requirements of processors in terms of volumes and quality of required products	Energy index (EI) $\leq$ 93 NHC Unit availability $\geq$ 98% FCC unit availability $\geq$ 97% VBU unit availability $\geq$ 98% Availability of 3 GO HDS units $\geq$ 98% Max. number of justified claims $\leq$ 6	Unaccomplished. (93.7%) Accomplished. (99.08%) Unaccomplished. (86.56%) Accomplished. (99.86%) Accomplished. (98.75%) Accomplished. (0)
Execute a turnaround in the Kralupy refinery and fulfill the targets laid thereupon	Expenses $\leq$ 360 in million CZK LTI = 0 Shutdown days: CDU/FCC/SR/GHDT – 33/48/36/35 days	Accomplished. (332 million CZK) Accomplished. (0) Accomplished: CDU/SR/GHD (33-35 days) Unaccomplished: FCC (61 days)
Improve organizational efficiency	Number of staff acc. to Business Plan (665)	Accomplished. (649)

### **Health protection, work safety, protection of assets and environmental protection**

The area of HSSE is dealt with in a separate report; as a result, mentioned in this report are solely major milestones of 2009, such as:

- On 6 May 2009, the milestone of 1 000 000 hours without a registered industrial injury was achieved.
- On 8 July 2009, the Company "Safety Day" was organized in cooperation with Shell, i.e. one of its shareholders. The motto was "Let's do the right things", and the undertaking was oriented towards team work with regard to work safety.
- On 17 September 2009, the milestone of 500 000 hours worked without a registered industrial injury was achieved.

- ČESKÁ RAFINÉRSKÁ, a.s. continued - in the European campaign - to fulfill its three-year public pledge entered into as part of the European Road Safety Charter; with the end of the year, the Company managed to fulfill the key criterion thereof, namely driving down the accident rate of company cars.
- Training of Company staff in HSSE qualifications took place, as part of organizational changes, a novel change management process was introduced (impact of a change in terms of HSSE).
- Drawn up was a directive pertaining risk analysis (business and HSSE risks).

In 2009 the Company kept track of altogether 7 accidents happening over the year (of which 5 were company staff injuries, and 2 were injuries suffered by contractors); of that, 3 injuries were lost workday incidents (though without persistent effects, and with quick recovery).

**Exhibit No. 2 - Accident rate trends in the Company in 2004 - 2009**

Year / accidents	2004	2005	2006	2007	2008	2009
	CRC/ contractor	CRC/ contractor	CRC/ contractor	CRC/ contractor	CRC/ contractor	CRC/ contractor
<b>Number of accidents – total</b>	12	9	11	16	7	<b>7</b>
<b>TRIR</b>	1.8	2.2	2.8	3	2.7	<b>2.1</b>
<b>Lost Time Injuries (LTI)</b>	3/0	2/0	0/2	2/3	1/2	<b>3/0</b>
<b>Medical Treatment Cases (MTC)</b>	1/0	2/0	3/0	2/0	1/1	<b>1/0</b>
<b>First Aid Cases (FAC)</b>	3/5	5/0	6/0	6/3	1/1	<b>1/2</b>

**Exhibit No. 3 – Number of emergencies such as fire, leaks exceeding 200 l, injury and accident occurring within the period of 2002 - 2009**

EMERGENCY EVENTS/year	2002	2003	2004	2005	2006	2007	2008	2009
<b>Fire</b>	4	9	5	3	3	3	4	<b>3</b>
<b>Leaks above 200 l</b>	5	3	4	2	5	1	4	<b>5</b>
<b>Leaks above 25 l with impact upon LE</b>	-	-	-	-	-	-	6	<b>5</b>
<b>Injuries</b>	6	5	12	9	11	16	7	<b>7</b>
<b>Road accidents</b>	16	13	12	13	12	7	5	<b>4</b>

In the course of 2009, no complaint relating the living environment was recorded in the Litvínov refinery; in the Kralupy refinery, recorded were altogether 3 complaints.

More information on work safety, impacts on the living environment in the two regions concerned, and on further developments in the area of HSSEQ can be found in the Health and Safety, Asset Protection, Environmental Impact and Quality Report for 2009.

**Production and maintenance activities**

In 2009, processed in the Kralupy and Litvínov refineries were 2.269 and 4.561 million tons of crude oil, respectively, i.e. 6.830 million tons of crude oil combined.

In 2009, too, it was the reliability of key units that served as the indicator of the Company's efficiency. On the evaluation thereof, the following may be stated:

Kralupy refinery:

- Over the past two years, the high availability of FCC unit could not be maintained largely due to the belated start-up following the periodic shutdown.
- High reliability and availability of other units was ensured.

Litvínov refinery:

- High utilization of the visbreaker unit, and the availability thereof at almost the level of 100% whilst running 2 work cycles for decoking shutdowns.
- The utilization of all hydrocracking units was also ensured up to scratch.
- High reliability and availability of other units was ensured.

The key elements in the effort to improve the reliability of facilities and processes, outputs continuing to be utilized in 2009 were as follows: The "Risk Reliability Management" – as one of the instruments for optimization of preventive maintenance, the system of identifying and elimination of unreliable facilities, the so-called "Bad Actors", and the "Defect elimination" study.

A considerable share of increased control and evaluation of the efficiency of effected maintenance brings an increasingly widening proportion of plans of preventive maintenance generated directly from SAP PM module, involvement of major maintenance contractors in the provision of feedback on the work jobs performed directly to SAP, and hence broadening the savvy on the actual facility status.

Near the end of the year, the "Operational Reliability Management"(ORMS) process was launched as one of the elements of process safety and reliability management.

Originally, the financial budget for maintenance was set at the level of CZK 1,051 million, and in 2009 maintenance costs actually equaled CZK 931 million representing a drop in planned costs by more than 11 %.

In 2009, in the area of the so-called "Maintenance Index" (according to Solomon study), the Company managed to stay in Quartile II.

Contributed to those results have lower-than-anticipated costs of the Kralupy turnaround, further improvements in tank repair management, improved "scheduling", focusing on contractor work efficiency, utilization of internal and external benchmarking, efficient "cost controlling", increased concentration upon reliability of the facilities, and a step-by-step implementation of the "Maintenance roadmap" as an instrument for continuous improvements in maintenance, and the gradual implementation of outputs from projects dealing with the improvement of the maintenance process and spare parts optimization.

Part of the key maintenance activities and projects implemented in 2009 is the execution of the periodic turnaround of the Kralupy refinery. The reasons behind the regular turnaround were as follows:

- Requirements to be fulfilled compliant with legal requirements and standards of the Company.

- Requirements leading to safeguarding a smooth run, sufficient efficiency, reliability and preparedness of the units for the next work cycle<sup>1</sup>.
- Exchanges of operating mediums (catalysts, and suchlike), cleaning of facilities and of conduit branches.
- Pursuit of investment schemes and technological alterations resulting in increased safety, environmental protection, reliability and units' output<sup>1</sup>.
- Execution of inspection activities the result of which will provide for a better evaluation of the state of facilities with respect to the forthcoming work cycle.

The turnaround was performed in a safe way, in line with a set budget (when, compared to the plan, savings were achieved). The turnaround took place within the period from 10 April to 12 June 2009, and was delayed by 13 days due to more extensive – than anticipated – work jobs carried out on the FCC unit (and particularly due to a dramatically bigger scope of repairs of inside linings of FCC apparatuses, as a way of ensuring a reliable operation of the FCC complex – and thereby of the entire refinery – for the following four-to-five-year production cycle); in addition, even the start-up of the unit was accompanied by problems.

During the turnaround, altogether 28 investment projects were in process. Of these, completion was planned in case of 25. All 25 projects were completed compliant with the time scale and budget.

In 2009 motor fuels were produced that meet the tough requirements laid on the quality of motor fuels. The market was supplied with products of appropriate quality set by Czech/European standards (with a consensus being reached with ČEPRO, a.s. on the quality of motor fuels transported via pipeline). Throughout the year, in both refineries, FAME has been added to diesel and bio-ethanol to gasoline – pursuant to specifications or relevant processors.

In 2009, with the Company continuing to act as the “statutory obligated party”, diesel was produced with an average content of bio-components, particularly of FAME, equaling 4.55 % vol., and gasoline with a bio-ethanol content equaling 3.52% vol. However, in its effect, the fulfillment of the legislative obligation was – for the Company and the processors thereof – negative with respect to the overall economic impact triggered by higher prices of bio-components, the ramifications of additional investment construction, the necessity of having the formulation recipes adjusted, logistic and capacity limitations faced whilst segregating different qualities of motor fuels.

***Exhibit No. 4 – Trend in number of claims from 2001 to 2009***

<b>YEAR</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Number of claims - total</b>	<b>20</b>	<b>11</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>12</b>	<b>7</b>	<b>7</b>	<b>1</b>
<b>Justified</b>	<b>16</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Turned down</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>8</b>	<b>4</b>	<b>6</b>	<b>1</b>

All registered product quality claims were resolved and identified were the causes of occurrence thereof. In 2009, no justified complaint was registered.

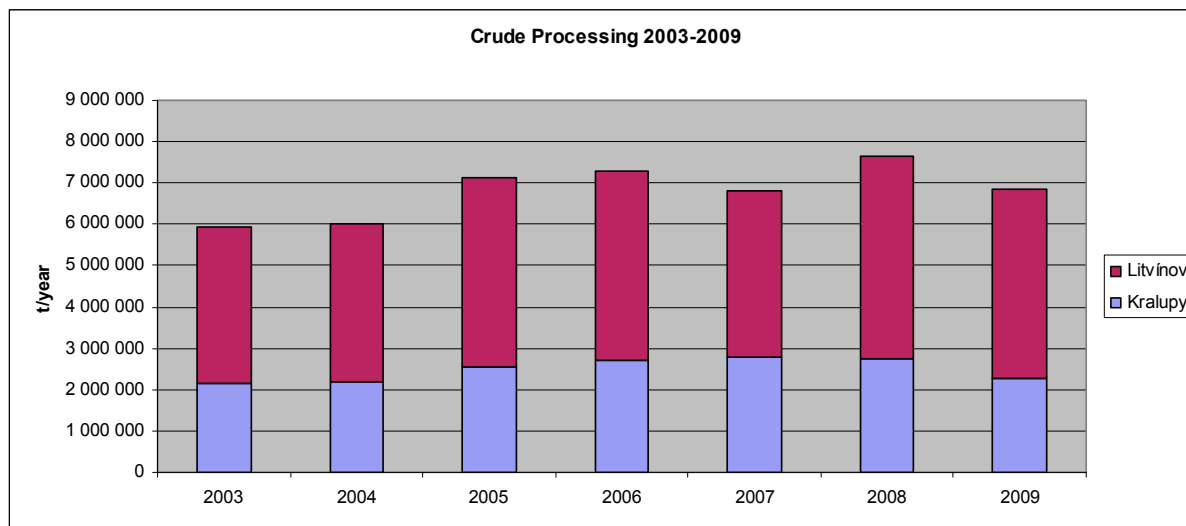
Product logistics requirements were based on processors' orders alongside with a concurrent optimization of semiproduct transport between the refineries, namely even with partial pipeline utilization.

<sup>1</sup> Only those activities are included, which cannot be performed safely or cannot be performed at all during the unit operation

## Planning and logistics

In 2009, crude oil prices got stabilized within 65 - 85 USD/bbl price range. Prices of major refinery products (i.e. gasoline and diesel) would practically emulate the trend of crude price development. In view of the “processing mode” of the refinery, these facts have had merely a secondary impact upon the Company, with the execution of production being coordinated with the processors through monthly so-called operative plans.

### *Exhibit No. 5 – Crude processing 2003 - 2009*



Transportation for the company and/or the processors was executed through TRANSPETROL, a.s., MERO ČR, a.s., and TAL GmbH companies. In 2009, the supply was stable; the relations with MERO ČR, a.s. and TRANSPETROL, a.s. would square well, and particularly important was the definition in the relationship of crude oil handover and of responsibility for the supply. In 2009, a pilot scheme of alternative crude oil processing for even the Litvínov refinery was run.

### *Exhibit No. 6 - Product logistics in years 2005 - 2009*

KPI	2005	2006	2007	2008	2009
<b>Pipeline transfer (%)</b>	93.7	100.6	99.5	100.1	<b>100.7</b> Pipeline transfer: → Plan 1,808 ths tons → Reality 1,821 ths tons
<b>Reposting of logistics-related costs to individual processors (%)</b>	100	100	100	100	<b>100</b>
<b>Processors' transport requirements (%)</b>	100	100	100	100	<b>100</b> Use of relevant shipping routes: → Railway 26 % → Road terminals 43 % → Pipeline 31 %



Loading and transportation requirements were fulfilled. The number of tanks needed for the provision of bio-components and particularly of FAME saw an increase by 30. Commenced was the replacement of small LPG pressure tanks with bigger ones, providing for a more efficient loading. Due to stricter requirements laid upon tanks intended for transportation of automotive gasolines within EU, the number of tanks equipped with the so-called forced ventilation has increased.

