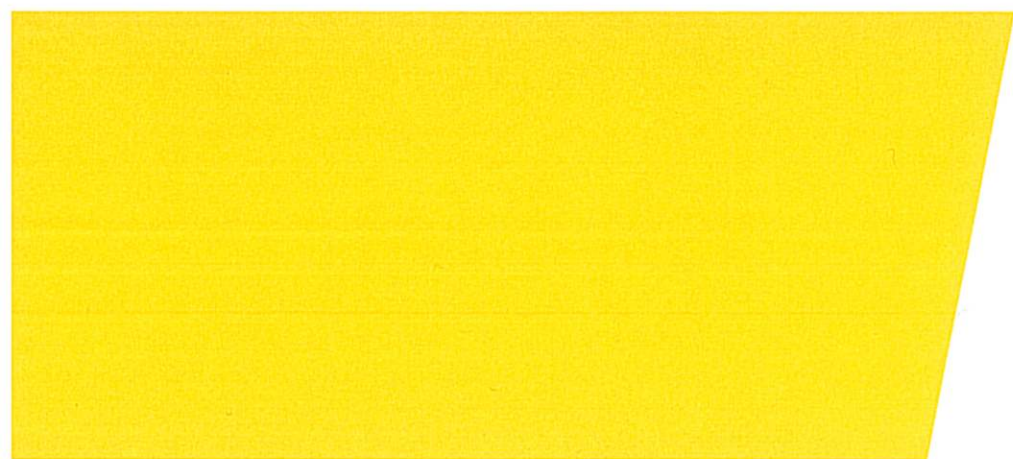


SLOVNAFT, a.s.

Separate financial statements prepared in accordance with
International Financial Reporting Standards as adopted by
EU and Independent Auditor's Report

31 December 2009



SLOVNAFT, a.s.

**Separate financial statements prepared in accordance with International Financial Reporting Standards
for the year ended 31 December 2009**

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Independent Auditors' Report

To the Shareholders of SLOVNAFT, a.s.:

We have audited the accompanying separate financial statements of SLOVNAFT, a.s. ('the Company'), which comprise the statement of financial position as at 31 December 2009 and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

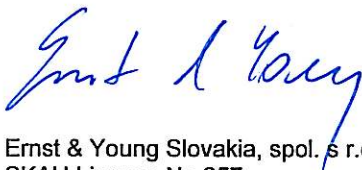
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

12 March 2010
Bratislava, Slovak Republic



Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No 257



Ing. Peter Potoček
UDVA Licence No 992

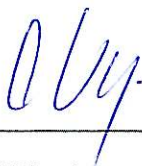
SLOVNAFT, a.s.

Separate financial statements

prepared in accordance with International Financial Reporting Standards
as adopted by EU

for the year ended 31 December 2009

Bratislava, 12 March 2010



Oszkár Világi
Chairman of the Board of Directors



Ileana-Sorina Baltatu
Member of the Board of Directors

SLOVNAFT, a.s.

Separate statement of financial position at 31 December 2009

| | Notes | 2009 € thousands | 2008 € thousands | 2007 € thousands |
|--|-------|---------------------|---------------------|---------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 6 | 14,417 | 14,609 | 11,977 |
| Property, plant and equipment | 7 | 1,132,412 | 1,181,543 | 1,023,849 |
| Investments in subsidiaries | 8 | 326,556 | 321,371 | 301,901 |
| Investments in associated companies and joint ventures | 9 | 3,585 | 3,585 | 3,214 |
| Available-for-sale financial assets | 10 | 24,717 | 17,699 | 57,095 |
| Other non-current assets | 11 | 244 | 1,028 | 494 |
| Total non-current assets | | 1,501,931 | 1,539,835 | 1,398,530 |
| Current assets | | | | |
| Inventories | 12 | 159,933 | 134,912 | 178,376 |
| Trade receivables | 13 | 180,118 | 108,398 | 222,328 |
| Income tax receivable | | 4,250 | 34,533 | - |
| Available-for-sale financial assets | 10 | 37 | 37 | 33 |
| Other current assets | 14 | 130,141 | 124,886 | 164,959 |
| Cash and cash equivalents | 15 | 89,287 | 46,730 | 57,608 |
| Total current assets | | 563,766 | 449,496 | 623,304 |
| TOTAL ASSETS | | 2,065,697 | 1,989,331 | 2,021,834 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 16 | 684,758 | 684,632 | 613,791 |
| Share premium | | 121,119 | 121,119 | 108,587 |
| Reserves | | 704,868 | 668,080 | 578,053 |
| Profit/(loss) for the period | | (35,119) | 97,091 | 194,588 |
| Total equity | | 1,475,626 | 1,570,922 | 1,495,019 |
| Non-current liabilities | | | | |
| Long-term debt, net of current portion | 18 | 47,558 | - | - |
| Provisions for liabilities and charges | 20 | 42,894 | 40,532 | 34,385 |
| Deferred tax liability | 28 | 23,694 | 36,647 | 34,325 |
| Government grants and other non-current liabilities | 21 | 18,810 | 19,770 | 19,461 |
| Total non-current liabilities | | 132,956 | 96,949 | 88,171 |
| Current liabilities | | | | |
| Trade payables and other current liabilities | 22 | 448,931 | 317,644 | 428,572 |
| Provisions for liabilities and charges | 20 | 5,843 | 2,691 | 3,542 |
| Short-term debt | 19 | - | 1,125 | - |
| Current portion of long-term debt | 18 | 2,341 | - | - |
| Income tax payable | | - | - | 6,530 |
| Total current liabilities | | 457,115 | 321,460 | 438,644 |
| TOTAL EQUITY AND LIABILITIES | | 2,065,697 | 1,989,331 | 2,021,834 |

SLOVNAFT, a.s.

Separate statement of comprehensive income for the year ended 31 December 2009

| | Notes | 2009 € thousands | 2008 € thousands |
|--|-----------|---------------------|---------------------|
| Net revenue | 34 | 2,780,178 | 3,882,428 |
| Other operating income | 23 | 13,430 | 24,742 |
| Total operating income | | 2,793,608 | 3,907,170 |
| Raw materials and consumables used | | (2,521,336) | (3,396,120) |
| Personnel expenses | 24 | (77,479) | (72,819) |
| Depreciation, depletion, amortization and impairment | 34 | (101,008) | (94,605) |
| Value of services used | 25 | (115,014) | (124,424) |
| Other operating expenses | 26 | (49,504) | (63,122) |
| Change in inventories of finished goods and work in progress | | 14,984 | (50,770) |
| Work performed by the enterprise and capitalized | | 385 | 332 |
| Total operating expenses | | (2,848,972) | (3,801,528) |
| Profit/(loss) from operations | 34 | (55,364) | 105,642 |
| Finance revenues | 27 | 9,783 | 37,287 |
| Finance expenses | 27 | (3,958) | (34,317) |
| Finance revenues/(expenses), net | | 5,825 | 2,970 |
| Profit/(loss) before tax | | (49,539) | 108,612 |
| Income tax expense | 28 | 14,420 | (11,521) |
| Profit/(loss) for the period | | (35,119) | 97,091 |
| Other comprehensive income: | | | |
| Available-for-sale financial assets: | | | |
| Fair value changes | 10 | 6,934 | (44,274) |
| Transferred to profit/(loss) due to impairment | 10, 27 | - | 26,407 |
| Income tax relating to components of other comprehensive income | 28 | (1,317) | 3,395 |
| Exchange differences from the translation into the presentation currency | | - | 162,988 |
| Other comprehensive income for the period | | 5,617 | 148,516 |
| Total comprehensive income for the period | | (29,502) | 245,607 |
| Basic/diluted earnings per share (€) | 29 | (1.70) | 4.71 |

Separate statement of changes in equity for the year ended 31 December 2009

| | Share capital | Share premium | Retained earnings | Fair valuation reserve | Total reserves | Profit/(loss) for the period | Total equity |
|---|----------------|----------------|-------------------|------------------------|------------------|------------------------------|------------------|
| | € thousands | € thousands | € thousands | € thousands | € thousands | € thousands | € thousands |
| At 1 January 2008 | 613,791 | 108,587 | 564,577 | 13,476 | 578,053 | 194,588 | 1,495,019 |
| Total comprehensive income for the period | 70,841 | 12,532 | 78,619 | (13,476) | 65,143 | 97,091 | 245,607 |
| Transfer to reserves of retained profit for the previous year | - | - | 194,588 | - | 194,588 | (194,588) | - |
| Dividends | - | - | (170,030) | - | (170,030) | - | (170,030) |
| Other changes | - | - | 326 | - | 326 | - | 326 |
| At 31 December 2008 | 684,632 | 121,119 | 668,080 | - | 668,080 | 97,091 | 1,570,922 |
| Exchange differences from the change of the functional currency | - | - | (3,754) | - | (3,754) | 3,754 | - |
| At 1 January 2009 | 684,632 | 121,119 | 664,326 | - | 664,326 | 100,845 | 1,570,922 |
| Total comprehensive income for the period | - | - | - | 5,617 | 5,617 | (35,119) | (29,502) |
| Transfer to reserves of retained profit for the previous year | - | - | 100,845 | - | 100,845 | (100,845) | - |
| Dividends (Note 17) | - | - | (65,794) | - | (65,794) | - | (65,794) |
| Other changes (Note 16) | 126 | - | (126) | - | (126) | - | - |
| At 31 December 2009 | 684,758 | 121,119 | 699,251 | 5,617 | 704,868 | (35,119) | 1,475,626 |