The transport of semiproducts and of diesel between the refineries, executed via the ČEPRO, a.s. pipeline saw a year-to-year increase from 167 kt to 220 kt.

### **Investment activities**

The original financial plan of investments in the amount of CZK 1,599 million was reviewed by the General Meeting of shareholders held in December 2008 to CZK 1,499 million. However, due to the economic crisis, the Company shareholders required to cut investment costs down to minimum. The actually invested amount in 2009, after the austerity measures being put in place, equals CZK 849 million.

As far as adherence to implementation schedules is concerned, it may be stated that assumed to be completed in 2009 had been 63 projects. Compliant with the reduction of investment costs triggered by Company shareholders, the number of projects to be completed was cut down to 58 (either in EPC phase, or in the phase of BDEP creation). Completed or handed over to operations were 55 projects. In EPC stage, 43 projects were completed in full extent, 2 projects were completed in the original extent, with newly requested extra work to be performed in 2010. Other 9 projects will be completed in 2010; of those, 6 were intentionally shifted to be implemented in the forthcoming year - see the abovementioned cuts of investment costs in 2009 to a minimum, and 1 project was delayed (without any endeavor of the Company). In BDEP phase, 10 projects were completed in full extent (with BDEP drawn up and handed over). One project is transferred to 2010.

#### ***Exhibit No. 7 - Key projects completed in 2009:***

<b>Number</b>	<b>Name of project</b>	<b>Type of project</b>	<b>Date of takeover</b>
LS-08023	Revamp of drainage facility — Quenching of A tankfarm tank corridors, st.3500	Mandatory	11.09
LS-06004	Replacement of e-equipment from FAR7	General	11.09
LR-09005	Improvement of the system of oily water treatment	General	11.09
LR-08004	Desulphurization of Claus unit end gases — BDP phase + process license + BDEP phase	Significant	10.09
LR-08003	Revamp of external over-ground power distribution	General	07.09
LR-07008	Separation and pumping of diesel into ČEPRO pipeline	Small	03.09
LR-07001	Utilization of new feedstock— C9 fraction	Requested by processors	02.09
KS-06019	Furnace Safeguard Supervision System	General	05.09
KR-06020	Improvement of reliability of 2512-G02 compressor	General	05.09
KR-06018	Energy efficiency improvement of FCC unit	General	05.09
KR-06007	Slurry oil filtration (work job pending turnaround – connecting points)	General	05.09
KR-06003	DCS system Upgrade - Kralupy (Part I)	General	05.09
LR-06003	Adjustment of Tank A 12 for VFCR storage and transfer to POX unit	Mandatory	10.09
KE-06010	Upgrade of RCC loading rack in Kralupy refinery — BDEP phase	Significant	07.09
KD-06027	Upgrade of FCC LPG section – Phase I	Significant	05.09

In the course of the Kralupy turnaround, it was planned to implement altogether 24 investment projects. All projects related with the turnaround were successfully completed and handed over to users within scheduled deadlines.

Total investment costs of CZK 849 million may roughly be allocated into the following categories of projects:

Safety	12%
Living environment	6%
Legislation	3%
Power engineering	5%
Reliability	56%
Quality	13%
Other	5%

***Exhibit No. 8: Investment expenditure in 2009 broken down as per investment plan and locality (in CZK)***

Type of investment expenditure	Litvínov	Kralupy	Both localities	Total
Major projects	30 483 816	244 290 157	0	274 773 973
General investment	95 848 418	255 572 738	16 957 834	368 378 990
Mandatory investment	29 408 008	40 356 368	33 641 662	103 406 038
Minor projects (incl. asset acquisition – Hydraulic shield)	24 825 520	65 948 358	9 282 516	100 056 394
Project requested by processors	1 742 096	0	206 911	1 949 007
<b>Total</b>	<b>182 307 858</b>	<b>606 167 621</b>	<b>60 088 923</b>	<b>848 564 402</b>

**Financial situation**

In 2009, the Company posted a profit before taxation equaling CZK 328 million (i.e. CZK 263 million after taxation), at a turnover of CZK 9.068 billion

Total assets of the Company fell - contrary to the previous period - by CZK 275 million, down to CZK 24,141 million.

The net book value of the fixed assets fell by CZK 529 million, down to CZK 15,459 million; fixed assets additions excluding movements on advances and emission allowances granted amounted to CZK 846 million, and the total cost of fixed tangible and intangible assets reached the amount of CZK 27,271 million.

The value of the current assets increased by CZK 512 million up to CZK 8,168 million, mainly due to an increase in the value of the short-term financial assets resulting from lower capital expenditure, and due to settlement of the 2008 processing fee. Other assets dropped by CZK 257 million to CZK 514 million.

The decrease in the shareholders equity of CZK 30 million (i.e. from CZK 16,971 million down to CZK 16,941 million) is in line with the Company's net profit for the current period equaling CZK 263 million, offset by dividend payment from the profit of year 2008 in the amount of CZK 293 million.

An overview of core financial indicators – as compared with the previous five-year period – is shown in the Exhibit below.

**Exhibit No. 9 - Turnover, net profit and capital investments - 2003 to 2009 (in CZK million)**

	2003*	2004	2005	2006	2007	2008	2009
Turnover	32,756	8,915	9,293	9,256	9,353	10,409	9,068
Profit after tax	332	18	257	268	387	308	263
Fixed operating costs	1,956	2,066	1,761	1,706	2,271	1,717	1,962
Capital expenditures **	833	928	484	1,435	1,669	1,093	849

\* data are not fully comparable with the period from 2004 onwards, as the shift to the processing mode took only place after 1 August 2003.

\*\* cash investment expenditures incurred during respective years

**Internal audit and risk assessment**

Internal audit and risk assessment constitute important activities of the Company. A close link was maintained with staff, the Company management, the Internal Audit Committee, the board of Directors, Supervisory Board, processors and shareholders. Since 2008, internal audits have been performed by the Business Assurance section, namely in cooperation with trained internal auditors.

The Company's plan of internal audits covers auditing of any and all primary and support processes, setting annual priorities based on regular reviews of risk assessment. Internal audits are focused on reviewing activities in terms of whether or not those are performed in compliance with set rules, towards reviewing the fulfillment of remedial measures imposed by previous audits, reviewing risk registers of respective sections incl. reviews of efficiency of set checks, and reviews of efficiency of corrective measures adopted in the past.

Apart from internal and external audits planned for 2009 (with the Purchase process audit being of top significance) extraordinary audits were performed; these were conducted upon the request of the Company management and of the Internal Audit Commission.

**Exhibit No. 10 - External audits performed in the period from 1.1.2009 to 31.12.2009**

Date	External auditor	Type of audit	Area checked
January 2009	Czech Accreditation Institute, o.p.s.	Accrediting audit	Laboratory accreditation – check as per ČSN EN ISO IEC 17025:2005 standard
February 2009	Czech Accreditation Institute, o.p.s.	Accrediting audit	Accreditation of inspection body of B type – check and accreditation of novel inspection procedures as per ČSN EN ISO IEC 17020:2005 standard
2. – 6.3. 2009	Lloyd's Register Quality Assurance	3 <sup>rd</sup> control visit	Fulfillment of ISO 9001:2000 and of ISO 14001:2004, ČSN OHSAS 18001:2008 requirements
7. – 8.4. 2009	Shareholders / Major Shell Auditor	Shareholder	Safety and health protection management system of environmental protection on railroad
31.8. – 4.9. 2009	Processors / Major auditor Unipetrol RPA	Processor	"Internal audit" process
14. – 18.9. 2009	Lloyd's Register Quality Assurance	4 <sup>th</sup> control visit	Fulfillment of ISO 9001:2000, ISO 14001:2004, ČSN OHSAS 18001:2008 requirements
21.9. – 2.10.2009	Shareholders / hlavní auditor Unipetrol	Shareholder	"Purchasing" process

Based on the plan, executed were moreover audits of contractors aimed at the area of environmental protection, quality and safety control, at the protection of health at work, and at pre-qualification audits.

In first half of 2009, phase I of the Business Continuity Management project was completed.

### **Human resources and education**

Throughout 2009, the situation in the area of workforce was consolidated, with fluctuation standing long-term at a very low level. The priorities are to keep quality staff and to attract new graduates from technical and chemical schools. As part of personnel strategy and shareholder requirements (multiplied by the necessity to adopt anti-crisis measures), optimization of the number and composition of workforce continued. Quite a number of measures were accomplished in a way allowing to even exceed the required 2009 indicator.

The remuneration system is managed on the basis of the requirements of Company owners, as well as on the basis of relevant comparisons of the situation on the labor market. On a benchmarking basis, a revaluation of some positions in the Company took place. The currently applied system of linking staff remuneration with efficiency evaluation remained in place without any significant changes.

Non-monetary benefits intended for the staff are provided as part of a scheme of optional benefits. The system is updated on a regular basis, the aim being to approach - in a maximum possible extent – staff requirements. The said system of non-cash benefits contributes to staff stabilization, that being reflected in a permanently low personnel turn over rate. Above-standard periodical medical checks help keep the sickness rate at the very low level of 1.4%.

Education in 2009 proceeded according to education plans and development projects implemented in the Company, including the provision of distance learning (part-time study courses) run in cooperation with the University of Chemical Technology (VŠCHT), operating at its detached center in Most. For financing part of staff training, the Company invariably used EU funds. In 2009 the average number of “education hours” per one member of staff was 37.70 hours, of which 15.50 hours were those devoted to e-learning.

As part of the Drugs? No! campaign, measurement took place on numerous spots in the Company with the aim to confirm that within the Company premises no individuals who came into contact with drugs are around. The result was negative.

The trend of voluntary work have grown in 2009. It is performed as part of voluntary and charity schemes and activities. The already third “Voluntary Day” took place. Concurrently, further activities supporting the engagement of Company staff in additional forms of voluntary activities, were launched.

In 2009, put into operation was the Refinery Center of Communication (RACEK) comprising the Company’s new communication tool run within the Intranet. Information flows are primarily set via meetings of relevant bodies, through corporate ECHO and Impulse periodicals, the Company intranet, and official wallboards.

## **Communication, external relations and corporate social responsibility**

Communication with external stakeholders, with the public, media and local authorities builds on the Manual of external impact of ČESKÁ RAFINÉRSKÁ, a.s., and is carried out compliant with approved principles of an open information policy pursued from one spot. In terms of communication and external relations, the Company followed the principles of open communication and developed the system of transparent relations with both the surrounding communities and the public. At the very start of 2009, amendments to long-term contracts were concluded on cooperation with Most, Litvínov, Meziboří, Kralupy nad Vltavou, Veltrusy, and the Chvatěruby municipalities; these have taken into account the current needs of towns and municipalities, of schools, cultural and sports organizations, including a variety of societies.

The refinery and petrochemical conference awarded the Company the honorary degree of “Refinery of the Year 2009 in Central and Eastern Europe“. Moreover, ČESKÁ RAFINÉRSKÁ, a.s. acquired – for the third time in succession – the “2009 PETROL Award“ in the category of “Products and technology“, namely for the implementation of the “Upgrade of LPG section within FCC complex“ accomplished in the Kralupy refinery, as an appreciation of the high technical standard thereof, and the economic and environmental benefit. In the Most region, the launch of the “From Coal to Crude Oil” exposition in the Ore Mountain Technical Museum was a major undertaking.

More information on communication, external relations in the two regions, and on social responsibility is available in the 2009 Corporate Social Responsibility Report.

The Company is a member of SCHP, ČAPPO, OHK Most and Mělník, Economic and Social Board of the Most Region, ČNR WPC, Krušnohoří/Erzgebirge Euro region, and of other professional associations and corporations.

## **Changes in composition of shareholders and changes in Company bodies**

In 2009, no changes took place in the composition of the Company’s shareholders.

In 2009, the following changes took place in the Board of Directors and the Supervisory Board:

The Company’s Board of Directors:

TERMINATION OF MEMBERSHIP	NEW MEMBER
Robert Arthur Chalmers (15 September 2009)	Arnoldus Johannes van der Post (16 September 2009)

The Company’s Supervisory Board:

TERMINATION OF MEMBERSHIP	NEW MEMBERS
Andrea Moretti (30 April 2009)	Maurizio Mazzei (1 May 2009)
Jacek Stanik (6 May 2009)	Krzysztof Loziński (6 May 2009)

On 10 December 2009, the General Meeting re-elected as member of the Supervisory Board Mr. Martin Jaroš (effective as of 15 December 2009), who was on 11 December 2009 re-elected – by the Supervisory Board – as Vice chairman of the Supervisory Board (effective as of 15 December 2009).

Even in 2009, the Company continued to run in the mode of a processing refinery, fulfilling the requirements of its owners. Through the ongoing investment program and through systems measures, the Company continued to mitigate the impacts of the economic crisis upon its owners and processors, and supported factors for the future high utilization of its capacity and the provision of quality production within an entire spread of products. The Company does not have any foreign affiliate.

In 2010 the company will proceed in preparation of programs for improving performance and efficiency (particularly in areas such as cost cutting, utility savings, increasing crude processing yields, and operation reliability), the accelerated implementation of which will – apart from other things – contribute to the mitigation of the impact of the global crisis. The Company will continue in the fulfillment of legislative requirements such as those concerning admixing biocomponents into motor fuels.

The Company seeks to achieve – in the long-term perspective – top results in the area of work safety and environmental protection, to ensure high availability of key production units, and to fulfil all quantity and quality requirements of the processors. The Company pursues open communication with the public and state administration authorities, and consistently builds its reputation of a trustworthy and reliable partner.

Litvínov, 25 March 2010

Ivan Souček 

Chairman of the Board of Directors of ČESKÁ RAFINÉRSKÁ, a.s.

## **Report of the Supervisory Board of ČESKÁ RAFINÉRSKÁ, a.s. for the Ordinary General Meeting of the Company dated 27 April 2010**

\*\*\*\*\*

Report of the Supervisory Board of ČESKÁ RAFINÉRSKÁ, a.s. on the Company's annual financial statements for 2009, the proposal for the distribution of the profit and the examination of the Report on the relations between the controlling and controlled entities and on the relations between the controlled entity and other entities controlled by the same controlling entity for the year ended 31 December 2009.

PricewaterhouseCoopers Audit, s.r.o. audited the annual financial statements for 2009 and expressed an unqualified auditor's report. In view of the auditor's statement, the Supervisory Board states that the annual financial statements reflect truly, in all material aspects, the assets, liabilities, equity and financial standing of ČESKÁ RAFINÉRSKÁ, a.s. as at 31 December 2009 and its results for the year then ended in accordance with the accounting act and relevant regulations of the Czech Republic.

The Supervisory Board also states that it did not discover any material misstatements in the submitted annual financial statements as at 31 December 2009 or in other documents that the Company's Board of Directors submitted to the Supervisory Board for discussion in 2009 that would suggest that the accounting records were not maintained properly in accordance with reality and legal regulations.

The Supervisory Board recommends that the Ordinary General Meeting approves the financial statements for 2009 and also approves the proposal of the Board of Directors for the distribution of the 2009 profit.

The Supervisory Board has examined the Report on the relations between the controlling and controlled entities and on the relations between the controlled entity and other entities controlled by the same controlling entity for the year ended 31 December 2009 as prepared by the Company's Board of Directors and submitted to the Supervisory Board. The Supervisory Board has no comments concerning the submitted report.

Kralupy nad Vltavou, 26 March 2010



Zdeněk Černý  
Chairman of the Supervisory Board  
ČESKÁ RAFINÉRSKÁ, a.s.

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF ČESKÁ RAFINÉRSKÁ, A.S.

We have audited the financial statements of ČESKÁ RAFINÉRSKÁ, a.s., identification number 62741772, with registered office at Záluží 2, Litvínov ("the Company") for the year ended 31 December 2009 disclosed in the annual report on pages 17 to 50 and issued the opinion dated 26 February 2010 and disclosed on pages 18 to 19.

#### Report on the Annual Report

We have verified that the other information included in the annual report of the Company for the year ended 31 December 2009 is consistent with the financial statements referred to above. The Board of Directors is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements based on our verification procedures.

#### *Auditor's Responsibility*

We conducted our verification procedures in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the annual report which describes matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

#### *Opinion*

In our opinion, the other information included in the annual report of the Company for the year ended 31 December 2009 is consistent, in all material respects, with the financial statements.

The maintenance and integrity of the Company's website is the responsibility of its Board of Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

PricewaterhouseCoopers Audit, s.r.o., registered seat Kateřinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.

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Shareholders of ČESKÁ RAFINÉRSKÁ, a.s.  
Independent auditor's report

### Report on review of the Report on Relations

In addition we have also reviewed the accompanying report on relations between the Company and its controlling party and between the Company and the other persons controlled by the same controlling party for the year ended 31 December 2009 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Board of Directors of the Company. Our responsibility is to review the accuracy of information included in the Report.

#### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 and related application guidance of the Chamber of Auditors of the Czech Republic for review of the report on relations. These standards require that we plan and perform the review to obtain moderate assurance as to whether the Report is free of material misstatement. A review is limited primarily to inquiries of Company personnel, analytical procedures and examination, on a test basis, of factual accuracy of data. A review therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Report has not been properly prepared, in all material respects, in accordance with the requirements of Article 66a of the Commercial Code.

26 March 2010



PricewaterhouseCoopers Audit, s.r.o.

represented by partner



Petr Šobotník

Statutory Auditor, Licence No. 113

#### Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

**ČESKÁ RAFINÉRSKÁ, a.s.**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

Translation note

The financial statements have been prepared in Czech language and in English language. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF ČESKÁ RAFINÉRSKÁ, A.S.

We have audited the accompanying financial statements of ČESKÁ RAFINÉRSKÁ, a.s., identification number 62741772, with registered office at Záluží 2, Litvínov ("the Company"), which comprise the balance sheet as at 31 December 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended and notes, including a summary of significant accounting policies ("the financial statements").

#### *Board of Directors' Responsibility for the Financial Statements*

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

Shareholders of ČESKÁ RAFINÉRSKÁ, a.s.  
Independent auditor's report

*Auditor's Responsibility (continued)*

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2009, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

26 February 2010

*PricewaterhouseCoopers Audit, s.r.o.*

PricewaterhouseCoopers Audit, s.r.o.  
represented by partner



Petr Šobotník  
Statutory Auditor, Licence No. 113

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

Company name: ČESKÁ RAFINÉRSKÁ, a.s.  
 Identification number: 62741772  
 Legal form: Joint-stock company  
 Primary business: Refining of crude oil  
 Balance sheet date: 31 December 2009  
 Date of preparation of the financial statements: 26 February 2010

**BALANCE SHEET**  
(in CZK thousands)

		Current year			Prior year
		Gross	Provisions	Net	Net
<b>TOTAL ASSETS</b>		<b>37 062 963</b>	<b>(12 921 996)</b>	<b>24 140 967</b>	<b>24 415 471</b>
<b>B.</b>	<b>FIXED ASSETS</b>	<b>27 924 714</b>	<b>(12 466 011)</b>	<b>15 458 703</b>	<b>15 987 896</b>
B. I.	Intangible fixed assets	1 275 011	(1 081 835)	193 176	227 206
B. I. 1	Research and development	73 490	(66 570)	6 920	8 593
2	Software	793 157	(721 606)	71 551	81 125
3	Royalties	405 634	(293 659)	111 975	130 962
4	Other intangible fixed assets	950	-	950	2 421
5	Intangible fixed assets in the course of construction	1 780	-	1 780	4 105
B. II.	Tangible fixed assets	25 995 613	(11 384 176)	14 611 437	15 106 600
1	Constructions	5 867 498	(1 068 624)	4 798 874	4 503 809
2	Equipment	18 239 293	(9 047 076)	9 192 217	9 280 507
3	Other tangible fixed assets	168 806	(78 197)	90 609	96 202
4	Tangible fixed assets in the course of construction	450 704	(5 588)	445 116	996 164
5	Advances paid for tangible fixed assets	0	-	0	60 676
6	Adjustment to acquired fixed assets	1 269 312	(1 184 691)	84 621	169 242
B. III.	Long-term investments	654 090	-	654 090	654 090
1	Other financial investments	654 090	-	654 090	654 090
<b>C.</b>	<b>CURRENT ASSETS</b>	<b>8 624 267</b>	<b>(455 985)</b>	<b>8 168 282</b>	<b>7 656 180</b>
C. I.	Inventories	1 607 002	(402 425)	1 204 577	1 176 538
C. I. 1	Raw materials	1 386 159	(397 906)	988 253	1 039 555
2	Finished goods	220 843	(4 519)	216 324	136 983
C. II.	Short-term receivables	5 304 846	(53 560)	5 251 286	5 288 272
C. II. 1	Trade receivables	587 402	(53 560)	533 842	652 238
2	Taxes and state subsidies receivable	33 026	-	33 026	88 766
3	Short-term advances paid	11 430	-	11 430	12 643
4	Other receivables	4 672 988	-	4 672 988	4 534 625
C. III.	Financial assets	1 712 419	-	1 712 419	1 191 370
C. III. 1	Cash in hand	1 454	-	1 454	944
2	Cash at bank	824 106	-	824 106	139 881
3	Short-term investments	886 859	-	886 859	1 050 545
<b>D.</b>	<b>ACCRUALS AND DEFERRALS</b>	<b>513 982</b>	<b>-</b>	<b>513 982</b>	<b>771 395</b>
D. I.	Accruals and deferrals	513 982	-	513 982	771 395
D. I. 1	Prepaid expenses	406 315	-	406 315	299 403
2	Accrued revenue	107 667	-	107 667	471 992

		Current year	Prior year
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>24 140 967</b>	<b>24 415 471</b>
<b>A.</b>	<b>EQUITY</b>	<b>16 941 305</b>	<b>16 971 486</b>
A. I.	Share capital	9 348 240	9 348 240
A. I. 1	Share capital	9 348 240	9 348 240
A. II.	Reserve fund and other reserves	524 463	509 041
A. II. 1	Statutory reserve fund	524 463	509 041
A. III.	Retained earnings	6 805 772	6 805 766
III. 1	Retained profits	6 805 772	6 805 766
A. IV.	Profit for the current period	262 830	308 439
<b>B.</b>	<b>LIABILITIES</b>	<b>7 199 662</b>	<b>7 443 985</b>
B. I.	Provisions	423 045	671 864
I. 1	Tax-deductible provisions	196 651	325 651
2	Other provisions	226 394	346 213
B. II.	Long-term liabilities	629 139	601 373
II. 1	Other liabilities	209 106	246 558
2	Deferred tax liability	420 033	354 815
B. III.	Short-term liabilities	6 147 478	6 170 748
B. III. 1	Trade payables	657 640	989 054
2	Liabilities to employees	23 158	23 311
3	Liabilities for social security and health insurance	12 479	12 650
4	Taxes and state subsidies payable	4 675 078	4 546 792
5	Short-term advances received	100 104	431 701
6	Anticipated liabilities	641 524	129 391
7	Other payables	37 495	37 849

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**  
(in thousands CZK)

		Current year	Prior year
I.	Sales of goods	141 165	229 333
A.	Cost of goods sold	168 395	244 047
<b>+</b>	<b>Gross profit</b>	<b>(27 230)</b>	<b>(14 714)</b>
II.	Sales of production	8 926 993	10 179 879
II. 1	Sales of own products and services	8 926 993	10 179 879
B.	Cost of sales	7 012 373	7 347 794
B. 1	Raw materials and consumables	3 239 904	3 449 500
B. 2	Services	3 772 469	3 898 294
<b>+</b>	<b>Added value</b>	<b>1 887 390</b>	<b>2 817 371</b>
C.	Staff costs	551 310	545 656
C. 1	Wages and salaries	400 793	395 070
C. 2	Emoluments of board members	4 343	4 145
C. 3	Social security and health insurance costs	125 782	126 287
C. 4	Other social costs	20 392	20 154
D.	Taxes and charges	4 336	4 364
E.	Depreciation of long-term assets	1 206 609	1 224 265
III.	Sale of long-term assets and raw materials	77 673	61 749
III. 1	Sale of long-term assets	70 163	53 520
III. 2	Sale of raw materials	7 510	8 229
F.	Net book value of long-term assets and raw materials sold	61 720	45 717
F. 1	Net book value of long-term assets sold	57 813	43 626
F. 2	Net book value of raw materials sold	3 907	2 091
G.	(Decrease)/increase in operating provisions	(275 934)	196 600
IV.	Other operating income	258 619	536 164
H.	Other operating charges	382 247	1 047 146
<b>*</b>	<b>Operating result</b>	<b>293 394</b>	<b>351 536</b>
VIII.	Income from short-term investments	23 653	28 880
X.	Interest income	11 460	18 265
N.	Interest expense	7 099	14 235
XI.	Other financial income	53 419	57 683
O.	Other financial expense	46 779	57 516
<b>*</b>	<b>Financial result</b>	<b>34 654</b>	<b>33 077</b>
Q.	Tax on profit on ordinary activities	65 218	76 174
Q. 1	- paid	-	-
Q. 2	- deferred	65 218	76 174
<b>**</b>	<b>Profit on ordinary activities after taxation</b>	<b>262 830</b>	<b>308 439</b>
<b>***</b>	<b>Net profit for the financial period</b>	<b>262 830</b>	<b>308 439</b>
	<b>Profit before taxation</b>	<b>328 048</b>	<b>384 613</b>

Company name: ČESKÁ RAFINÉRSKÁ, a.s.

## STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

(in thousands CZK)

	Share capital	Statutory reserve fund	Retained earnings	Profit for the current period	Total
<b>At 1 January 2008</b>	<b>9 348 240</b>	<b>489 698</b>	<b>6 805 762</b>	<b>386 864</b>	<b>17 030 564</b>
Distribution of profit		19 343	174 096	(193 439)	-
Dividend approved			(174 092)	(193 425)	(367 517)
Net profit for 2008				308 439	308 439
<b>At 31 December 2008</b>	<b>9 348 240</b>	<b>509 041</b>	<b>6 805 766</b>	<b>308 439</b>	<b>16 971 486</b>
Distribution of profit		15 422	293 017	(308 439)	-
Dividend approved			(293 011)		(293 011)
Net profit for 2009				262 830	262 830
<b>At 31 December 2009</b>	<b>9 348 240</b>	<b>524 463</b>	<b>6 805 772</b>	<b>262 830</b>	<b>16 941 305</b>



**CASH FLOW STATEMENT**  
**FOR YEAR ENDED 31 DECEMBER 2009**  
(in thousands CZK)

		Current year	Prior year
<b>Cash flows from operating activities</b>			
<b>Profit from ordinary activities before tax</b>		<b>328 048</b>	<b>384 613</b>
<b>A. 1.</b>	<b>Adjustments for non-cash movements</b>	<b>912 666</b>	<b>1 793 897</b>
A. 1. 1.	Depreciation and amortization of fixed assets and valuation adjustment	1 291 230	1 308 886
A. 1. 2.	Change in allowances	(111 735)	(146 639)
A. 1. 3.	Change in provisions	(248 820)	258 618
A. 1. 4.	Profit from disposals of fixed assets	(12 350)	(9 894)
A. 1. 5.	Net interest income	(4 361)	(4 030)
A. 1. 6.	Other non-cash movements	(1 298)	386 956
<b>A *</b>	<b>Net cash flow from operating activities before tax, changes in working capital and paid interests</b>	<b>1 240 714</b>	<b>2 178 510</b>
<b>A. 2.</b>	<b>Working capital changes</b>	<b>124 565</b>	<b>261 143</b>
A. 2. 1.	Decrease/(increase) in inventories	72 048	(222 562)
A. 2. 2.	Decrease/(increase) in receivables	81 102	(63 556)
A. 2. 3.	Decrease in other receivables and prepayments	176 003	751 028
A. 2. 4.	(Decrease)/increase in payables	(265 373)	142 083
A. 2. 5.	Increase/(decrease) in other payables, bank loans and accruals	308 145	(345 850)
A. 2. 6.	Increase in short-term financial assets other than cash and cash equivalents	(247 360)	-
<b>A **</b>	<b>Net cash flow from operating activities before tax and paid interests</b>	<b>1 365 279</b>	<b>2 439 653</b>
A. 1.	Interest received	11 460	18 265
A. 2.	Interest paid	(7 099)	(14 235)
<b>A ***</b>	<b>Net cash flow from operating activities</b>	<b>1 369 640</b>	<b>2 443 683</b>
<b>Cash flows from investing activities</b>			
B. 1.	Acquisition of fixed assets	(848 564)	(1 108 623)
B. 2.	Proceeds from sale of fixed assets	45 624	2 962
<b>B ***</b>	<b>Net cash flow from investing activities</b>	<b>(802 940)</b>	<b>(1 105 661)</b>
<b>Cash flows from financing activities</b>			
C. 1.	Dividends paid	(293 011)	(367 517)
<b>C ***</b>	<b>Net cash flow from financing activities</b>	<b>(293 011)</b>	<b>(367 517)</b>
<b>F.</b>	<b>Net increase in cash and cash equivalents</b>	<b>273 689</b>	<b>970 505</b>
<b>P.</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>1 191 370</b>	<b>220 865</b>
<b>R.</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>1 465 059</b>	<b>1 191 370</b>

## 1. GENERAL INFORMATION

ČESKÁ RAFINÉRSKÁ, a.s. (the “Company”) is a joint-stock company that was incorporated on 28 April 1995 and has its registered office in Litvínov, Záluží 2, Czech Republic. The identification number of the Company is 62741772. The Company’s main business activity comprises the refining of crude oil into finished products and petrochemical feedstock.

The shareholders of the Company as at 31 December 2009 and 2008 were as follows:

UNIPETROL, a.s.	51.220 %
Eni International B.V.	32.445 %
Shell Overseas Investments B.V.	16.335 %

The Company is a part of the consolidated group of Unipetrol. Since 31 May 2005, Unipetrol has become a part of the consolidated PKN Orlen group.

Since 1 September 2007, the Company has become a part of the consolidated Eni group.

Decision-making processes within the Company are further specified in the Articles of Incorporation.

Based on the Processing Agreement concluded between the Company and the subsidiaries of its shareholders (the “Processors”) on 23 January 2003, the Company started operating as a processing refinery from 1 August 2003. Most of the current commercial activities of the Company are performed with the Processors, who became the Company’s main customers. As of 31 December 2009 and 2008, the Processors were UNIPETROL RPA, s.r.o., Eni Česká republika, s.r.o. (formerly Agip Česká republika, s.r.o.) and Shell Czech Republic a.s.

## 1. GENERAL INFORMATION (continued)

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

Board of Directors		Member since
Chairman	Ivan Souček	15 October 2002
Vice chairman	Salvatore Recupero	17 October 2007
Member	Jacek Smyczyński	26 May 2007
Member	Miroslav Kornalík	14 December 2005
Member	Giorgio Cervi	27 February 2008
Member	Arnoldus Johannes van der Post	16 September 2009
Member	Roman Novotný	11 December 2008

Effective from 16 September 2009, Mr Arnoldus Johannes van der Post was appointed as member of the Board of Directors, replacing Mr Robert Arthur Chalmers. This change was recorded in the Commercial Register on 8 February 2010.

Supervisory Board		Member since
Chairman	Zdeněk Černý	4 August 2007
Vice chairman	Martin Jaroš	14 December 2006
Member	Krzysztof Loziński	6 May 2009
Member	Ingrid Levá	27 February 2008
Member	Maurizio Mazzei	1 May 2009
Member	Jan Klimeš	29 April 2002
Member	Ilona Pokorná	29 April 2002
Member	Karel Surma	27 February 2008
Member	František Filípek	4 July 2008

Effective from 1 May 2009, Mr Maurizio Mazzei was appointed as member of the Supervisory Board, replacing Mr Andrea Moretti. Effective from 6 May 2009, Mr Krzysztof Loziński was appointed as member of the Supervisory Board, replacing Mr Jacek Stanik.

The Company operates the two largest oil refineries in the Czech Republic, located in Litvínov and in Kralupy nad Vltavou. The Litvínov refinery has the capacity to process 5 million tonnes of crude oil per year; the Kralupy refinery has the capacity to process 3 million tonnes of crude oil per year.

The Company is divided into five divisions: Finance, Technical, Planning and Development, General Affairs and CEO.

## 2. BASIS OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in the Czech Republic.

The financial statements have been prepared under the historical cost convention.

Comparable data for the year 2008 were taken from previous audited financial statements.

## 3. ACCOUNTING POLICIES

The valuation principles applied by the Company for preparation of the financial statements for the years 2009 and 2008 are as follows:

### a) Intangible fixed assets

Intangible fixed assets are recorded at cost, which includes costs incurred in bringing the assets to their present location and condition. All research costs are expensed. Development costs are capitalised as intangible assets and recorded at the lower of costs or the value of future economic benefits if the value of future economic benefits can be reasonably estimated. All other development costs are expensed as incurred.

Intangible fixed assets with unit costs exceeding CZK 60 thousand and with a useful life of over 1 year are amortised applying the straight-line basis over their estimated useful life. The useful lives of assets were set as follows:

	Years
Research and development	2 – 6
Software	2 – 5
Royalties	3 – 10

Intangible fixed assets with unit cost of less than CZK 60 thousand are expensed upon acquisition.

A provision for impairment is established whenever the carrying value of an asset is greater than its estimated recoverable amount.

Emission rights are presented by the Company under Other intangible fixed assets.

### **3. ACCOUNTING POLICIES (continued)**

#### **a) Intangible fixed assets (continued)**

Emission rights allocated by the National Allocation Plan free of charge to the Company are recorded as Other intangible fixed assets and related liability is recorded under Taxes and state subsidies payable upon their being credited to the Register of emission rights in the Czech Republic. Emission rights allocated are recorded at replacement cost. Emission rights purchased are recorded at cost, which includes costs incurred in bringing the assets to their present location and condition.

The emission rights liability is released into Other operating income based on matching with relevant expenses.

Consumption of emission rights is measured monthly on the basis of estimate of actual CO<sub>2</sub> emissions in the period and is recognized under Other operating expenses.

The first-in-first-out method is applied for the disposals of emission rights.

#### **b) Tangible fixed assets**

Tangible fixed assets with unit cost of more than CZK 40 thousand are recorded at acquisition cost, which includes freight, customs duties and other related costs. Interest costs incurred in connection with construction of tangible fixed assets are not capitalised. The costs of property enhancements are capitalised. Repairs and maintenance expenditures are expensed as incurred. Tangible fixed assets with unit cost of less than CZK 40 thousand are expensed when purchased.

A provision for impairment is established whenever the carrying value of an asset is greater than its estimated recoverable amount.

The Company creates a reserve for major repairs of tangible fixed assets, which the Company's management expects to incur in future accounting periods (Note 13). The value of the reserve is based on the total estimated costs of major repairs of tangible fixed assets.

### 3. ACCOUNTING POLICIES (continued)

#### b) Tangible fixed assets (continued)

A valuation adjustment to acquired property was recognised in 1995 as the difference between the value of property in accordance with valuation done for the purposes of contributing those assets to the Company and the net book value of the property as recorded in the accounting records of the contributing entities (Note 5).

#### Depreciation

Tangible fixed assets are depreciated applying the straight-line basis over their estimated useful lives which are as follows:

	Years
Buildings and constructions	50
Plant, machinery and equipment	4 - 25
Motor vehicles	6 - 11
Furniture and fittings	4 - 8
Other tangible fixed assets	4 - 30
Adjustment to acquired fixed assets	15

The depreciation rates applied by the Company are adjusted on ongoing basis to match the expected useful lives of fixed assets.

In 2006, the Company completed modernisation of a production unit in cost of CZK 374,518 thousand, which is operated solely on behalf of two Processors: UNIPETROL RPA, s.r.o. and Eni Česká republika, s.r.o. (formerly Agip Česká republika, s.r.o.). Operation of this asset is governed by the special agreement concluded for the period of 10 years. The useful life of this asset was estimated for 10 years.

#### c) Long-term investments

Long-term investments consist of held-to-maturity long-term loans.

### **3. ACCOUNTING POLICIES (continued)**

#### **d) Inventories**

Inventories are stated at the lower of cost or net realisable amount. Cost includes appropriate overheads incurred to bring inventory to its present state and location (mainly transport, customs duty, commissions etc.). The weighted average cost method is applied for all disposals.

Value of spare parts is adjusted by a provision based on their expected utilisation and the estimate of the remaining useful life of the related assets. A provision for spare parts is created on the basis of a detailed analysis of the expected utilisation at year-end and remaining useful life.

#### **e) Receivables**

Receivables are stated at their nominal value. The valuation of doubtful receivables is adjusted through a provision for the doubtful amount to their net realisable value.

A provision for doubtful receivables is created on the basis of a detailed analysis of the collectibility of doubtful receivables at year-end.

#### **f) Short-term financial assets**

Short-term financial assets consist of cash equivalents, cash in hand and in the bank, and held-to-maturity debt securities falling due within one year.

#### **g) Share capital**

The Share capital of the Company is recorded at the amount recorded in the Commercial Register maintained by the Regional Court.