Separate statement of cash flow for the year ended 31 December 2009

| | Notes | 2009 € thousands | 2008 € thousands |
|---|-------|---------------------|---------------------|
| Profit/(loss) before tax | | (49,539) | 108,612 |
| Adjustments to reconcile profit/(loss) before tax to net cash provided by operating activities | | | |
| Depreciation, depletion, amortization and impairment | 34 | 101,008 | 94,605 |
| Amortization of government grants and assets acquired free of charge | 23 | (1,203) | (1,227) |
| Write-off of inventories and addition/(reversal) of impairment, net | | 1,011 | (1,353) |
| Increase/(decrease) in provisions for liabilities and charges, net | | 5,732 | 284 |
| (Profit)/loss from the sale of intangible assets and property, plant and equipment | 23 | (2,478) | (590) |
| (Profit)/loss from the sale of subsidiaries | 27 | (5,023) | - |
| Write-off of receivables and addition/(reversal) of impairment, net | | 187 | 250 |
| Impairment of available-for-sale financial assets | 27 | - | 26,407 |
| Unrealized foreign exchange (gain)/loss on receivables and payables | | 3,364 | (2,154) |
| Net foreign exchange (gain)/loss excluding foreign exchange differences on receivables and payables | 27 | 321 | 4,426 |
| Interest revenue | 27 | (601) | (2,043) |
| Interest expense on borrowings | 27 | 964 | 1,351 |
| Other financial (profit)/loss, net | | 755 | (1,250) |
| Dividends received | 27 | (4,059) | (33,988) |
| Other non cash items | | 783 | (656) |
| Exchange differences from the translation into the presentation currency | | - | 10,967 |
| Operating cash flow before changes in working capital | | 51,222 | 203,641 |
| (Increase)/decrease in inventories | | (26,474) | 62,988 |
| (Increase)/decrease in trade receivables | | (72,084) | 132,823 |
| (Increase)/decrease in other current assets | | 11,804 | 25,070 |
| Increase/(decrease) in trade payables | | 146,544 | (150,296) |
| Increase/(decrease) in other current liabilities | | 1,219 | 1,827 |
| Corporate income tax paid | | 30,431 | (49,966) |
| Net cash provided by/(used in) operating activities | | 142,662 | 226,087 |
| Capital expenditures | | (70,145) | (135,105) |
| Proceeds from disposals of intangible assets and property, plant and equipment | | 2,729 | 1,090 |
| Acquisition of subsidiaries | 8 | - | (6) |
| Acquisition of available-for-sale financial assets | 10 | (84) | - |
| Net proceeds from sale of subsidiary undertakings | | 34,488 | - |
| Short-term loans (granted)/repaid, net | | (17,897) | 28,000 |
| Interest received and other financial income | | 675 | 2,183 |
| Dividends received and income from the decrease of share capital of the subsidiaries | | 8,489 | 49,349 |
| Net cash provided by/(used in) investing activities | | (41,745) | (54,489) |
| Proceeds from long-term bank borrowings | | 46,916 | 65,909 |
| Repayments of long-term bank borrowings | | (45,512) | (65,951) |
| Proceeds from/(repayments of) short-term bank borrowings, net | | (1,716) | 1,047 |
| Proceeds from long-term non-bank borrowings | | 12,135 | - |
| Repayments of long-term non-bank borrowings | | (1,914) | - |
| Net proceeds/(payments) from derivative transactions | 27 | (855) | 1,250 |
| Interest paid and other financial costs | | (540) | (1,282) |
| Dividends paid to shareholders | | (65,740) | (181,338) |
| Net cash provided by/(used in) financing activities | | (57,226) | (180,365) |
| Increase/(decrease) in cash and cash equivalents | | 43,691 | (8,767) |
| Cash and cash equivalents at the beginning of the period | 15 | 46,730 | 57,608 |
| Effects of exchange rate changes | | (1,134) | (2,111) |
| Cash and cash equivalents at the end of the period | 15 | 89,287 | 46,730 |

SLOVNAFT, a.s.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

1 General Information

SLOVNAFT, a.s. ("SLOVNAFT" or "the Company") was registered in Slovakia as a joint stock company on 1 May 1992. Prior to that date it was a state owned enterprise. The Company was set up in accordance with Slovak regulations. The Company has its primary listing on the Bratislava Stock Exchange.

The principal activities of the Company are the processing of crude oil and the distribution and sale of refined products.

The Company's registered address and registration numbers are:

SLOVNAFT, a.s.

Registration number: 31 322 832

Tax registration number: 2020372640

Vlčie hrdlo 1

824 12 Bratislava

Slovak Republic

Since April 2003 the major shareholder of the Company is MOL Nyrt., incorporated and domiciled in Hungary.

The Company is not partner with unlimited liability in any company.

As at 31 December 2009, the Company had 2,355 employees on average (31 December 2008: 2,435 employees), 92 of which were management (31 December 2008: 81).

These separate financial statements are presented in thousands of Euro.

These separate financial statements had been prepared as ordinary separate financial statements according to Section 17 (6) of the Slovak Accounting Act No. 431/2002 Coll. as later amended.

These separate financial statements were approved and authorized for issue by the Board of Directors on 12 March 2010.

These separate financial statements are placed at the Company's registered address and at the Commercial Register of District Court in Bratislava I, Záhradnícka 10, 812 44 Bratislava.

2 Basis of preparation

With effect from 1 January 2006, the change in the Slovak Accounting Act requires the Company to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). At this time, due to the endorsement process of the EU, and the activities of the Company, there is no difference between the IFRS policies applied by the Company and those adopted by the EU.

For the purpose of the application of the historical cost convention, the financial statements treat the Company as having come into existence on 1 May 1992, at the carrying values of assets and liabilities determined at that date, subject to the IFRS adjustments.

The financial statements were prepared using the going concern assumption that the Company will continue its operations for the foreseeable future.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements and the Notes thereto. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may differ from those estimations.

The financial year is the same as the calendar year.

The Annual General Meeting held on 17 April 2009 approved the Company's financial statements for the previous accounting period.

i) Information on consolidated group

The financial statements of the Company are included in the consolidated financial statements of the SLOVNAFT Group which are part of the consolidated financial statements of the MOL Group. MOL Nyrt., Október huszonharmadika u. 18, 1117 Budapest, Hungary, prepares the Group's consolidated financial statements. These consolidated financial statements are available directly at the registered addresses of the companies stated above.

ii) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards and all applicable IFRS that have been adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

3 Changes in Accounting Policies

The accounting policies adopted are consistent with those applied in the financial statements at 31 December 2008 except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the accounting period. Except as noted below, adoption of these standards and interpretations did not have any effect on the financial statements of the Company.

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendment relating to cost of an investment on first-time adoption
- IFRS 2 Share-based Payment - Amendment relating to vesting conditions and cancellations
- IFRS 7 Financial Instruments: Disclosures - Amendment enhancing scope of disclosures about fair value and liquidity risk
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements - Comprehensive revision including requirement for a statement of comprehensive income
- IAS 1 Presentation of Financial Statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation
- IAS 23 Borrowing Costs - Comprehensive revision to prohibit immediate expensing
- IAS 27 Consolidated and Separate Financial Statements - Amendment relating to cost of an investment on first-time adoptions
- IAS 32 Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 Agreements for the Construction of Real Estates
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- Annual Improvements to IFRSs (issued in May 2008)

The Company has used the possibility for early adoption of the following amendments of IFRS standards where adoption is not mandatory in the reporting period:

- IFRS 3 Business Combinations - Comprehensive revision on applying the acquisition method
- IAS 27 Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3
- IAS 28 Investments in Associates - Consequential amendments arising from amendments to IFRS 3
- IAS 31 Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3

The principal effects of these changes are as follows:

IFRS 2 Share-based Payment - Amendment relating to vesting conditions and cancellations

This amendment to IFRS 2 - Share-based Payment clarifies the definition of vesting and non-vesting conditions, as well as the accounting treatment of cancellations or settlements of the granted equity instruments. The amendment did not have any material impact on the existing share-based schemes of the Company.

IFRS 3 Business Combinations - Comprehensive revision on applying the acquisition method

The revision did not have any material impact on the currently reported financial position of the Company.

IFRS 7 Financial Instruments: Disclosures - Amendment enhancing scope of disclosures about fair value and liquidity risk

The amendments to IFRS 7 seek to enhance disclosures about fair value measurements and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy: Level 1 - quoted prices, Level 2 - prices derived from market data, Level 3 - prices not based on market data, along with specific disclosure requirements for each class of financial instruments according to the levels. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

IFRS 8 Operating Segments

This standard requires disclosure of information about the Company's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. Application of the standard did not have any material change in the current disclosures, as the primary business segments determined for reporting purposes qualify as operating segments under the new standard.

IAS 23 Borrowing Costs - Comprehensive revision to prohibit immediate expensing

The revised standard requires capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The revision did not have any material impact on the separate financial statements of the Company.

IAS 27 Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3

The revision did not have any impact on the currently reported financial position of the Company as it was applied prospectively.

IAS 32 Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation

This revised standard requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The amendment did not have any impact on the existing financial instruments of the Company.

IFRIC 12 Service Concession Arrangements

IFRIC 12 applies to service concession operators between public and private sector and explains how to account for the obligations undertaken and rights received in service concession arrangements. The Company is not an operator and hence this interpretation did not have any impact on the financial position of the Company.

IFRIC 13 Customer Loyalty Programmes

IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Company operates customer loyalty program BONUS on its petrol stations. In the past, at the time of sale of the motor fuels, the Company recognized liability in the amount of expected costs of goods provided to the customers as a consideration for the loyalty points. As IFRIC 13 does not specify any provision for this type of transaction, the Company in compliance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors made retrospective changes of the financial information in the previous reporting periods as the consequence of IFRIC 13 application as follows:

At 31 December 2007:

- Decrease in Trade payables: €1,742 thousand
- Increase in Other current liabilities: €1,742 thousand

At 31 December 2008:

- Decrease in Trade payables: €2,109 thousand
- Increase in Other current liabilities: €2,109 thousand

Year ended 31 December 2008:

- Decrease in Other operating expenses: €199 thousand
- Decrease in Net revenue: €199 thousand

The application of IFRIC 13 did not have any effect on Basic/diluted earnings per share.

IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. This interpretation did not have any impact on the financial position or performance of the Company as currently it has no funded defined benefit schemes.

IFRIC 15 Agreements for the Construction of Real Estates

IFRIC 15 standardizes accounting practice across jurisdictions for the recognition of revenue by real estate developers for sales of units, such as apartments or houses, 'off plan' - that is, before construction is complete. This interpretation did not have any impact on the financial position or performance of the Company.