In accordance with the Commercial Code and the articles of association, the Company must create a statutory reserve fund from profit. In the first year in which a profit is generated, a joint-stock company is obliged to allocate 20 % of profit after tax (however, not more than 10 % of share capital) to the statutory reserve fund. In subsequent years, the Company allocates 5 % of the profit after tax, until the value of the reserve fund from profit reaches 20 % of the share capital. This fund can only be used to offset losses.

### **3. ACCOUNTING POLICIES (continued)**

#### **h) Liabilities**

Long-term liabilities and current liabilities and loans are recorded at their nominal values. Any portion of a long-term loan due within one year of the balance sheet date is recorded as a short-term loan.

#### **i) Financial leases**

The Company accounts for leased assets by expensing the lease payments and capitalising the residual value of those assets at the time of the contract expiration and exercising of the purchase option. Lease payments paid in advance are recorded as prepaid expenses and amortised over the lease term.

Amounts payable in future periods but not yet due are disclosed in the notes but not recognised in the balance sheet.

#### **j) Provisions**

Provisions are recognised when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The Company recognises tax deductible provisions relating to future repairs of property, plant and equipment.

#### **k) Foreign currency translation**

Transactions denominated in a foreign currency are translated and recorded at the Czech National Bank rate of exchange rate ruling on the date of the transaction.

All monetary assets and liabilities denominated in foreign currencies have been translated at the year-end exchange rate published by the Czech National Bank.

All foreign exchange gains and losses are recognised in the profit and loss account.

#### **l) Revenues and expenses recognition**

Revenues and expenses are recognised on an accrual basis.

A processing fee is charged to individual Processors based on the Processing Agreement.



### **3. ACCOUNTING POLICIES (continued)**

#### **l) Revenues and expenses recognition (continued)**

Sales are recognised when goods are shipped and title passes to the customer or upon the performance of services. Sales are shown net of discounts and Value Added Tax.

#### **m) Extraordinary items and changes in accounting policies**

Extraordinary gains and losses represent one-off effects of events outside the scope of the Company's activities and the effects of changes in accounting policies.

#### **n) Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax assets are recognised if it is probable that sufficient future taxable profit will be available against which the assets can be utilised.

#### **o) Related parties**

The Company's related parties are considered to be the following:

- shareholders, of which the Company is a subsidiary or an associate, directly or indirectly, and subsidiaries and associates of these shareholders; and/or
- members of the Company's or parent company's statutory and supervisory bodies and management and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions and outstanding balances with related parties are disclosed in Note 21.

#### **p) Employment benefits**

The Company recognises an estimated payable relating to rewards and bonuses of employees. The Company takes into account an expected average ratio of payments for social and health insurance and payroll expenses when creating the estimated payable.

In 2009, the Company provided a contribution to the Employee Pension Scheme according to Act 42/1994 and its amendment no. 170/1999 Coll. Regular contributions are made to the state budget to fund the national pension plan.

### **3. ACCOUNTING POLICIES (continued)**

#### **q) Cash flow statement**

The Company has prepared a cash flow statement following the indirect method. Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash.

#### **r) Subsequent events**

The effects of events that occurred between the balance sheet date and the date of preparation of the financial statements are recognised in the financial statements in the case that these events provide further evidence of conditions that existed at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, and such events are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed but not recognised in the financial statements.

#### 4. INTANGIBLE FIXED ASSETS

##### Cost

(CZK'000)	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Research and development	70,638	2,052	-	800	73,490
Software	756,938	27,323	(363)	9,259	793,157
Royalties	392,940	910	-	11,784	405,634
Other intangible fixed assets	3,594	283,766	(286,410)	-	950
Intangible assets in the course of construction	4,105	24	-	(2,349)	1,780
<b>Total</b>	<b>1,228,215</b>	<b>314,075</b>	<b>(286,773)</b>	<b>19,494</b>	<b>1,275,011</b>

##### Accumulated amortization and provisions

(CZK'000)	1 January 2009	Amortization charge	Disposals	Provisions	31 December 2009
Research and development	(62,045)	(4,655)	-	130	(66,570)
Software	(675,813)	(46,637)	363	481	(721,606)
Royalties	(261,978)	(31,750)	-	69	(293,659)
Other intangible fixed assets	(1,173)	-	-	1,173	-
<b>Total</b>	<b>(1,001,009)</b>	<b>(83,042)</b>	<b>363</b>	<b>1,853</b>	<b>(1,081,835)</b>
<b>Net book value</b>	<b>227,206</b>				<b>193,176</b>

#### 4. INTANGIBLE FIXED ASSETS (continued)

##### Cost

(CZK'000)	1 January 2008	Additions	Disposals	Transfers	31 December 2008
Research and development	64,829	5,749	-	60	70,638
Software	719,146	23,687	-	14,105	756,938
Royalties	367,988	23,785	-	1,167	392,940
Other intangible fixed assets	15	588,901	(585,322)	-	3,594
Intangible assets in the course of construction	2,426	1,679	-	-	4,105
Total	1,154,404	643,801	(585,322)	15,332	1,228,215

##### Accumulated amortization and provisions

(CZK'000)	1 January 2008	Amortization charge	Disposals	Provisions	31 December 2008
Research and development	(53,438)	(8,477)	-	(130)	(62,045)
Software	(633,931)	(42,496)	-	614	(675,813)
Royalties	(228,463)	(34,798)	-	1,283	(261,978)
Other intangible fixed assets	-	-	-	(1,173)	(1,173)
Total	(915,832)	(85,771)	-	594	(1,001,009)
Net book value	238,572				227,206

Research and development costs represent external studies, which are amortised over their estimated useful lives. Management also expects these projects to be technically viable and commercially profitable.

Royalties represent mainly licences acquired for technological processes and knowhow utilized by the Company.

Other intangible assets represent greenhouse emissions allowances.

#### **4. INTANGIBLE FIXED ASSETS (continued)**

In 2008, 28,820 pcs of allowances from previous trading period were sold.

In 2008, the Government Decree of 25 February 2008 about the National Allocation Plan for trading years 2008 – 2012 came into force. Under the Decree, the Company was assigned 867,235 pcs of allowances for the year 2008. The total estimated greenhouse emissions were 910,443 tons in that year. The deficit of 43,208 pcs of allowances was covered partly by a swap of assigned EUA (European Union Allowance) units for CER (Certified Emission Reduction) units and partly by purchases of EUA units.

As at 31 December 2008, the Company had 2,611 pcs EUA units and 3,606 pcs of CER units left.

In 2009, the Company was assigned 867,235 pcs of allowances for trading period 2009 based on the above mentioned Government Decree. Furthermore, the Company was assigned additional allowances based on Ministry of the Environment decision, namely 21,991 pcs of allowances for new equipment operation in 2008 and 22,357 pcs of allowances for new equipment operation in 2009. In 2009, 124,120 pcs of assigned allowances were sold. The total estimated greenhouse emissions in 2009 were 806,345 tons. The deficit of 18,882 pcs of allowances was covered partly by the balance of allowances from 2008 and partly by gain from swap of assigned EUA units for CER units.

As at 31 December 2009, the Company had 3,309 pcs of CER units left.

## 5. TANGIBLE FIXED ASSETS

### Cost

(CZK'000)	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Constructions	5,428,801	125,898	-	312,799	5,867,498
Machinery and equipment	17,394,121	465,218	(64,119)	444,073	18,239,293
Artworks and collections	1,241	-	-	-	1,241
Other tangibles fixed assets	167,572	-	(7)	-	167,565
Tangible assets in the course of construction	1,002,607	70,240	-	(622,143)	450,704
Advances paid for tangible fixed assets	60,676	93,547	-	(154,223)	-
Adjustment to acquired fixed assets	1,269,312	-	-	-	1,269,312
<b>Total</b>	<b>25,324,330</b>	<b>754,903</b>	<b>(64,126)</b>	<b>(19,494)</b>	<b>25,995,613</b>

### Accumulated depreciation and provisions

(CZK'000)	1 January 2009	Depreciation charge	Disposals	Provisions	31 December 2009
Constructions	(924,992)	(139,834)	-	(3,798)	(1,068,624)
Machinery and equipment	(8,113,614)	(978,147)	63,925	(19,240)	(9,047,076)
Other tangibles fixed assets	(72,611)	(5,586)	-	-	(78,197)
Tangible assets in the course of construction	( 6,443)	-	-	855	(5,588)
Adjustment to acquired fixed assets	( 1,100,070)	(84,621)	-	-	(1,184,691)
<b>Total</b>	<b>(10,217,730)</b>	<b>(1,208,188)</b>	<b>63,925</b>	<b>(22,183)</b>	<b>(11,384,176)</b>
<b>Net book value</b>	<b>15,106,600</b>				<b>14,611,437</b>

## 5. TANGIBLE FIXED ASSETS (continued)

### Cost

(CZK'000)	1 January 2008	Additions	Disposals	Transfers	31 December 2008
Constructions	4,935,146	248,641	(28,313)	273,327	5,428,801
Machinery and equipment	16,679,775	274,526	(211,572)	651,392	17,394,121
Artworks and collections	1,090	-	-	151	1,241
Other tangibles fixed assets	167,589	1	(18)	-	167,572
Tangible assets in the course of construction	1,226,332	478,709	-	(702,434)	1,002,607
Advances paid for tangible fixed assets	228,415	70,029	-	(237,768)	60,676
Adjustment to acquired fixed assets	1,269,312	-	-	-	1,269,312
<b>Total</b>	<b>24,507,659</b>	<b>1,071,906</b>	<b>(239,903)</b>	<b>(15,332)</b>	<b>25,324,330</b>

### Accumulated depreciation and provisions

(CZK'000)	1 January 2008	Depreciation charge	Disposals	Provisions	31 December 2008
Constructions	(811,922)	(128,285)	13,940	1,275	(924,992)
Machinery and equipment	(7,335,540)	(985,015)	199,574	7,367	(8,113,614)
Other tangibles fixed assets	(67,026)	(5,585)	-	-	(72,611)
Advances for tangible fixed assets	-	-	-	(6,443)	(6,443)
Adjustment to acquired fixed assets	(1,015,449)	(84,621)	-	-	(1,100,070)
<b>Total</b>	<b>(9,229,937)</b>	<b>(1,203,506)</b>	<b>213,514</b>	<b>2,199</b>	<b>(10,217,730)</b>
<b>Net book value</b>	<b>15,227,722</b>				<b>15,106,600</b>

## 5. TANGIBLE FIXED ASSETS (continued)

The valuation adjustment of CZK 1,269,312 thousand to acquired property was recognised in 1995 as the difference between the value of property in accordance with the valuation done for the purposes of contributing those assets to the Company and the net book value of the property as recorded in the accounting records of the contributing entities (Note 3b). The amount is depreciated on a straight-line basis over 15 years.

In 2005, a lease agreement for the isomerisation unit expired. The agreement including amendments was concluded in 1994 – 1998. The total lease amount was CZK 585,703 thousand and was fully repaid in 2001. The unit was according to the Czech Accounting Standards capitalised at its acquisition cost of CZK 8 thousand. The estimated useful economic life of the unit is 30 years from concluding of agreement.

## 6. LONG-TERM INVESTMENTS

Summary of long-term investments:

(CZK'000)	As at			As at
	31 December 2008	Additions	Revaluation	31 December 2009
Other long-term financial assets	654,090	-	-	654,090

Other long-term financial assets represent a commodity loan of 110 thousand tons of crude oil to the Processors. The commodity loan was provided for the entire period during which the Company operates in the processing refinery mode in accordance with the processing agreement signed between the Company and the Processors on 31 July 2003. This loan represents the filling of the IKL pipeline (Ingolstadt – Kralupy nad Vltavou – Litvínov). The loan bears an interest rate of 2.818% p.a. and will be settled in 2023. The loan was valued using market prices of crude oil as at 1 August 2003.

## 7. INVENTORIES

(CZK'000)	31 December 2009	31 December 2008
Raw material	1,386,159	1,415,246
Finished goods	220,843	263,804
Total inventories	1,607,002	1,679,050
Provision	(402,425)	(502,512)
Net book value	1,204,577	1,176,538

Raw material represents mainly spare parts as at 31 December 2009 amounting to CZK 1,353,966 thousand (31 December 2008: CZK 1,372,181 thousand).



## 8. RECEIVABLES

(CZK'000)	31 December 2009	31 December 2008
Short-term trade receivables	587,402	737,776
- receivables overdue more than 360 days	53,560	85,538
Taxes receivable	33,026	88,766
Advances paid	11,430	12,643
Other receivables	4,672,988	4,534,625
Total receivables	5,304,846	5,373,810
Provision for doubtful receivables	(53,560)	(85,538)
Net receivables	5,251,286	5,288,272

A 100% provision was created to all overdue receivables as at 31 December 2009 and 2008. All such receivables were more than 360 days overdue.