Issued but not yet effective International Financial Reporting Standards

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendments relating to oil and gas assets and determining whether an arrangement contains a lease (effective for annual periods beginning on or after 1 January 2010, these amendments have not been approved by EU yet)
- IFRS 1 First-time Adoption of International Financial Reporting Standards - Limited exemption from comparative IFRS 7 disclosures for first-time adopters (effective for annual periods beginning on or after 1 July 2010, these amendments have not been approved by EU yet)
- IFRS 2 Share-based Payment - Amendments relating to group cash-settled share-based payment transactions (effective for annual periods beginning on or after 1 January 2010, these amendments have not been approved by EU yet)
- IFRS 9 Financial Instruments - Classification and Measurement (effective for annual periods beginning on or after 1 January 2013, this standard has not been approved by EU yet)
- IAS 24 Related Party Disclosures - Revised definition of related parties (effective for annual periods beginning on or after 1 January 2011, these amendments have not been approved by EU yet)
- IAS 32 Financial Instruments: Presentation - Amendments relating to classification of rights issues (effective for annual periods beginning on or after 1 February 2010)
- IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items (effective for annual periods beginning on or after 1 July 2009)
- IAS 39 Financial Instruments: Recognition and Measurement - Amendments for embedded derivatives when reclassifying financial instruments (effective for annual periods ending on or after 30 June 2009)
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Amendments with respect to voluntary prepaid contributions (effective for annual periods beginning on or after 1 January 2011, these amendments have not been approved by EU yet)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010, this interpretation has not been approved by EU yet)
- Annual Improvements to IFRSs (issued in April 2009, this amendment has not been approved by EU yet)

The principal effects of these changes are as follows:

IFRS 2 Share-based Payment - Amendments relating to group cash-settled share-based payment transactions

This revised standard clarifies application scope and the way how group cash-settled share-based payment transactions should be reported. The amendment of the standard also incorporates provisions of IFRIC 8 Scope of IFRS 2 and IFRIC 11- IFRS 2: Group and Treasury Share Transactions. This amendment will have no impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments - Classification and Measurement

IFRS 9 replaces part of IAS 39 and reduces categories of financial assets to those measured at amortized cost and those measured at fair value. The classification of financial instruments is made at initial recognition based on result of business model test and cash flow characteristics test. IFRS 9 contains an option to designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The entity can make an irrevocable election at initial recognition to measure equity investments, which are not held for trading, at fair value through other comprehensive income with only dividend income recognized in profit or loss. Application of this standard in the future will have following estimated impact on the financial position or performance of the Company, based on the value of equity instruments as at 31 December 2009:

- Decrease in Fair valuation reserve: €5,617 thousand
- Increase in Retained earnings: €5,617 thousand

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 17 provides guidance on how an entity should measure distributions of assets other than cash when it pays dividends to its owners. This interpretation will have no impact on the financial position or performance of the Company.

IFRIC 18 Transfers of Assets from Customers

IFRIC 18 clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). This interpretation will have no impact on the financial position or performance of the Company.

Annual Improvements to IFRSs (issued in April 2009)

In April 2009 the IASB issued its second collection of amendments to its standards, primarily view to removing inconsistencies and clarifying wording. Following standards were amended:

- IFRS 2 Share-based Payment (effective for annual periods beginning on or after 1 July 2009)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010)
- IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010)
- IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010)
- IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010)
- IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010)
- IAS 18 Employee Benefits (addition to appendix)
- IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010)
- IAS 38 Intangible Assets (effective for annual periods beginning on or after 1 July 2009)
- IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010)
- IFRIC 9 Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 July 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 July 2009)

It is anticipated that these changes will have no material effect on the Company's financial statements.

4 Summary of significant accounting policies

i) Presentation Currency

In accordance with the National plan for Euro adoption in the Slovak Republic, Euro became the official currency of the Slovak Republic on 1 January 2009. Based on this, the Company's functional currency changed from the Slovak Crown to Euro as at 1 January 2009. The change in the functional currency was implemented prospectively and the Company's assets, liabilities and equity were converted into Euro based on the official conversion rate of €1 = SKK 30.1260. Based on the economic substance of the underlying events and circumstances, Euro was determined as the currency of Company's presentation.

Comparative data in the statements and the notes were converted from the Slovak Crown to Euro as follows:

- Items of the statement of financial position as at 31 December 2007 using exchange rate for EUR/SKK of 33.603 announced by NBS for 31 December 2007.
- Items of the statement of financial position as at 31 December 2008 using exchange rate for EUR/SKK of 30.126 announced by NBS for 31 December 2008.
- Items of the statement of comprehensive income for 2008 using average exchange rate for EUR/SKK of 31.291 announced by NBS for 2008.

Exchange differences from the change of the functional currency reported in the statement of changes in equity represent exchange differences from translation of profit/loss for 2008 using the conversion rate and the rate used for translation of the statement of comprehensive income for 2008.

ii) Subsidiaries, Associated Companies and Joint Ventures

Securities and shares in subsidiaries, associated companies and joint ventures which are not classified as held-for-sale are recognized in carrying value representing acquisition cost less potential accumulated losses of impairment.

Securities and shares in subsidiaries, associated companies and joint ventures classified as held-for-sale are recognized in the lower of carrying value or fair value less disposal costs.

Acquisition cost of securities and shares in subsidiaries, associated companies and joint ventures is the purchase price of acquired securities or shares.

iii) Investments and Other Financial Assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company considers whether a contract contains an embedded derivative when the Company first becomes a party to it.

Purchases and sales of investments are recognized on settlement date which is the date when the asset is delivered to the counterparty.

The Company's financial assets are classified at the time of initial recognition depending on their nature and purpose. Financial assets include cash and short-term deposits, trade receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or meet the definition of financial guarantee contract. Gains or losses on investments held for trading are recognized as finance revenues or finance expenses.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair

value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivatives that would need to be separately recorded. Such financial assets are recorded as current, except for those instruments which are not due for settlement within 12 months after the end of the reporting period and are not held with the primary purpose of being traded. In this case all payments on such instruments are classified as non-current.

As at 31 December 2009 and 2008, no financial assets have been designated as at fair value through profit and loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments, have fixed maturities and which the Company has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount, less allowance for impairment. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognized in the profit/loss for the period when the investments are derecognized or impaired, as well as through the amortization process.

As at 31 December 2009 and 2008, no financial assets have been designated as held-to-maturity investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit/loss for the period when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses being recognized as other comprehensive income in the fair valuation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recorded as other comprehensive income is recognized in the profit/loss for the period.

After initial recognition available-for-sale financial assets are evaluated on the basis of existing market conditions and management intent to hold on to the investment in the foreseeable future. In rare circumstances when these conditions are no longer appropriate, the Company may choose to reclassify these financial assets to loans and receivables or held-to-maturity investments when this is in accordance with the applicable IFRS.

Fair value

For investments that are actively traded in organized financial markets, fair value is determined by reference to quoted market prices at the close of business on the last day of the reporting period without any deduction for transaction costs. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

iv) Classification and Derecognition of Financial Instruments

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, marketable securities, trade and other accounts receivable and payable, long-term receivables, loans, borrowings, investments, and bonds receivable and payable. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Financial instruments (including compound financial instruments) are classified as assets, liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability, are reported as expense or income as incurred. Distributions to

holders of financial instruments classified as equity are charged directly to equity. In case of compound financial instruments the liability component is valued first, with the equity component being determined as a residual value. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

The derecognition of a financial asset takes place when the Company no longer controls the contractual rights that comprise the financial asset, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party. When the Company neither transfers nor retains all the risks and rewards of the financial assets and continues to control the transferred assets, it recognizes its retained interest in the assets and a liability for the amounts it may have to pay. Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

v) *Derivative Financial Instruments*

The Company uses derivative financial instruments such as forward currency contracts to reduce its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit/loss for the period as financial income or expense.

Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- The economic characteristics and the risks of the embedded derivative are not closely related to the economic characteristics of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- A hybrid (combined) instrument is not measured at fair value with changes in fair value reported in current period net profit.

vi) *Hedging*

No transactions have been designated as hedges for the purpose of hedge accounting.

vii) *Impairment of Financial Assets*

The Company assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired. Impairment losses on a financial asset or group of financial assets are recognized only if there is an objective evidence of impairment due to a loss event and this loss event significantly impacts the estimated future cash flows of the financial asset or group of financial assets.

Assets carried at amortized cost

If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in the profit/loss for the period.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for financial assets, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the profit/loss for the period, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the profit/loss for the period, is transferred from other comprehensive income to the profit/loss for the period. Impairment losses recognized on equity instruments classified as available-for-sale are not reversed; increases in their fair value after impairment are recognized directly in other comprehensive income. Impairment losses recognized on debt instruments classified as available-for-sale are reversed through the profit/loss for the period; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the profit/loss for the period.

viii) Cash and Cash Equivalents

Cash includes cash on hand and bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturity less than three months from the date of acquisition and that are subject to an insignificant risk of change in value.

ix) Trade and Other Accounts Receivable

Receivables are initially recognized at amortized cost using the effective interest rate method less any allowance for impairment of doubtful receivables. A provision for impairment is recognized in profit/loss for the period when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognized when they are assessed as uncollectible.

If collection of trade receivables is expected within the normal business cycle which is one year or less, they are classified as current assets. If not, they are presented as non-current assets.

x) Inventories

Inventories, including work-in-progress are valued at the lower of cost and net realizable value, after provision for slow-moving and obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of making the sale. Cost of purchased goods, including crude oil, is determined primarily using the FIFO method. The acquisition cost of own produced inventory consists of direct materials, direct wages and the appropriate portion of production overhead expenses including royalty but excludes borrowing costs. Unrealizable inventory is fully written off.

xi) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost (or the carrying value of the assets determined as at 1 May 1992) less accumulated depreciation, depletion and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit/loss for the period.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, such as borrowing costs. Estimated decommissioning and site restoration costs are capitalized either upon initial recognition or, if decision on decommissioning is made subsequently, at the time of the decision. Changes in estimates thereof adjust the carrying amount of assets. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhead costs (except for periodic maintenance and inspection costs), are normally charged to the profit/loss for the period in the period in which the costs are incurred. Periodic maintenance and inspection costs are capitalized as a separate component of the related assets.

Construction in progress represents plant and properties under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant asset is available for use.

Land owned at the date of the establishment of the Company has been stated at the values attributed to it in the legislation incorporating the Company. These values are treated as cost. Land is carried at cost less any impairment provisions. Land is not depreciated.

xii) Intangible Assets

Intangible assets acquired separately are capitalized at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company; and the cost of the asset can be measured reliably.

Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortization is charged on assets with a finite useful life over the best estimate of their useful lives using the straight line method. The amortization period and the amortization method are reviewed annually at the end of the period. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against income in the year in which the expenditure is incurred. Intangible assets are tested for impairment annually either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Following the initial recognition of the development expenditure the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. Costs in development stage cannot be amortized. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the period indicating that the carrying value may not be recoverable.

xiii) Depreciation, Depletion and Amortization

Depreciation of each component of intangible assets and property, plant and equipment is computed on a straight-line basis over their respective useful lives. Usual periods of useful lives for different types of intangible assets and property, plant and equipment are as follows:

| | Years |
|---------------------|--------------|
| Software | 3 - 5 |
| Buildings | 30 - 40 |
| Plant and machinery | 8 - 20 |
| Other fixed assets | 4 - 8 |

Amortization of leased assets is provided using the straight-line method over the term of the respective lease or the useful life of the asset, whichever period is less. Periodic maintenance and inspection costs are depreciated until the next similar maintenance takes place.

The useful life and depreciation methods are reviewed at least annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of intangible assets and property, plant and equipment.

xiv) Impairment of Non-financial Assets

Intangible assets and property, plant and equipment are reviewed for impairment when annual impairment testing for an asset is required or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the profit/loss for the period for items of intangibles and property, plant and equipment carried at cost. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not practicable, for the cash-generating unit. The Company assesses at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the impairment assumptions considered when the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor is higher than its carrying amount net of depreciation, had no impairment loss been recognized in prior years.

xv) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net in the profit/loss for the period when the liabilities are derecognized, as well as through the amortization process, except to the extent they are capitalized as borrowing costs.

xvi) Provisions for Liabilities and Charges

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of the provision to be reimbursed; the reimbursement is recognized as a separate asset but only when the reimbursement is actually certain. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. The amount of the provision is the present value of the risk adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognized as an interest expense.

Provision for Environmental Expenditures

Liabilities for environmental costs are recognized when environmental clean-ups are probable and the associated costs can be reliably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognized is the best estimate of the expenditure required.

Provision for Redundancy

The employees of the Company are eligible, immediately upon termination due organizational changes, for redundancy payment pursuant to the Slovak law and the terms of the Collective Agreement between the Company and its employees. The amount of such a liability is recorded as a provision for liabilities and charges when the workforce reduction program is defined, announced and the conditions for its implementation are met.

Provision for Retirement Benefits

Pension plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Company pays fixed contributions and will have no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Unfunded defined benefit pension plan

According to the Agreement with the Trade Unions for 2007 - 2009 the Company is obliged, based on the number of years in service, to pay its employees on retirement or disability a multiple of their average monthly salary up to 5 average salaries and in case of disability a multiple of their average monthly salary up to 8 average salaries. The minimum requirement of the Labor Code of one-month average salary payment on retirement is included in the above multiples. At the same time the employees are entitled to the benefit corresponding to one MOL Nyrt. share per one year of service.

The same or similar liability has been included in the agreements with the Trade Unions since 1992. The Company has created expectations on the part of its employees that it will continue to provide the benefits and it is the management's judgment that it is not realistic for the Company to cease providing them.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the revenues and expenses in the period when incurred. Amendments to pension plans are charged or credited to the revenues and expenses over the average remaining service lives of the related employees.

Defined contribution pension plans

The Company contributes to the government and private defined contribution pension plans.

The Company makes insurance contributions to the Government's social and public health insurance schemes at the statutory rates in force during the year, based on gross salary payments. Throughout the whole period, the Company made contributions amounting to 35.2% (2008: 35.2%) of gross salaries up to a monthly salary between €1,003.09 to €2,674.90 until 30 June 2009, respectively €1,084.55 to €2,892.12 after this date (until 30 June 2008: between €934.14 to €2,491.00, after this date €1,003.09 to €2,674.90), to such schemes, together with contributions by employees of a further 13.4% (2008: 13.4%). The cost of the contributions made by the Company is charged to the profit/loss in the same period as the related salary cost.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company makes contributions to the supplementary scheme amounting up to 4.5% (2008: 4.0%) from the total of monthly tariff wage plus compensatory wage of an employee.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without a possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to the present value.

Bonus plans

A liability for employee benefits in the form of bonus plans is recognized in Other current liabilities and is paid out after the evaluation of the performance in the given year.

Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

Other

The Company also pays certain work and life jubilees benefits and disability benefits.

The liability in respect of work and life jubilees benefits plan is the present value of the work and life jubilees benefit obligation at the end of the reporting period, together with adjustments for actuarial gains/losses and past service cost. The work and life jubilees benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the work and life jubilees benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the revenues and expenses in the period when incurred. Amendments to work and life jubilees benefit plan are charged or credited to the revenues and expenses over the average remaining service lives of the related employees.

xvii) Greenhouse Gas Emissions

The Company receives free emission rights as a result of the European Emission Trading Schemes. The rights are received on an annual basis and in return the Company is required to remit rights equal to its actual emissions. The Company has adopted a net liability approach to the emission rights granted. Under this method the granted emission rights are measured at nil and a provision is only recognized when actual emissions exceed the emission rights granted. Where emission rights are purchased from third parties, they are recorded at cost, and treated as a reimbursement right.

xviii) Share-based Payment Transactions

Certain employees (including directors and managers) of the Company receive remuneration dependent on the parent company's MOL Nyrt. share price. The cost of these cash-settled transactions is measured initially at fair value using the binomial model. This fair value is expensed over the vesting period with recognition of a corresponding liability. The liability is remeasured at each end of the reporting period up to and including the settlement date to fair value with changes therein recognized in the profit/loss for the period.

xix) Leases

The determination whether an arrangement contains or is a lease depends on the substance of the arrangement at inception date. If fulfillment of the arrangement depends on the use of a specific asset or conveys the right to use the asset, it is deemed to contain a lease element and is recorded accordingly.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the expenses. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Initial direct costs incurred in negotiating a finance lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as the lease income. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

xx) Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit/loss over the expected useful life of the relevant asset by equal annual installments.

xxi) Reserves

Reserves shown in the separate financial statements do not represent the distributable reserves for dividend purposes.

Retained earnings

Retained earnings comprise also the Legal Reserve Fund set up in accordance with the Slovak legislation to cover potential future losses. The Legal Reserve Fund is not distributable.

Fair valuation reserve

The fair valuation reserve includes the cumulative net change in the fair value of available-for-sale financial instruments.

xxii) Dividends

Dividends are recorded in the period in which they are approved by the Annual General Meeting.

xxiii) Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of VAT, excise tax and discounts when delivery of goods or rendering of the service has taken place and transfer of risks and rewards has been completed.

Interest is recognized on a time-proportionate basis that reflects the effective yield on the related asset. Dividends due are recognized when the shareholders' right to receive payment is established. Changes in the fair value of derivatives not qualifying for hedge accounting are reflected in the profit/loss in the period the change occurs.

xxiv) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are ready for their intended use. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, including exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest costs.

xxv) Income Taxes

The income tax charge consists of current and deferred taxes.

The current income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate statement of comprehensive income because of items of income or expense that are never taxable or deductible or are taxable or deductible in other years.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and tax losses when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

At each end of the reporting period, the Company re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilized.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, including an adjustment to the opening balance of reserves resulting from a change in accounting policy that is applied retrospectively.

xxvi) Foreign Currency Transactions

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the periods are recognized in the profit/loss in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rate of exchange ruling at the end of the reporting period. Items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign exchange differences on trade receivables and payables are included in operating profit, while foreign exchange differences on borrowings are recorded as financial income or expense.

xxvii) Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders using the weighted average of number of shares outstanding during the period after deduction of the average number of treasury shares held over the period. There are no dilutive potential ordinary shares. All the shares bear the same rights.

SLOVNAFT, a.s.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

xxviii) Segmental Disclosure

For management purposes the Company is organized into the following operating segments: Refining and Marketing, Retail, Lubricants, Gas and Power and Corporate services. The Company follows criteria set by IFRS 8 Operating Segments to determine number and type of reportable segments. On the level of accounting units as a whole, the Company discloses information on revenues to external customers for major products and services respectively groups of similar products and services, information on revenues to external customers and on non-current assets by geographical locations, and information about major customers.

xxix) Contingencies

Contingent assets are not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the separate financial statements. They are disclosed in the Notes unless the possibility of an outflow of resources embodying economic benefits is remote.

5 Significant accounting judgments and estimates

i) Critical judgments in applying the accounting policies

In the process of applying the accounting policies which are described above, management has made certain judgments that have significant effect on the amounts recognized in the financial statements (apart from those involving estimates, which are dealt with below). These are detailed in the respective notes, however, the most significant judgments relate to the following:

Environmental provisions

Regulations, especially environmental legislation does not exactly specify the extent of remediation work required or the technology to be applied. Management uses its previous experience and its interpretation of the respective legislation to determine the amount of environmental provision. The environmental provision is €40,722 thousand and €34,759 thousand as at 31 December 2009 and 2008, respectively (see Note 20).

Outcome of certain litigations

The Company is party to a number of litigations, proceedings and civil actions arising in the ordinary course of business. Management uses its own judgment to assess the most likely outcome of these and a provision is recognized when necessary (see Note 20 and 31).

ii) Sources of estimate uncertainty

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements and the Notes thereto. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from these estimates. These are detailed in the respective notes; however, the most significant estimates comprise the following:

Calculation of fair value of financial instruments

Fair valuation of financial instruments is performed by reference to quoted market prices or, in absence thereof reflects the market's or the management's estimate on the future trend of key drivers of such values, including, but not limited to yield curves, foreign exchange and risk-free interest rates. Considering the recent worldwide financial crisis and the consequent hectic changes on the markets of financial instruments, such fair value measurements contain an increased uncertainty. The management expects this uncertainty to be decreasing during the forthcoming reporting period as well.

The Company strictly applied IAS 39 rules and, based on the significant decline in the market value of investment in TVK Nyrt. below its acquisition cost, booked in 2008 an impairment loss of €26,407 thousand (see Note 10 and 27).

Quantification and timing of environmental liabilities

Management estimates the future cash outflow associated with environmental and decommissioning liabilities using comparative prices, analogies to previous similar work and other assumptions. Furthermore, the timing of these cash-flows reflects managements' current assessment of priorities, technical capabilities and the urgency of fulfillment of such obligations. Consequently, the carrying amount of these liabilities of €40,722 thousand and €34,759 thousand as at 31 December 2009 and 2008 respectively is exposed to uncertainty (see Note 20).

Impairment of non-current non-financial assets

The impairment calculation requires an estimate of the 'value in use' of the cash-generating units. Such value is measured based on discounted projected cash flows. The most significant variables in determining cash flows are discount rates, terminal values, the period for which cash flow projections are made, as well as the assumptions and estimates used to determine the cash inflows and outflows. Impairment loss, as well as reversal of impairment loss is recognized in the profit/loss for the period.

Intangible assets and property, plant and equipment

Based on the estimate of value in use the Company recorded the impairment of intangible assets and property, plant and equipment of €1,002 thousand and €3,045 thousand in 2009 and 2008, respectively (see Note 6 and 7).

Investments in subsidiaries

Based on existence of the following impairment indicators, the Company performed impairment test of its investment in subsidiary Slovnaft Petrochemicals, s.r.o.:

- The book value of the investment in the separate financial statements exceeds the book value in the consolidated financial statements of the subsidiary's net assets.
- There exists ongoing adverse economical effect on the petrochemical industry.

The Company calculated recoverable amount of the investment in the subsidiary as the value in use. The following assumptions were used:

- Discount rate equal to weighted average cost of capital of 8.89%.
- Average yearly growth of external sales equal to 8% during following 5 years, increased only for inflation in later years.
- Average yearly growth in petrochemical margin equal to 13% during following 5 years, increased only for inflation in later years.

The recoverable amount of the investment in subsidiary Slovnaft Petrochemicals, s.r.o. as at 31 December 2009 exceeds its book value. Therefore the Company did not recognize any impairment loss for the investment.

While such cash flows for non-current non-financial assets reflect the management's best estimate for the future, these estimates are exposed to an increased uncertainty as a result of the general economic recession experienced worldwide and also in the Central-Eastern European region where the Company operates.

Actuarial estimates applied for calculation of retirement benefit obligations

The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality or fluctuation rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Provision for long-term employee benefits amounts to €6,446 thousand as at 31 December 2009 (€6,314 thousand as at 31 December 2008), thereof €5,920 thousand representing retirement benefits (31 December 2008: €5,756 thousand) and €526 thousand representing life jubilee benefits (31 December 2008: €558 thousand) (see Note 20).

6 Intangible assets

| | Software €thousands | Other intangible assets and rights €thousands | Total €thousands |
|---|------------------------|--|---------------------|
| At 1 January 2008 | | | |
| Gross book value | 26,239 | 14,677 | 40,916 |
| Accumulated amortization and impairment | (17,707) | (11,232) | (28,939) |
| Net book value | 8,532 | 3,445 | 11,977 |
| Period ended 31 December 2008 | | | |
| Opening net book value | 8,532 | 3,445 | 11,977 |
| - additions | 5,408 | 51 | 5,459 |
| - amortization | (3,190) | (119) | (3,309) |
| - reversal of impairment | 10 | - | 10 |
| - disposals | (957) | - | (957) |
| - transfers | 3,422 | (3,422) | - |
| - exchange differences from the translation into the presentation currency | 1,167 | 262 | 1,429 |
| Closing net book value | 14,392 | 217 | 14,609 |
| At 31 December 2008 | | | |
| Gross book value | 37,338 | 12,869 | 50,207 |
| Accumulated amortization and impairment | (22,946) | (12,652) | (35,598) |
| Net book value | 14,392 | 217 | 14,609 |
| Period ended 31 December 2009 | | | |
| Opening net book value | 14,392 | 217 | 14,609 |
| - additions | 3,460 | 1,189 | 4,649 |
| - amortization | (3,412) | (30) | (3,442) |
| - disposals | - | (1) | (1) |
| - in-kind contribution (Note 8) | (1,398) | - | (1,398) |
| Closing net book value | 13,042 | 1,375 | 14,417 |
| At 31 December 2009 | | | |
| Gross book value | 39,010 | 14,057 | 53,067 |
| Accumulated amortization and impairment | (25,968) | (12,682) | (38,650) |
| Net book value | 13,042 | 1,375 | 14,417 |

Software is being amortized evenly over its useful economic life.

The Company has no intangible assets with an indefinite useful life.

Leased assets

Intangible assets acquired on finance lease:

| | Software €thousands | Other intangible assets and rights €thousands | Total €thousands |
|---|------------------------|---|---------------------|
| At 31 December 2009 | | | |
| Gross book value | 1,343 | 525 | 1,868 |
| Accumulated amortization and impairment | (252) | (12) | (264) |
| Net book value | 1,091 | 513 | 1,604 |
| At 31 December 2008 | | | |
| Gross book value | - | - | - |
| Accumulated amortization and impairment | - | - | - |
| Net book value | - | - | - |

7 Property, plant and equipment

| | Land and buildings € thousands | Machinery and equipment € thousands | Other machinery and equipment € thousands | Construction in progress € thousands | Total € thousands |
|--|-----------------------------------|--|--|---|----------------------|
| At 1 January 2008 | | | | | |
| Gross book value | 777,534 | 1,214,795 | 17,579 | 72,606 | 2,082,514 |
| Accumulated depreciation and impairment | (258,538) | (784,556) | (15,467) | (104) | (1,058,665) |
| Net book value | 518,996 | 430,239 | 2,112 | 72,502 | 1,023,849 |
| Period ended 31 December 2008 | | | | | |
| Opening net book value | 518,996 | 430,239 | 2,112 | 72,502 | 1,023,849 |
| - additions | 313 | 1,040 | - | 128,315 | 129,668 |
| - depreciation | (19,664) | (67,449) | (994) | - | (88,107) |
| - impairment | (4,205) | (1,256) | - | (80) | (5,541) |
| - reversal of impairment | 2,150 | 224 | - | 112 | 2,486 |
| - disposals | (396) | (3) | (3) | (52) | (454) |
| - transfers | 31,592 | 80,295 | 1,532 | (113,419) | - |
| - exchange differences from the translation into the presentation currency | 60,281 | 50,154 | 265 | 8,942 | 119,642 |
| Closing net book value | 589,067 | 493,244 | 2,912 | 96,320 | 1,181,543 |
| At 31 December 2008 | | | | | |
| Gross book value | 898,843 | 1,404,246 | 20,197 | 96,403 | 2,419,689 |
| Accumulated depreciation and impairment | (309,776) | (911,002) | (17,285) | (83) | (1,238,146) |
| Net book value | 589,067 | 493,244 | 2,912 | 96,320 | 1,181,543 |
| Period ended 31 December 2009 | | | | | |
| Opening net book value | 589,067 | 493,244 | 2,912 | 96,320 | 1,181,543 |
| - additions | 8,995 | 23,967 | 29 | 49,949 | 82,940 |
| - depreciation | (22,004) | (73,204) | (1,057) | - | (96,265) |
| - impairment | (621) | (557) | - | (111) | (1,289) |
| - reversal of impairment | 210 | 8 | - | 69 | 287 |
| - disposals | (72) | (122) | (4) | (275) | (473) |
| - in-kind contribution (Note 8) | (8,970) | (23,255) | (20) | (2,086) | (34,331) |
| - transfers | 21,062 | 78,723 | 827 | (100,612) | - |
| Closing net book value | 587,667 | 498,804 | 2,687 | 43,254 | 1,132,412 |
| At 31 December 2009 | | | | | |
| Gross book value | 914,285 | 1,417,895 | 20,475 | 43,380 | 2,396,035 |
| Accumulated depreciation and impairment | (326,618) | (919,091) | (17,788) | (126) | (1,263,623) |
| Net book value | 587,667 | 498,804 | 2,687 | 43,254 | 1,132,412 |

Borrowing costs

Gross book value of property, plant and equipment includes borrowing costs that are directly attributable to the acquisition of certain items of property, plant and equipment. In 2009 and 2008, the Company did not capitalized any borrowing costs to gross book value of property, plant and equipment as these costs did not meet conditions of IAS 23 for the capitalization.

Government grants

Property, plant and equipment includes assets with the carrying value of €18,185 thousand (31 December 2008: €19,374 thousand) financed from the state grants (see Note 21). Part of these assets with the carrying value of €4,291 thousand (31 December 2008: €6,058 thousand) are under construction and the rest are currently being used for commercial purposes. All of these assets were designed and constructed to serve State Authorities, including military forces, in state emergencies. In such situations title to these assets may be restricted.

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Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

Leased assets

Property, plant and equipment acquired on finance lease:

| | Land and buildings €thousands | Machinery and equipment €thousands | Other machinery and equipment €thousands | Total €thousands |
|---|----------------------------------|---------------------------------------|---|---------------------|
| At 31 December 2009 | | | | |
| Gross book value | 8,969 | 23,934 | 28 | 32,931 |
| Accumulated amortization and impairment | (559) | (1,105) | (11) | (1,675) |
| Net book value | 8,410 | 22,829 | 17 | 31,256 |
| At 31 December 2008 | | | | |
| Gross book value | - | - | - | - |
| Accumulated amortization and impairment | - | - | - | - |
| Net book value | - | - | - | - |

Insurance

Property, plant and equipment is insured in the amount of €3,285,364 thousand. The insurance covers all risks of direct material losses or damages, including machinery and equipment failure.

Impairment losses

Impairment losses are recognized for non-performing filling stations and refinery and logistic assets. The impairment losses were recognized when the carrying amount exceeded the recoverable amount being the value in use.