Other receivables include mainly a receivable from the Processors on grounds of excise tax.

The Company has receivables from related parties (Note 21).

## 9. PROVISIONS

Provisions reflect a temporary diminution in the value of assets (Notes 4, 5, 7 and 8).

Changes in the provision accounts were as follows (CZK'000):

Provisions	Inventories	Receivables - tax allowed	Receivables - other	Tangible and intangible fixed assets	Total
Balance at 1 January 2008	264,957	439,737	27,201	11,273	743,168
Charge for the year	238,500	-	1	8,480	246,981
Written off during the year	( 945)	(381,351)	(50)	(11,273)	(393,619)
Balance at 31 December 2008	502,512	58,386	27,152	8,480	596,530
Charge for the year	87,523	-	-	37,200	124,723
Written off during the year	(187,610)	(31,949)	(29)	(16,871)	(236,459)
Balance at 31 December 2009	402,425	26,437	27,123	28,809	484,794

## **9. PROVISIONS (continued)**

In late 2008, the prices for crude oil and petroleum products decreased significantly in the world markets. This led to a high amount of provision created for refinery products stock as of 31 December 2008 (CZK 126,821 thousand). These refinery products represent the minimum technology fill of product tanks necessary for their operation. This minimum technology fill is sold when the product tanks undergo regular maintenance and cleaning routine. When this routine is completed, the products composing the minimum technology fill are purchased back by the Company. The provision was calculated as the difference between the estimated net realizable value of the products composing the minimum technology fill and their carrying value as of the balance sheet date.

Towards the end of 2009, the market prices for crude oil and petroleum products exceeded their carrying value which resulted in release of the major part of the provision created in 2008.

The Company creates the provision to those spare parts, whose useful economic lives are expected to correspond with the useful lives of the respective equipment. The creation was CZK 16,257 thousand in 2009 (2008: CZK 32,011 thousand).

In addition the provision for spare parts whose carrying amount exceeds their estimated recoverable value was increased by CZK 6,016 thousand in 2009 (2008: CZK 79,300 thousand).

The tax-allowed provisions are created in compliance with the Czech Act on Reserves.

## **10. FINANCIAL ASSETS**

Short-term securities and shares represent short-term promissory notes held to maturity. Their nominal value as at 31 December 2009 is CZK 886,859 thousand (31 December 2008: CZK 1,050,545 thousand).

The Company has overdraft facilities available on its bank accounts. Such overdrafts are classified as short-term bank loans in the accompanying balance sheet (Note 15).

## **11. OTHER ASSETS**

Prepaid expenses include mainly prepaid insurance and remaining value of catalysts in use based on their technological parameters and number of hours they have been used in operation. Prepaid expenses are expensed in the income statement in the period when the relevant service is provided or material used.

## 11. OTHER ASSETS (continued)

Accrued revenues as at 31 December 2008 included the amount of CZK 418,233 thousand, representing estimated true-up of final Processing Fee settlement. As at 31 December 2009, an estimated liability of CZK 327,421 thousand was recognized in relation to the processing fee true-up.

## 12. EQUITY

Share capital of the Company comprises 934,824 registered shares fully subscribed and paid for, with a nominal value of CZK 10 thousand.

The shareholder structure is described in Note 1.

The net profit for 2007 totalling CZK 386,864 thousand was approved and allocated by the General Meeting of Shareholders held on 30 April 2008.

The net profit for 2008 totalling CZK 308,439 thousand was approved and allocated by the General Meeting of Shareholders held on 30 April 2009.

## 13. RESERVES

The movements in the reserve accounts were as follows (CZK'000):

Reserves	Tax allowed	Other
Balance as at 1 January 2008	233,013	180,233
Change for the year	92,638	175,216
Used in the year	-	(9,236)
Balance as at 31 December 2008	325,651	346,213
Change in the year	-	177,575
Used in the year	(129,000)	(297,394)
Balance as at 31 December 2009	196,651	226,394

The tax allowed reserve for the purpose of repairs of tangible fixed assets was created in 2008.

Other reserves in both 2009 and 2008 represented mainly reserves for the purpose of repairs of tangible fixed assets created beyond the terms of the Act on Reserves.

## 14. LIABILITIES

As at 31 December 2009, the Company recognized a long-term liability in the amount of CZK 209,106 thousand (31 December 2008: CZK 246,558 thousand). This liability represents a loan received from a related party. Payables to related parties are shown in Note 21.

As at 31 December 2009 and 2008, the Company had no overdue short-term liabilities.

Trade payables and other liabilities with the exception of excise tax payable to financial authorities were not secured by any of the Company's assets. The excise tax payables are secured by bank guarantees with a value of CZK 100,000 thousand.

## 15. BANK LOANS AND OTHER BORROWINGS

At 31 December 2009 and 2008, the Company did not have any bank loan.

The interest expense relating to bank loans and short-term overdrafts for 2009 was CZK 29 thousand (2008: CZK 172 thousand).

Interest expense for the year 2009 in the amount of CZK 7,071 thousand relates to long-term liability (Note 21).

## 16. TAXATION

The calculation of 2009 and 2008 income tax is as follows (CZK'000):

	2009	2008
Profit before tax	328,048	384,613
Non-taxable income*	(515,049)	(25,171)
Non-tax deductible expenses**	364,419	504,866
Difference between accounting and tax depreciation	(123,345)	(214,153)
Tax base	54,073	650,155
Utilised reinvestment tax relief	-	(649,411)
Utilised tax loss (portion of 2001 and 2002)	(54,073)	(744)
Taxable income	-	-
Income tax rate	20%	21%
Current tax due	-	-

\*) The amount in 2009 includes inventories provisions release in the amount of CZK 187,610 thousand (Note 9) and usage of reserves created beyond the terms of the Act on Reserves of CZK 297,394 thousand (Note 13).

\*\*\*) The amount in 2009 includes increase in reserves beyond the terms of the Act on Reserves of CZK 177,575 thousand (Note 13), increase in provisions for inventories of CZK 87,523 thousand (Note 9) and depreciation of adjustment to acquired property of CZK 84,621 thousand (Note 5).

## 16. TAXATION (continued)

The calculation of the 2009 income tax is based on the preliminary income tax calculation.

According to Income Tax Act, the Company may carry forward tax losses generated in 2001 and 2002 for up to seven years. The remaining tax loss carried forward from 2002 has been used up as of 31 December 2009.

The Company has calculated deferred tax as follows (CZK'000):

Temporary difference			2009		2008	
	Base	Tax rate *)	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax net book value of fixed assets	- (2,819,052)	20 % 19 %	- -	- (535,620)	18,197 -	- (529,471)
Other differences:						
Provision to inventories	- 402,425	20% 19 %	- 76,461	- -	43,438 54,211	- -
Provision to receivables	- 27,123	20 % 19 %	- 5,153	- -	- 5,159	- -
Provision to tangible fixed assets	- 28,809	20% 19%	- 5,474	- -	1,696 -	- -
Adjustment to acquired fixed assets	- (84,621)	20 % 19 %	- -	- (16,078)	- -	(16,924) (16,078)
Social and health expenses payable in the following year	- 8,223	20 % 19 %	- 1,562	- -	2,464 -	- -
Reserves	- 226,394	20 % 19 %	- 43,015	- -	58,014 10,667	- -
Unused tax losses	-	20 %	-	-	13,812	-
<b>Total</b>			<b>131,665</b>	<b>(551,698)</b>	<b>207,658</b>	<b>(562,473)</b>
<b>Net</b>				<b>(420,033)</b>		<b>(354,815)</b>

\*) Tax rates stated above are in accordance with the valid tax rate enacted for the period of expected realization of deferred tax.

## 17. FINANCE LEASES

As of 31 December 2009 and 2008, the Company had no outstanding lease contracts.

## 18. COMMITMENTS AND CONTINGENCIES

The Company is under a transport contract with MERO ČR a.s., effective since 1 January 1996 and concluded for a period of 15 years, which stipulates minimum annual throughputs of crude oil through the IKL, TAL and Družba pipelines. Required minimum was fulfilled in 2008. In 2009 the required minimum was not fulfilled in TAL pipeline. Resulting financial commitment was accounted into year 2009. The contract was terminated in December 2009 with a notice period ending on 31 December 2012.

As at 31 December 2009 and 2008, the Company had not issued any guarantees.

The management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2009.

## 19. REVENUE ANALYSIS

Revenue from operating activities has been generated as follows (CZK'000):

	2009	2008
	Domestic	Domestic
Sale of services	8,926,993	10,179,879
Sale of goods	141,165	229,333
<b>Total revenues</b>	<b>9,068,158</b>	<b>10,409,212</b>

Due to the switch to the processing mode on 1 August 2003, the Company conducts most of its business only with the Processors.

## 20. EMPLOYEE ANALYSIS

The analysis of payroll expenses (CZK'000):

	2009		2008	
	Employees total	Of which management	Employees total	Of which management
Average number of staff	663	18	678	25
Wages/salaries	400,793	53,966	395,070	57,549
Social insurance	125,782	9,470	126,287	9,707
Social expenses	20,392	435	20,154	454
<b>Total personnel expenses</b>	<b>546,967</b>	<b>63,871</b>	<b>541,511</b>	<b>67,710</b>

Company cars are made available for use by board members and other management. In 2009, the members and former members of the statutory and supervisory boards received bonuses and other remuneration totalling CZK 4,343 thousand (2008: CZK 4,145 thousand).

## 21. RELATED PARTY TRANSACTIONS

No loans, guarantees, advances or other benefits were granted to members of statutory bodies in 2009 and 2008, and they do not hold any shares of the Company.

Related party receivables and payables as at 31 December 2009 and 2008 include also estimated receivables and payables.

Related party receivables (CZK'000):

Related party	31 December 2009	31 December 2008
UNIPETROL, a.s.	-	304
Eni Česká republika, s.r.o.*	1,787,404	2,004,706
UNIPETROL DOPRAVA, s.r.o.	44	44
Shell Czech Republic a.s.	937,356	1,066,357
Výzkumný ústav anorganické chemie, a.s.	107	107
PARAMO, a.s.	-	1
UNIPETROL RPA, s.r.o.	2,560,714	2,570,770
Total	5,285,625	5,642,289

\*) Formerly Agip Česká republika, s.r.o.

Related party payables (CZK'000):

Related party	31 December 2009	31 December 2008
UNIPETROL DOPRAVA, s.r.o.	119,986	143,850
UNIPETROL SERVICES, s.r.o.	40	-
Eni Česká republika, s.r.o.*	152,567	3,351
Shell Czech Republic a.s.	62,637	9
UNIPETROL, a.s.	25,743	22,997
SPOLANA a.s.	-	396
CELIO a.s.	393	276
Výzkumný ústav anorganické chemie, a.s.	1,892	46
PARAMO, a.s.	-	84
UNIPETROL RPA, s.r.o.	378,375	160,780
Total	741,633	331,789

\*) Formerly Agip Česká republika, s.r.o.

As of 31 December 2008, the Company recorded advances received of CZK 240,000 thousand from Shell Czech Republic a.s. and CZK 191,500 thousand from UNIPETROL RPA, s.r.o. as security for its receivables from recharged excise tax. No such advances were received as of 31 December 2009.

## 21. RELATED PARTY TRANSACTIONS (continued)

Loans provided to related parties (CZK'000):

On 31 July 2003, the Company provided a long-term commodity loan in the amount of CZK 654,090 thousand to Processors (Note 6).

Loans received from related parties (CZK'000):

Related party	31 December 2009	31 December 2008
Long-term part		
UNIPETROL RPA, s.r.o.	174,952	206,287
Eni Česká republika, s.r.o.*	34,154	40,271
Short-term part		
UNIPETROL RPA, s.r.o.	31,335	31,335
Eni Česká republika, s.r.o.*	6,117	6,117

\*) Formerly Agip Česká republika, s.r.o.

The long-term loan from UNIPETROL RPA, s.r.o. and Eni Česká republika, s.r.o. represents a loan for the modernisation of production unit with cost of CZK 374,518 thousand (Note 3b) and for the first catalyst fill of this equipment in the amount of CZK 29,850 thousand.

The loan repayments started after the equipment was put in use. The principal repayments are offset against the processing fee payable arising to the Processors as a result of the depreciation charge on the related equipment and the catalyst consumption. The loan bears an interest rate floating on the basis of 1 M PRIBOR + margin 0.75 % p.a. The interest payable is settled in cash.



## 21. RELATED PARTY TRANSACTIONS (continued)

Income and expenses resulting from transactions between related parties executed in 2009 amounted to (CZK'000):

Related party	Income / Sales	Expenses / Purchases
Eni Česká republika, s.r.o.*	2,790,522	41,539
CELIO a.s.	2	2,114
Výzkumný ústav anorganické chemie, a.s.	410	3,824
HC BENZINA Litvínov, a.s.**	-	1,000
UNIPETROL RPA, s.r.o.	4,825,475	1,413,242
PARAMO, a.s.	-	2,344
Shell Czech Republic a.s.	1,380,584	20,079
SPOLANA a.s.	-	3,030
UNIPETROL, a.s.	1,039	21,938
UNIPETROL DOPRAVA, s.r.o.	188	772,041
UNIPETROL SERVICES, s.r.o.	-	133
Total	8,998,220	2,281,284

\*) Formerly Agip Česká republika, s.r.o.

\*\*\*) Formerly HC Litvínov, a.s.

The Company's sales of products and services to related parties in 2008 amounted to CZK 10,393,327 thousand.

In 2008 purchases of goods and services from related parties amounted to CZK 2,561,569 thousand.

Transactions were concluded on the arm's-length basis. Trade receivables and payables from these transactions arose under the same terms and conditions as with third parties.

As at 31 December 2009, based on Processing Agreement, the Company held 81 thousand tons of crude oil, 79 thousand tons of semi-finished goods and 148 thousand tons of finished refinery goods in custody for the Processors.

## 22. RESEARCH AND DEVELOPMENT COSTS

Research and development activities are not carried out by the Company on its own, but all results of such activities are acquired from external sources (Note 4).

## 23. EXTRAORDINARY INCOME AND EXPENSES

In 2009 and 2008, the Company did not incur any extraordinary expenses or revenues.

## 24. PRESENT GLOBAL FINANCE MARKETS INSTABILITY

The ongoing global economic crisis has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets.

Having assessed all available information, the management of the Company does not expect the economic recession to have a significant impact on the Company's operations, especially in the areas of financing and liquidity.

## 25. FEES PAID AND PAYABLE TO THE AUDIT COMPANY

The total fees paid and payable for services performed by the audit company PricewaterhouseCoopers Audit, s.r.o. can be analysed as follows (CZK'000):

	<u>2009</u>	<u>2008</u>
Statutory audit of financial statements	780	780
Other assurance services	<u>1,390</u>	<u>1,390</u>
Total fees paid and payable to the audit company	2,170	2,170

## 26. CASH FLOW STATEMENT

Cash and cash equivalents disclosed in the cash flow statement can be analysed as follows (CZK'000):

	<u>31 December 2009</u>	<u>31 December 2008</u>
Cash on hand and in transit	1,454	944
Cash in bank	824,106	139,881
Short-term securities maturing in less than 3 months	<u>639,499</u>	<u>1,050,545</u>
Cash and cash equivalents as presented in the cash flow statement	1,465,059	1,191,370
Short-term securities maturing in more than 3 months	<u>247,360</u>	-
Total financial assets as presented in the balance sheet	<u>1,712,419</u>	<u>1,191,370</u>

ČESKÁ RAFINÉRSKÁ, a.s.

NOTES TO FINANCIAL STATEMENTS


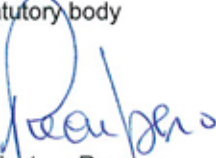

YEAR ENDED 31 DECEMBER 2009

## 27. SUBSEQUENT EVENTS

No events have occurred subsequent to year-end that would have a significant impact on the financial statements as at 31 December 2009.

### Statutory approvals

These financial statements have been approved for submission to the General Meeting of shareholders by the Company's Board of Directors.

Prepared on:	Signature of Company's statutory body	Signature of Company's statutory body	Person responsible for accounting (name, signature)
26 February 2010	 Ivan Souček Chairman of the Board of Directors	 Salvatore Recupero Vice-chairman of the Board of Directors	 Mojmír Zenáhlík Controller

**ČESKÁ RAFINÉRSKÁ, a.s.**  
with its registered seat in Litvínov, Záluží 2, Post Code 436 70  
Identification No. 62741772  
incorporated in the Commercial Register of the Regional Court in Ústí nad Labem,  
Section B, Insert No. 696

**REPORT ON THE RELATIONS  
BETWEEN THE CONTROLLING AND CONTROLLED ENTITIES  
AND ON THE RELATIONS BETWEEN THE CONTROLLED ENTITY  
AND OTHER ENTITIES CONTROLLED BY THE SAME  
CONTROLLING ENTITY  
FOR THE YEAR ENDED 31 DECEMBER 2009  
("THE REPORT")**

ČESKÁ RAFINÉRSKÁ, a.s., company with its registered seat in Litvínov, Záluží 2, Post Code 436 70, Identification No. 62741772 (“the Company“) is part of a business consortium with UNIPETROL, a.s. acting as the controlling person, seated at Na Pankráci 127, 140 00 Praha 4, Identification No. 61672190. Since 31 May 2005, UNIPETROL, a.s. is part of a business consortium with Polski Koncern Naftowy ORLEN S.A., acting as the ultimate controlling entity, seated at ul. Chemików 7, 09-411 Plock, Poland. Patterns of the business consortiums are set out in Attachments hereto.

During accounting period 2009, the following relationships between the Company and its related parties took place:

### **Part I**

#### **Contracts concluded between the Company and its related parties in 2009 and fulfillments (considerations) rendered (received) by the Company in 2009 under these contracts**

##### **Notes:**

- a) Contracts referred to in the Report are categorized as purchases, sales and others;
- b) Transactions denominated in foreign currency are translated to CZK using the CNB rate of exchange on the date of the transaction;
- c) Within the said period, relationships proceeded based on terms and conditions common in trading business, prices were contractually agreed as usual market prices. From the contracts entered into, the Company suffered no (pecuniary) loss whatsoever.

<b>1. THE CONTROLLING PARTY</b>
---------------------------------

##### **UNIPETROL, a.s.**

**Relationship towards the Company:** Direct controlling entity.

##### **Purchases:**

Under a contract entered into in the current period, the Company purchased - as a service – the insurance for members of the Company Board of Directors and Supervisory Board. For the said service, the Company provided a consideration in the amount of CZK 80 thousand.

Further, under a contract entered into in the current period, the Company purchased IT services and consultancy services (as per the Provider’s scope of business), for which it provided consideration of CZK 230 thousand.

##### **Sales:**

In 2009, the Company entered into contracts based on which it received a consideration of CZK 1,039 thousand. These contracts relate to recharge of expenses incurred on review and audit of financial results of the Company reported in the format as specified by the controlling party and on the preparation of the financial statements.

## Other contractual relationships:

Under the contracts on creation of easement to use the land by the Company, a consideration of CZK 21,628 thousand was provided by the Company.

## 2. OTHER RELATED PARTIES CONTROLLED BY UNIPETROL, a.s.

### UNIPETROL RPA, s.r.o.

**Relationship towards the Company:** Entity directly controlled by UNIPETROL, a.s.

#### **Purchases:**

##### *Utilities:*

Under the contracts concluded in the previous and current period, the Company purchased utilities for which it provided a consideration of CZK 1,099,882 thousand<sup>1</sup>. These transactions include the purchase and distribution of electricity and steam, purchase of clear and pure water, and condensate. Prices were based on preliminary price calculations.

##### *Material and products:*

During the current period, the Company entered into contracts for the purchase of soiled oils. The provided consideration was CZK 9,333 thousand.

Further, within the previous period, the Company had entered into contracts for the purchase of nitrogen, carbon dioxide, pressured air, propylene, ethanol, soda and ammonia water. The total provided consideration was CZK 40,799 thousand<sup>1</sup>. Prices were contracted on the usual market level taking into consideration both their historical values and other relevant information.

In connection with the Processing Agreement concluded between the Company and Processors, the Company purchased products and feedstock for which consideration was made in the amount of CZK 65,792 thousand. The prices are based on formulas using international price quotations of crude oil and oil products.

##### *Services:*

Consideration paid for services rendered based on contracts concluded in the previous period were:

Services purchased	Consideration (in CZK thousand)
Roads and assets administration	6,198
Use of pipe bridges	6,467
Nitrogen compression	54,935
Waste water treatment	94,454
Use of Fire-Fighters Emergency Team	23,580
Communication	5,007
Other Services <sup>2</sup>	6,246
<b>Total<sup>1</sup></b>	<b>196,887</b>

<sup>1</sup> Above mentioned amounts included also created accruals for debit notes in total amount of CZK 11,732 thousand and credit notes in total amount of CZK 40,141 thousand for 2009 services and utilities price settlement.

<sup>2</sup> such as guard, fencing, fire fighting services, IT, monitoring and services of laboratory

### ***Other contractual relationships:***

In the previous period, the Company entered into a Long-term Credit Agreement, whose purpose was the financing of the project: “Revitalization of Chamber 11 and D distiller, UNITS 3611, 3411”. In 2009, based on this contract, the Company paid loan interest in the amount of CZK 5,916 thousand.

Based on Cash Flow & Security Agreement concluded in the previous period the Company rendered CZK 214 thousand consideration in the year 2009. This involves interest income on pre-payments.

In the current period, the Company rendered consideration of CZK 106 thousand, the interest corresponding to 2008 price settlement. At the same time, the Company created a negative estimate for 2009 price settlement in the amount of CZK 468 thousand.

### **Sales:**

#### ***Utilities:***

Under contract entered into in the previous period, the Company sold circulating condensate and returned heat, for which it received consideration in the amount of CZK 72,425 thousand. The price was derived from agreed-on price calculations.

#### ***Products and feedstock:***

On the basis of Processing Agreement, the Company sold products and feedstock, for which it received consideration in the amount of CZK 73,545 thousand. Prices were derived from agreed-on price calculations.

#### ***Services:***

Under contracts entered into in the previous period, the Company rendered services for which it obtained consideration in the amount of CZK 4,679,505 thousand. Prices were derived from agreed-on price calculations. Involved were services as listed below:

<b>Services provided</b>	<b>Considerations (in thousand CZK)</b>
Processing fee	3,214,337
Processing fee – Chamber 11	31,387
Other handling/processing services	1,423,815
First filling of IKL pipeline loan interest	9,442
Other – rental and laboratory analyses	300
Financial services	224
<b>Total<sup>3</sup></b>	<b>4,679,505</b>

<sup>3</sup> Above mentioned amounts included also created accruals for credit notes in total amount of CZK 178,220 thousand for 2009 processing fee settlement. Moreover, the Company created accruals CZK 23,674 thousand for reinvoiced transportation costs.

### **UNIPETROL DOPRAVA, s.r.o.**

**Relationship towards the Company:** Entity directly controlled by UNIPETROL RPA, s.r.o.

#### **Purchases:**

Under contract on goods transportation, which was entered into in the previous period, the Company provided consideration of CZK 772,041 thousand.

#### **Sales:**

Based on a contract for passing on heat supplies and re-invoicing of payments made for the heat supplies and a contract for rental of nonresidential premises, the Company received consideration in the amount of CZK 188 thousand.

### **HC BENZINA Litvínov, a.s.**<sup>4</sup>

**Relationship towards the Company:** Entity directly controlled by UNIPETROL RPA, s.r.o.

#### **Purchases:**

Under the contract concluded within the current period, the Company provided a consideration in the amount of CZK 1,000 thousand for advertisement placing.

### **CELIO a.s.**

**Relationship towards the Company:** Entity directly controlled by UNIPETROL RPA, s.r.o.

#### **Purchases:**

Under contract entered into in the said period, the Company paid consideration in the amount of CZK 2,114 thousand for waste storage services.

#### **Sales:**

As payment for Services rendered in the form of laboratory analyses, the Company received - over the said period - a consideration equaling CZK 2 thousand.

### **PARAMO, a.s.**

**Relationship towards the Company:** Entity directly controlled by UNIPETROL, a.s.

#### **Purchases:**

Under contract entered into in the said period, the Company purchased oil and lubricants for which consideration was made equaling CZK 2,344 thousand.

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<sup>4</sup> *Formely HC Litvínov, a.s.*



### **Other contractual relationships:**

Within the current period, the Company concluded a new trilateral agreement on the transportation of crude oil via Druzhba and Adria pipelines. The third party, and Provider of the service, is TRANSPETROL, a.s., Bratislava, Slovak Republic.

Based on this contract, there was no fulfillment/consideration between the Company and PARAMO, a.s.