8 Investments in subsidiaries

The structure of the Company's interest in subsidiaries is as follows:

| Company name | Country | Range of activity | Ownership 2009 | Net book value of investment 2009 €thousands | Equity 2009 €thousands | Profit/(loss) 2009 €thousands |
|--|----------|--------------------------------------|-------------------|--|------------------------------|-------------------------------------|
| <u>Refining and Marketing</u> | | | | | | |
| Apollo Oil Rohstoffhandels GmbH (in liquidation) | Austria | Crude oil trading | 67.00% | - | (494) | 303 |
| Slovnaft Polska S.A. | Poland | Wholesale and retail | 100.00% | 38,463 | 28,813 | 675 |
| MOL-Slovensko spol. s r.o. | Slovakia | Wholesale and retail | 100.00% | 7,569 | 7,196 | 16 |
| SLOVNAFT TRANS a.s. | Slovakia | Transport | 100.00% | 2,048 | 2,897 | 491 |
| SLOVNAFT VÚRUP, a.s. | Slovakia | Research & development | 100.00% | 3,588 | 3,321 | 54 |
| Zväz pre skladovanie zásob, a.s. | Slovakia | Wholesale and retail, storage | 100.00% | 37 | 31 | - |
| APOLLO Rafinéria, s.r.o. | Slovakia | Wholesale and retail | 100.00% | 7 | 5 | - |
| SWS spol. s r.o. | Slovakia | Transport support services | 51.15% | 845 | 1,687 | 281 |
| <u>Other</u> | | | | | | |
| Slovnaft Petrochemicals, s.r.o. | Slovakia | Petrochemical production and trading | 100.00% | 261,654 | 192,906 | (23,765) |
| SLOVNAFT MONTÁŽE A OPRAVY a.s. | Slovakia | Repairs & maintenance | 100.00% | 2,724 | 5,314 | 1,400 |
| CM European Power Slovakia, s. r. o. | Slovakia | Production of electricity and heat | 24.50% | 9,621 | 46,583 | 6,840 |
| Total investments in subsidiaries | | | | 326,556 | 288,259 | (13,705) |

SLOVNAFT, a.s.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

| Company name | Country | Range of activity | Ownership 2008 | Net book value of investment 2008 €thousands | Equity 2008 €thousands | Profit/(loss) 2008 €thousands |
|--|----------------|--------------------------------------|-----------------------|---|-----------------------------------|--|
| <i>Refining and Marketing</i> | | | | | | |
| Apollo Oil Rohstoffhandels GmbH (in liquidation) | Austria | Crude oil trading | 67.00% | - | (790) | (9) |
| Slovnaft Polska S.A. | Poland | Wholesale and retail | 100.00% | 38,463 | 27,819 | 954 |
| MOL-Slovensko spol. s r.o. | Slovakia | Wholesale and retail | 100.00% | 11,999 | 11,610 | (24) |
| SLOVNAFT TRANS a.s. | Slovakia | Transport | 100.00% | 2,048 | 2,406 | 339 |
| SLOVNAFT VÚRUP, a.s. | Slovakia | Research & development | 100.00% | 3,588 | 3,267 | 28 |
| Zväz pre skladovanie zásob, a.s. | Slovakia | Wholesale and retail, storage | 100.00% | 37 | 31 | (2) |
| APOLLO Rafinéria, s.r.o. | Slovakia | Wholesale and retail | 100.00% | 7 | 5 | - |
| SWS spol. s r.o. | Slovakia | Transport support services | 51.15% | 845 | 1,406 | (64) |
| <i>Other</i> | | | | | | |
| Slovnaft Petrochemicals, s.r.o. | Slovakia | Petrochemical production and trading | 100.00% | 261,654 | 216,671 | (39,495) |
| SLOVNAFT MONTÁŽE A OPRAVY a.s. | Slovakia | Repairs & maintenance | 100.00% | 2,724 | 5,914 | 1,922 |
| CM European Power Slovakia, s. r. o. | Slovakia | Wholesale and retail | 100.00% | 6 | 6 | - |
| Total investments in subsidiaries | | | | 321,371 | 268,345 | (36,351) |

The activities of the undertakings shown above are for the most part connected with the principal activity of the Company. No subsidiary is listed.

Development of the Company's interest in subsidiaries:

| | Acquisition cost €thousands | Impairment €thousands | Net book value €thousands |
|--|--|----------------------------------|--------------------------------------|
| At 1 January 2008 | 311,521 | (9,620) | 301,901 |
| Additions | 6 | - | 6 |
| Disposals | (14,807) | - | (14,807) |
| Exchange differences from the translation into the presentation currency | 35,381 | (1,110) | 34,271 |
| At 31 December 2008 | 332,101 | (10,730) | 321,371 |
| Additions | 39,264 | - | 39,264 |
| Disposals | (34,079) | - | (34,079) |
| At 31 December 2009 | 337,286 | (10,730) | 326,556 |

Based on the sole partner decision of CM European Power Slovakia, s. r. o., the Company increased the value of its share in this subsidiary as at 1 April 2009 through non-monetary contribution presented by assets and liabilities of branch Tepláreň in the amount of book value €34,768 thousand. This transaction under common control was presented in the fair value of contributed assets and liabilities. Book value of assets and liabilities contributed to CM European Power Slovakia, s. r. o. was as follows:

| | €thousands |
|--|-------------------|
| Intangible assets (Note 6) | 1,398 |
| Property, plant and equipment (Note 7) | 34,331 |
| Current assets | 1,204 |
| Liabilities | (2,165) |
| Total value of contributed assets and liabilities | 34,768 |

Based on the Agreement on the partial transfer of the business share dated 27 November 2009, the Company sold 51% share in CM European Power Slovakia, s.r.o. to MOL Nyrt. and 24.5% share to ČEZ, a.s. The selling price represented the amount of €34,671 thousand. By this transaction the Company did not lose control over the company as it retained control over the company's operations through long-term energy supply contract.

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Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

General Meeting of Apollo Oil Rohstoffhandels GmbH (in liquidation) held on 9 July 2009 decided on finalization of the liquidation of the company.

Based on the sole partner decision acting on behalf of the general meeting dated 6 April 2009 the Company decreased the value of its share in MOL-Slovensko spol. s r.o. by the amount of €4,430 thousand keeping the initial share of the capital of this company. Decreased share value was settled financially; the share capital decrease of MOL-Slovensko spol. s r.o. was incorporated into the Commercial Register with District Court Bratislava I on 11 September 2009.

9 Investments in associated companies and joint ventures

The structure of the Company's interest in associated companies and joint ventures is as follows:

| Company name | Country | Range of activity | Ownership 2009 | Net book value of investment 2009 € thousands | Equity 2009 € thousands | Profit/(loss) 2009 € thousands |
|---|----------------|---------------------------------|-----------------------|--|------------------------------------|---|
| <i>Refining and Marketing</i> | | | | | | |
| Messer Slovnaft s.r.o. | Slovakia | Production of technical gases | 49.00% | 2,161 | 6,139 | 1,288 |
| MEROCO, a.s. | Slovakia | Production and sale of biofuels | 25.00% | 1,407 | 11,443 | 6,980 |
| <i>Other</i> | | | | | | |
| Chémia Bratislava a.s. (in liquidation) | Slovakia | Services | 48.97% | 17 | 228 | (20) |
| Total investments in associated companies and joint ventures | | | | 3,585 | 17,810 | 8,248 |

| Company name | Country | Range of activity | Ownership 2008 | Net book value of investment 2008 € thousands | Equity 2008 € thousands | Profit/(loss) 2008 € thousands |
|---|----------------|---------------------------------|-----------------------|--|------------------------------------|---|
| <i>Refining and Marketing</i> | | | | | | |
| Messer Slovnaft s.r.o. | Slovakia | Production of technical gases | 49.00% | 2,161 | 7,902 | 1,315 |
| MEROCO, a.s. | Slovakia | Production and sale of biofuels | 25.00% | 1,407 | 4,463 | (273) |
| <i>Other</i> | | | | | | |
| Chémia Bratislava a.s. (in liquidation) | Slovakia | Services | 48.97% | 17 | 248 | 12 |
| Total investments in associated companies and joint ventures | | | | 3,585 | 12,613 | 1,054 |

Development of the Company's interest in associated companies and joint ventures:

| | Acquisition cost € thousands | Impairment € thousands | Net book value € thousands |
|--|---|-----------------------------------|---------------------------------------|
| At 1 January 2008 | 3,214 | - | 3,214 |
| Exchange differences from the translation into the presentation currency | 371 | - | 371 |
| At 31 December 2008 | 3,585 | - | 3,585 |
| At 31 December 2009 | 3,585 | - | 3,585 |

SLOVNAFT, a.s.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

Assets, liabilities and revenues of associated companies and joint ventures were as follows:

| | Assets 2009 € thousands | Liabilities 2009 € thousands | Revenues 2009 € thousands | Assets 2008 € thousands | Liabilities 2008 € thousands | Revenues 2008 € thousands |
|--|-------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|---------------------------------|
| Messer Slovnaft s.r.o. | 7,283 | 1,144 | 9,984 | 8,980 | 1,078 | 9,934 |
| MEROCO, a.s. | 51,159 | 39,711 | 85,479 | 49,389 | 44,926 | 82,338 |
| Chémia Bratislava a.s. (in liquidation) | 243 | 15 | - | 248 | - | 12 |

10 Available-for-sale financial assets

The structure of Available-for-sale financial assets is as follows:

| Company name | Country | Range of activity | Ownership 2009 | Ownership 2008 | Net book value 2009 € thousands | Net book value 2008 € thousands |
|--|----------|---|-------------------|-------------------|---------------------------------------|---------------------------------------|
| <i>Non-current available-for-sale financial assets</i> | | | | | | |
| TVK Nyrt. | Hungary | Petrochemical production and trading | 8.07% | 8.07% | 24,633 | 17,699 |
| Roth Heizöle GmbH | Austria | Wholesale and retail | 0.20% | - | 84 | - |
| Total non-current available-for-sale financial assets | | | | | 24,717 | 17,699 |
| <i>Current available-for-sale financial assets</i> | | | | | | |
| Incheba, a.s. | Slovakia | Organizing of exhibitions | 0.59% | 0.59% | 37 | 37 |
| THEBEN, a.s. | Slovakia | Editing of publications | 7.71% | 7.71% | - | - |
| SKB, a.s. (in bankruptcy) | Slovakia | Financial services | 6.85% | 6.85% | - | - |
| Total current available-for-sale financial assets | | | | | 37 | 37 |
| Total available-for-sale financial assets | | | | | 24,754 | 17,736 |

The investment in TVK Nyrt. is valued in fair value based on the quoted market price. Other investments are not listed and are valued at acquisition cost less potential impairment loss.