### **UNIPETROL SERVICES, s.r.o.**

**Relationship towards the Company:** Entity directly controlled by UNIPETROL, a.s.

#### **Purchases:**

Under the contract concluded within the current period, the Company purchased IT services “WAN”, for which the Company provided consideration in the amount of CZK 133 thousand.

### **Výzkumný ústav anorganické chemie, a.s.**

**Relationship towards the Company:** Entity directly controlled by UNIPETROL, a.s.

#### **Purchases:**

Under contract entered into in the previous period, the Company purchased chemical analysis and expert opinion services for the amount of CZK 3,824 thousand.

#### **Sales:**

As payment for Services rendered in the form of laboratory analyses and laboratory equipment rental, the Company received - over the said period – a consideration equaling CZK 410 thousand.

<b>3. COMPANY DIRECTLY CONTROLLING UNIPETROL, a.s. AND RELATED PARTIES TO THIS COMPANY</b>
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### **SPOLANA a.s.**

**Relationship towards the Company:** Entity directly controlled by ANWIL S.A. (PKN ORLEN S.A. consolidation group member).

#### **Purchases:**

Within the said period, the Company entered into a contract for purchase of sodium lye. Based on this contract, consideration was made in the amount of CZK 3,030 thousand.

## Part II

### Other measures adopted or implemented for the benefit of, or at instigation of, related parties

Within the current period, no measures whatsoever were adopted nor implemented for the benefit of, or at instigation of, related parties.

Litvínov on 26 March 2010

in the name and on behalf of  
the Board of Directors of ČESKÁ RAFINÉRSKÁ, a.s.



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Ivan Souček  
Chairman of the Board of Directors



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Salvatore Recupero  
Vice chairman of the Board of  
Directors

**UNIPETROL BUSINESS CONSORTIUM - CONTROLLED COMPANIES in 2009**

1. 1. - 31. 12. 2009

Companies controlled directly and indirectly by UNIPETROL, a.s.	Seat of company	Ident. No.	The controlling party	Capital interest corporate stock		Changes throughout 2009
				1.1.2009	31.12.2009	
BENZINA, s.r.o.	Praha	60193328	UNIPETROL, a.s.	100.00	100.00	
ČESKÁ RAFINÉRSKÁ, a.s.	Litvínov	62741772	UNIPETROL, a.s.	51.22	51.22	
PARAMO, a.s.	Pardubice	48173355	UNIPETROL, a.s.	91.77	93.05	
UNIPETROL RPA, s.r.o.	Litvínov	27597075	UNIPETROL, a.s.	100.00	100.00	
UNIPETROL SERVICES, s.r.o.	Litvínov	27608051	UNIPETROL, a.s.	100.00	100.00	
Butadien Kralupy a.s.	Kralupy nad Vltavou	27893995	UNIPETROL, a.s.	51.00	51.00	
Výzkumný ústav anorganické chemie, a.s.	Ústí nad Labem	62243136	UNIPETROL, a.s.	100.00	100.00	
UNIPETROL TRADE a.s.	Praha	25056433	UNIPETROL, a.s.	100.00	100.00	
UNIPETROL RAFINÉRIE, s.r.o.	Litvínov	27885429	UNIPETROL, a.s.	100.00	100.00	
PETROTRANS, s.r.o.	Praha	25123041	BENZINA, s.r.o.	99.4	99.4	
			UNIPETROL, a.s.	0.6	0.6	
MOGUL SLOVAKIA, s.r.o.	Hradište pod Vrátnom	36222992	PARAMO, a.s.	100.00	100.00	
HC BENZINA Litvínov, a.s. (until 31 August 2009 HC Litvínov, a.s.)	Litvínov	64048098	UNIPETROL RPA, s.r.o.	70.95	70.95	
CHEMOPETROL, a.s.	Litvínov	25492110	UNIPETROL RPA, s.r.o.	100.00	100.00	
POLYMER INSTITUTE BRNO, spol. s r.o.	Brno	60711990	UNIPETROL RPA, s.r.o.	99.00	99.00	
			UNIPETROL, a.s.	1.00	1.00	
UNIPETROL DOPRAVA, s.r.o.	Litvínov	64049701	UNIPETROL RPA, s.r.o.	99.88	99.88	
			UNIPETROL, a.s.	0.12	0.12	
CELIO a.s.	Litvínov 7	48289922	UNIPETROL RPA, s.r.o.	40.53	40.53	
			UNIPETROL, a.s.	10.53	10.53	
UNIPETROL SLOVENSKO s.r.o.	Bratislava	35777087	UNIPETROL RPA, s.r.o.	86.96	86.96	Originally UNIRAF SLOVENSKO, s.r.o.
			UNIPETROL, a.s.	13.04	13.04	
UNIPETROL DEUTSCHLAND GmbH	Langen/Hessen, Německo		UNIPETROL TRADE a.s.	100.00	100.00	
UNIPETROL AUSTRIA HmbH in Liqu.	Vídeň , Rakousko		UNIPETROL TRADE a.s.	100.00	100.00	In liquidation since 4 March 2008

CAPITAL GROUP PKN ORLEN S.A. - CONTROLLED COMPANIES IN 2009

1. 1. 2009 - 31. 12. 2009

Companies directly and indirectly controlled by PKN ORLEN	Registered seat	Share of PKN ORLEN		Comments
		directly /indirectly controlled		
		% of registered capital		
		1.1.2009	31.12.2009	
UNIPETROL, a.s.	Praha	62.99	62.99	See a separate list of UNIPETROL GROUP
ORLEN Deutschland GmbH	Elmshorn	100.00	100.00	On June 30, 2009 change of legal form from public limited company (AG) to company with limited liability (GmbH)
ORLEN Budonaft Sp. z o.o.	Kraków	100.00	100.00	
ORLEN Automatyka Sp. z o.o.	Płock	52.42	52.42	
ORLEN Asfalt Sp. z o.o.	Płock	82.46	82.46	17.54 % owns Rafineria Trzebinia S.A.
Inowrocławskie Kopalnie Soli "SOLINO" S.A.	Inowrocław	70.54	70.54	
ORLEN Gaz Sp. z o.o.	Płock	100.00	100.00	
ORLEN Petrogaz Wrocław Sp. z o.o. w likwidacji	Wrocław	100.00	0.00	liquidated as at January 23, 2009
ORLEN KoITrans Sp. z o.o.	Płock	99.85	99.85	
Orlen Laboratorium Sp. z o.o.	Płock	94.94	94.94	
ORLEN Medica Sp. z o.o.	Płock	100.00	100.00	
Sanatorium Uzdrowskowie "Krystynka" Sp. z o.o.	Ciechocinek	98.54	98.54	
ORLEN Ochrona Sp. z o.o.	Płock	100.00	100.00	
ORLEN OIL Sp. z o.o.	Kraków	51.69	51.69	43.84 % owns Rafineria Trzebinia S.A. and 4.47% Rafineria Nafty Jedlicze S.A.
Petro-Oil Pomorskie Centrum Sprzedaży Sp. z o.o.	Gdańsk	100.00	100.00	
Platinum Oil Sp. z o.o.	Lublin	100.00	100.00	
ORLEN OIL ČESKO, s.r.o.	Brno	100.00	100.00	
ORLEN PetroCentrum Sp. z o.o.	Płock	100.00	100.00	
Petro-Ukraina LTD Lwów w likwidacji	Lwów	80.00	0.00	liquidated in January 2009
ORLEN Powiernik Sp. z o.o. w likwidacji	Płock	100.00	100.00	in liquidation from February 11, 2009
ORLEN Projekt S.A.	Płock	51.00	51.00	
ORLEN Transport Kraków Sp. z o.o. w upadłości	Kraków	99.41	99.41	
ORLEN Transport Sp. z o.o.	Płock	100.00	66.78	
ORLEN Wir Sp. z o.o.	Płock	51.00	51.00	
Petrolot Sp. z o.o.	Warszawa	51.00	51.00	
RAFINERIA NAFTY JEDLICZE S.A.	Jedlicze	75.00	75.00	
„RAF-BIT” Sp. z o.o.	Jedlicze	100.00	100.00	
„RAF-KOLTRANS” Sp. z o.o.	Jedlicze	100.00	100.00	
„RAF-Służba Ratownicza” Sp. z o.o.	Jedlicze	100.00	100.00	
Konsorcjum Olejów Przepracowanych "ORGANIZACJA ODZYSKU" S.A.	Jedlicze	81.00	81.00	8.00 % owns Rafineria Trzebinia S.A.
"RAN-WATT" Sp. z o.o. w likwidacji	Toruń	51.00	51.00	
RAFINERIA TRZEBINIA S.A.	Trzebinia	77.15	77.15	
Fabryka Parafin NaftoWax sp. z o.o.	Trzebinia	100.00	100.00	
Energomedia sp. z o.o.	Trzebinia	100.00	100.00	
Euronaft Trzebinia sp. z o.o.	Trzebinia	99.99	99.99	
Zakładowa Straż Pożarna Sp. z o.o.	Trzebinia	99.98	99.98	
EkoNaft Sp. z o.o.	Trzebinia	99.00	99.00	
ORLEN OIL Sp. z o.o.	Kraków	43.84	43.84	51.69% owns PKN ORLEN S.A. and 4.47% Rafineria Nafty Jedlicze S.A.
ORLEN Asfalt Sp. z o.o.	Płock	17.54	17.54	82.46 % owns PKN ORLEN S.A.
Konsorcjum Olejów Przepracowanych "ORGANIZACJA ODZYSKU" S.A.	Jedlicze	8.00	8.00	81.00 % owns Rafineria Nafty Jedlicze S.A.
Ship - Service S.A.	Warszawa	60.86	60.86	
Ship Service Agro Sp. z o.o.	Szczecin	100.00	100.00	
ORLEN Centrum Serwisowe Sp. z o.o.	Opole	99.01	99.01	
ANWIL S.A.	Wrocław	84.79	84.79	
Przedsiębiorstwo Inwestycyjno - Remontowe REMWIL Sp. z o.o.	Wrocław	99.98	99.98	
Przedsiębiorstwo Produkcyjno-Handlowo-Uslugowe PRO-LAB Sp. z o.o.	Wrocław	99.32	99.32	
SPOLANA a.s.	Neratovice	95.70	100.00	
Przedsiębiorstwo Usług Specjalistycznych i Projektowych CHEMEKO Sp.z o.o.	Wrocław	55.93	55.93	
ORLEN EKO Sp. z o.o.	Płock	100.00	100.00	
ORLEN Administracja Sp. z o.o.	Płock	100.00	100.00	
ORLEN Upstream Sp. z o.o.	Warszawa	100.00	100.00	
ORLEN Prewencja Sp. z o.o.	Płock	100.00	100.00	
ORLEN Księgowość Sp. z o.o.	Płock	100.00	100.00	
ORLEN HOLDING MALTA Limited	Sliema, Malta	99.50	99.50	
ORLEN Insurance Ltd	Sliema, Malta	99.99	99.99	PKN ORLEN S.A. owns 1 share
AB ORLEN Lietuva	Juodeikiai	90.02	100.00	Since April 29, 2009 PKN ORLEN S.A. 100% owner. Since September 1, 2009 change the name from AB Mazeikiu Nafta
UAB Uotas w likwidacji	Mazeikiai	100.00	100.00	
AB Ventus Nafta	Vilnius	99.74	100.00	
UAB Mazeikiu Nafta Trading House	Vilnius	100.00	100.00	
UAB Mazeikiu Nafta Health Care Center	Juodeikiai	100.00	100.00	
UAB Mazeikiu Nafta Paslaugos Tau	Juodeikiai	100.00	100.00	
UAB EMAS	Juodeikiai	0.00	100.00	Registered on March 2, 2009
UAB Remonto Mechanikos Centras w likwidacji	Juodeikiai	0.00	100.00	Registered on March 2, 2009; in liquidation from December 1, 2009
ORLEN Finance AB	Sztokholm	100.00	100.00	
Basell Orlen Polyolefins Sp. z o.o.	Płock	50.00	50.00	50.00 % owns Basell Europe Holding B.V.
Basell Orlen Polyolefins Sp. z o.o. Sprzedaż Sp. z o.o.	Płock	100.00	100.00	
Płocki Park Przemysłowo-Technologiczny S.A.	Płock	50.00	50.00	50.00 % owns municipal town Płock
Centrum Koncepcyjacji Technologii Sp. z o.o.	Płock	100.00	0.00	Sold on August 24, 2009
Centrum Edukacji Sp. z o.o.	Płock	69.43	69.43	
ORLEN International Exploration & Production Company BV	Amsterdam	100.00	100.00	
SIA Balin Energy Grupa OIE&PC BV	Łotwa	50.00	50.00	

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