Development of Available-for-sale financial assets:

| | Acquisition cost € thousands | Fair value changes € thousands | Impairment € thousands | Net book value € thousands |
|--|---------------------------------|-----------------------------------|---------------------------|-------------------------------|
| At 1 January 2008 | 41,983 | 16,637 | (1,492) | 57,128 |
| Revaluation to fair value | - | (17,867) | (26,407) | (44,274) |
| Exchange differences from the translation into the presentation currency | 4,845 | 1,230 | (1,193) | 4,882 |
| At 31 December 2008 | 46,828 | - | (29,092) | 17,736 |
| Additions | 84 | - | - | 84 |
| Revaluation to fair value | - | 6,934 | - | 6,934 |
| At 31 December 2009 | 46,912 | 6,934 | (29,092) | 24,754 |

According to the share purchase agreement between Hermész Kft. and the Company signed on 8 December 2004, Hermész Kft. sold its 8.02% stake in TVK Nyrt. to the Company. Hermész Kft. also entered into call and put options with the same strike price. The options are exercisable only upon the occurrence of restricted triggering events of low probability within the period ended 31 December 2010. Due to these restrictive conditions the fair value of the options was determined to be nil at the end of the reporting period. The ownership interest of the Company in TVK Nyrt. increased in 2006 to 8.07% due to the withdrawal of employees' shares.

Based on the Company's Board of Directors resolution dated 15 July 2009 the Company bought from Rossi Privatstiftung stake in Roth Heizöle GmbH in the nominal value of €70. The acquisition cost of the investment represented €84 thousand.

11 Other non-current assets

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| <i>Other non-current financial assets</i> | | |
| Long-term financial guarantees granted | 12 | 12 |
| Total other non-current financial assets | 12 | 12 |
| <i>Other non-current non-financial assets</i> | | |
| Advance payments for assets under construction | - | 614 |
| Other long-term advances | 232 | 402 |
| Total other non-current non-financial assets | 232 | 1,016 |
| Total other non-current assets | 244 | 1,028 |

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| Other non-current financial assets | 12 | 12 |
| Provision to other non-current financial assets | - | - |
| Total other non-current financial assets | 12 | 12 |

12 Inventories

| | At cost 2009 € thousands | At lower of cost or net realizable value 2009 € thousands | At cost 2008 € thousands | At lower of cost or net realizable value 2008 € thousands |
|--|--------------------------------|---|--------------------------------|---|
| Raw materials | 18,088 | 18,001 | 19,263 | 19,220 |
| Purchased crude oil | 29,589 | 29,589 | 18,016 | 18,016 |
| Work in progress and semi-finished goods | 62,758 | 62,758 | 48,469 | 48,469 |
| Finished goods | 48,714 | 47,776 | 47,303 | 47,303 |
| Goods for resale | 1,809 | 1,809 | 1,916 | 1,904 |
| Total inventories | 160,958 | 159,933 | 134,967 | 134,912 |

Movements in the Provision to inventories were as follows:

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| At the beginning of the period | 55 | 1,609 |
| Additions | 1,025 | 11 |
| Use due to sale or liquidation of inventories | (55) | (1,599) |
| Release | - | (86) |
| Exchange differences from the translation into the presentation currency | - | 120 |
| At the end of the period | 1,025 | 55 |

13 Trade receivables

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| Trade receivables | 183,090 | 113,524 |
| Provision for doubtful trade receivables | (2,972) | (5,126) |
| Total trade receivables | 180,118 | 108,398 |

Trade receivables are non-interest bearing and are generally on 30 days' terms.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

Movements in the Provision for doubtful trade receivables were as follows:

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| At the beginning of the period | 5,126 | 4,774 |
| Additions | 212 | 311 |
| Reversal | (86) | (54) |
| Use due to financial settlement of receivables | (161) | - |
| Amounts written off | (2,131) | (355) |
| Currency differences | 12 | (93) |
| Exchange differences from the translation into the presentation currency | - | 543 |
| At the end of the period | 2,972 | 5,126 |

14 Other current assets

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| <i>Other current financial assets</i> | | |
| Transferred receivables | 62,556 | 43,081 |
| Unsecured loans granted (principal) | 18,981 | 1,085 |
| Unsecured loans granted (interest) | 39 | 5 |
| Other | 239 | 75 |
| Total other current financial assets | 81,815 | 44,246 |
| <i>Other current non-financial assets</i> | | |
| Receivables from VAT, duties and other taxes | 41,127 | 56,650 |
| Receivables from excise taxes | 6,142 | 5,856 |
| Prepaid expenses | 662 | 1,159 |
| Advances | 395 | 262 |
| Receivable from claim for return of penalty | - | 16,713 |
| Total other current non-financial assets | 48,326 | 80,640 |
| Total other current assets | 130,141 | 124,886 |

Unsecured granted loans as at 31 December 2009 comprise the loan granted to Slovnaft Petrochemicals, s.r.o. with the interest rate of 1M EURIBOR + 1.67% p.a., CM European Power Slovakia, s. r. o. with the interest rate of 1M EURIBOR + 3.0% p.a. and MOL Nyrt. with the interest rate of O/N EUR LIBOR - 0.30% p.a. (31 December 2008: loan granted to SLOVNAFT TRANS a.s. with the interest rate of 1M EURIBOR + 0.94% p.a.). The loans were provided in EUR.

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| Other current financial assets | 81,829 | 44,295 |
| Provision to other current financial assets | (14) | (49) |
| Total other current financial assets | 81,815 | 44,246 |

Movements in the Provision to other current financial assets were as follows:

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| At the beginning of the period | 49 | 80 |
| Additions | 16 | 29 |
| Reversal | (18) | - |
| Use due to financial settlement of receivables | (29) | (52) |
| Amounts written off | (4) | (16) |
| Exchange differences from the translation into the presentation currency | - | 8 |
| At the end of the period | 14 | 49 |

15 Cash and cash equivalents

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| Cash at bank - EUR | 3,654 | 17,652 |
| Cash at bank - PLN | 6,268 | 714 |
| Cash at bank - USD | 3,705 | 417 |
| Cash at bank - SKK | - | 8,724 |
| Cash at bank - other currencies | 127 | 166 |
| Short-term bank deposits - EUR | 37,330 | 582 |
| Short-term bank deposits - PLN | 19,491 | - |
| Short-term bank deposits - CZK | 12,307 | 401 |
| Short-term bank deposits - USD | 6,367 | - |
| Short-term bank deposits - SKK | - | 18,007 |
| Cash on hand - EUR | 9 | 5 |
| Cash on hand - other currencies | 14 | 15 |
| Other cash equivalents | 15 | 47 |
| Total cash and cash equivalents | 89,287 | 46,730 |

Cash and cash equivalents as at 31 December 2009 include €167 thousand that is restricted (31 December 2008: €182 thousand).

Average interest rates on current bank accounts and short-term bank deposits for the respective period were as follows:

| | 2009 | 2008 |
|---------------------------------|-------|-------|
| <i>Current bank accounts</i> | | |
| EUR | 0.54% | 2.71% |
| USD | 0.05% | 3.33% |
| PLN | 3.07% | 4.29% |
| SKK | - | 3.06% |
| <i>Short-term bank deposits</i> | | |
| EUR | 0.51% | 2.73% |
| USD | 0.08% | 2.22% |
| PLN | 3.29% | 5.15% |
| CZK | 1.23% | 2.38% |
| SKK | - | 3.00% |

For the purposes of the cash flow statement, Cash and cash equivalents comprise the following:

| | 2009 € thousands | 2008 € thousands | 2007 € thousands |
|--|---------------------|---------------------|---------------------|
| Cash at bank | 13,754 | 27,673 | 14,052 |
| Short-term bank deposits | 75,495 | 18,990 | 43,487 |
| Cash on hand | 23 | 20 | 33 |
| Other cash equivalents | 15 | 47 | 36 |
| Total cash and cash equivalents | 89,287 | 46,730 | 57,608 |

16 Share capital

In accordance with the National plan for Euro adoption in the Slovak republic, Euro became the official currency of the Slovak Republic on 1 January 2009. Based on this and in compliance with respective provisions of act No. 659/2007 Coll. on Adoption of Euro, the Company recalculated nominal values of contributions to share capital from Slovak Crown to Euro using the official conversion rate of €1 = SKK 30.1260. The difference from rounding of nominal value of shares of €126 thousand was booked against Legal Reserve Fund.

The Company's authorized share capital is 20,625,229 ordinary shares (31 December 2008: 20,625,229) with a par value of €33.20 each. All of these shares are issued and fully paid. All issued shares grant same rights.

17 ReservesLegal Reserve Fund

Reserves comprise the Legal Reserve Fund of €136,952 thousand (31 December 2008: €136,926 thousand). This has been set up in accordance with the Slovak legislation to cover potential future losses. The Legal Reserve Fund is not distributable.

Distributable reserves

Reserves available for distribution to the shareholders as at 31 December 2009 were €396,708 thousand (31 December 2008: €361,683 thousand).

Distribution of profit from previous accounting period

Distribution of profit from previous accounting period €100,845 thousand was as follows:

| | € thousands |
|---|----------------|
| Profit for distribution to shareholders | 65,794 |
| Transfer to retained earnings | 34,900 |
| Contribution to the reserve fund | 151 |
| Total | 100,845 |

Dividends

The dividends approved by the shareholders at the Annual General Meeting on 17 April 2009 were €65,794 thousand, equivalent to €3.19 per share.

18 Long-term debt, net of current portion

| | Interest rate | Maturity | 2009 € thousands | 2008 € thousands |
|---|---------------|-------------|---------------------|---------------------|
| Secured corporate loan in EUR | 5.30% | 2011 | 663 | - |
| Secured corporate loan in EUR | 5.25% | 2011 | 1,351 | - |
| Secured corporate loan in EUR | 5.26% | 2011 | 2,055 | - |
| Secured corporate loan in EUR | 4.18% | 2011 | 1,165 | - |
| Secured corporate loan in EUR | 5.58% | 2012 | 666 | - |
| Secured corporate loan in EUR | 5.63% | 2012 | 333 | - |
| Secured corporate loan in EUR | 5.35% | 2012 | 1,709 | - |
| Secured corporate loan in EUR | 5.11% | 2012 | 1,730 | - |
| Secured corporate loan in EUR | 5.38% | 2012 | 1,491 | - |
| Secured corporate loan in EUR | 5.59% | 2012 | 1,355 | - |
| Financial lease liabilities in EUR | 1.61% | 2010 - 2034 | 37,381 | - |
| Total long-term debt | | | 49,899 | - |
| Current portion of long-term debt | | | (2,341) | - |
| Total long-term debt, net of current portion | | | 47,558 | - |

Secured corporate loans in EUR

Secured corporate loans in EUR represent loans obtained by the Company from MOL Nyrt. based on contracts for sale and buy back of emission quotas. Based on these contracts, the Company sold emission quotas to MOL Nyrt. and agreed to repurchase them back for the predetermined price in the agreed time in the future. The loans are secured by the emission quotas, which the Company obtained for free based on the European Union Emission Trading System.

Financial lease liabilities in EUR

The Company contributed the assets of branch Teplareň to its 100% subsidiary CM European Power Slovakia, s. r. o. as at 1 April 2009 and at the same time the Company has signed the contract on energy purchase (electricity, heating and water) for duration of 25 years. This transaction represents contract about the sale and leaseback of intangible assets and property, plant and equipment in accordance with IFRIC 4 and IAS 17 is classified as finance lease. Hereby this transaction is also classified as a transaction performed under common

control and hence does not fall under the IFRS ruling. With a view to reach true and fair presentation in the financial statements the Company disclosed this transaction using the following accounting policy:

Initial recognition

- The leased intangible assets and the property, plant and equipment were recognized in the net book value of the intangible assets and the property, plant and equipment contributed to CM European Power Slovakia, s. r. o.
- The lease liability was recognized in the value equal to the discounted minimum lease payments which comprise depreciation charge of the intangible assets and the property, plant and equipment of CM European Power Slovakia, s. r. o. and the availability fee.
- The remaining difference was booked to the investment in CM European Power Slovakia, s. r. o.

Subsequent valuation

- The intangible assets and the property, plant and equipment will be depreciated during its remaining useful lives.
- The lease liability will be decreased by repayments in the amount of depreciation charge of the intangible assets and the property, plant and equipment of CM European Power Slovakia, s. r. o. and the availability fee included in the payments for the supplied energy. At the same time, the lease liability will be increased for the interest cost. The interest rate implicit in the lease was calculated based on the minimum lease payments and the fair value of the lease assets.

The contract does not contain any clause about options for future renewal or redemption.

The minimum lease payments and the present value of the minimum lease payments are as follows:

| | Minimum lease payments 2009 € thousands | Present value of minimum lease payments 2009 € thousands | Minimum lease payments 2008 € thousands | Present value of minimum lease payments 2008 € thousands |
|--|---|--|---|--|
| Up to 1 year | 2,923 | 2,341 | - | - |
| From 2 to 5 years | 10,396 | 8,420 | - | - |
| Over 5 years | 29,854 | 26,620 | - | - |
| Total minimum lease payments | 43,173 | 37,381 | - | - |
| Less amounts of financial charges | (5,792) | - | - | - |
| Present value of minimum lease payments | 37,381 | 37,381 | - | - |

19 Short-term debt

| | Interest rate | 2009 € thousands | 2008 € thousands |
|------------------------------|------------------------|---------------------|---------------------|
| Unsecured bank loan in USD | O/N LIBOR + 0.20% p.a. | - | 1,125 |
| Total short-term debt | | - | 1,125 |

Short-term loans were provided for financing of ordinary operating business needs.

20 Provisions for liabilities and charges

| | Environ- mental € thousands | Redun- dancy € thousands | Retirement benefits € thousands | Jubilee benefits € thousands | Other € thousands | Total € thousands |
|--|-----------------------------------|--------------------------------|---------------------------------------|------------------------------------|----------------------|----------------------|
| At 31 December 2007 | 31,733 | 286 | 3,973 | 566 | 1,369 | 37,927 |
| Provision made during the period and revision of previous estimates | 528 | - | 1,116 | 33 | 609 | 2,286 |
| Unwinding of the discount | 1,517 | - | 575 | 35 | - | 2,127 |
| Provision used during the period | (2,431) | (160) | (416) | (85) | (8) | (3,100) |
| Provision unused during the period | (227) | (147) | - | (54) | - | (428) |
| Exchange differences from the translation into the presentation currency | 3,639 | 21 | 508 | 63 | 180 | 4,411 |
| At 31 December 2008 | 34,759 | - | 5,756 | 558 | 2,150 | 43,223 |
| Provision made during the period and revision of previous estimates | 6,683 | - | 1,436 | 39 | 12 | 8,170 |
| Unwinding of the discount | 1,373 | - | 414 | 31 | - | 1,818 |
| Provision used during the period | (1,470) | - | (327) | (78) | (327) | (2,202) |
| Provision unused during the period | (623) | - | (1,165) | - | (266) | (2,054) |
| In-kind contribution | - | - | (194) | (24) | - | (218) |
| At 31 December 2009 | 40,722 | - | 5,920 | 526 | 1,569 | 48,737 |
| Current portion at 31 December 2008 | 2,307 | - | 303 | 81 | - | 2,691 |
| Non-current portion at 31 December 2008 | 32,452 | - | 5,453 | 477 | 2,150 | 40,532 |
| Current portion at 31 December 2009 | 5,157 | - | 600 | 86 | - | 5,843 |
| Non-current portion at 31 December 2009 | 35,565 | - | 5,320 | 440 | 1,569 | 42,894 |

Environmental Provision

As at 31 December 2009 the Company operated 209 petrol stations and several warehousing capacities in the Slovak Republic. Some of these are not fully compliant with the current or future environmental legislation and environmental policy of the Company, including containment of evaporative losses on filling of the station tanks, treatment of effluent, and protection of soil and groundwater. The Company recognized environmental provisions of €4,544 thousand as at 31 December 2009 (31 December 2008: €6,141 thousand) to eliminate the deficiencies stated above.

The utilization of the provision related to petrol stations is expected to be during 2010 (for part of the provision related to liquidation of constructional and technological part of the unsound petrol stations), and during 2010 - 2012 (part of provision related to remediation of soil and groundwater under liquidated petrol stations). The provision related to non-compliant warehousing capacities is expected to be used in the years 2010 - 2021.

In accordance with the Company's policies a provision for the estimated costs of remediation of past environmental damage, primarily soil and groundwater contamination under the refinery site was recognized initially as at 31 December 2004. The initial provision was made on the basis of assessments prepared by the Company's internal environmental audit team and it was determined on the basis of existing technology at current prices by calculating risk-weighted cash flows discounted using estimated risk-free real interest rates.

As at 31 December 2006 the provision was reassessed based on the updated amount of the contaminated soil and groundwater and on the basis of assessments prepared by the external environmental audit team. As the result of this revision the provision was increased by €9,182 thousand.

Following the development of costs related to the remediation and taking into consideration contracted price of the remediation work for the next two years, the Company reassessed the provision and increased it by €6,683 thousand as at 31 December 2009.

As at 31 December 2009 the present value of liability related to the provision amounted to €36,178 thousand (31 December 2008: €28,618 thousand). The utilization of this provision is expected to be during the years 2010 - 2021.

Greenhouse Gas Emissions

Based on the Slovak National Allocation Plan the Company obtained quotas for greenhouse gas emission for 2009 in the amount of 2,450,005 tons of CO₂ (2008: 2,450,005 tons of CO₂). The Company transferred the quotas in the amount of 822,738 tons of CO₂ to CM European Power Slovakia, s. r. o. in connection with the separation of branch Tepláreň into the company. The Company did not create any provision in these financial statements as for the year ended 31 December 2009 the actual volume of CO₂ emissions of 1,384,488 tons of CO₂ (2008: 2,249,322 tons of CO₂) was fully covered by emission quotas obtained for free.

The closing amount of the environmental provisions as at 31 December 2009 is €40,722 thousand (31 December 2008: €34,759 thousand).

Provision for Retirement and Jubilee Benefits

As at 31 December 2009 the Company has recognized a provision for retirement benefits of €5,920 thousand (31 December 2008: €5,756 thousand) to cover its estimated obligation regarding future retirement benefits payable to current employees expected to retire. The Company operates benefit schemes that provide a lump sum benefit to all employees at the time of their retirement. The Company provides a maximum of up to 5 months of the final salary depending on the length of the service period in case of retirement and up to 8 months on case of becoming incapacitated.

None of these plans have separately administered funds; therefore there are no plan assets. The amount of the provision has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data and are in line with those incorporated in the business plan of the Company.

In addition to provision for retirement the Company creates the provision for jubilee benefits. The amount of this provision as at 31 December 2009 represented €526 thousand (31 December 2008: €558 thousand).

| | Retirement benefits | | Jubilee benefits | |
|--|---------------------|--------------|------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | € thousands | € thousands | € thousands | € thousands |
| Present value of total defined benefit obligation at the beginning of the period | 7,131 | 9,385 | 558 | 566 |
| Past service cost not yet recognized at the beginning of the period | 1,375 | 5,412 | - | - |
| At the beginning of the period | 5,756 | 3,973 | 558 | 566 |
| Past service cost | 227 | 419 | - | - |
| Current service cost | 1,209 | 6 | 39 | 33 |
| Unwinding of the discount | 414 | 575 | 31 | 35 |
| Provision used during the period | (327) | (416) | (78) | (85) |
| Actuarial (gains) and losses | (1,165) | 691 | - | (54) |
| In-kind contribution | (194) | - | (24) | - |
| Exchange differences from the translation into the presentation currency | - | 508 | - | 63 |
| At the end of the period | 5,920 | 5,756 | 526 | 558 |
| Past service cost not yet recognized at the end of the period | 1,100 | 1,375 | - | - |
| Present value of total defined benefit obligation at the end of the period | 7,020 | 7,131 | 526 | 558 |

The following table summarizes the components of net benefit expense recognized in the profit/loss for the period as personnel expenses regarding Provision for Long-term Employee Retirement Benefits:

| | 2009 | 2008 |
|----------------------------------|-------------|-------------|
| | € thousands | € thousands |
| Past service cost | 227 | 419 |
| Current service cost | 1,248 | 39 |
| Provision used during the period | (405) | (501) |
| Actuarial (gains) and losses | (1,165) | 637 |
| Total (Note 24) | (95) | 594 |

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

The principal actuarial assumptions used were as follows:

| | 2009 | 2008 |
|-----------------------------|-------------|-------------|
| Discount rate (% p.a.) | 5.7 | 5.7 |
| Future salary increases (%) | 0.0 – 2.6 | 4.1 – 5.8 |
| Mortality index (male) | 0.04 – 2.98 | 0.03 – 3.14 |
| Mortality index (female) | 0.02 – 1.25 | 0.02 – 1.33 |

21 Government grants and other non-current liabilities

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| Government grants | 18,185 | 19,374 |
| Other non-current liabilities | 625 | 396 |
| Total government grants and other non-current liabilities | 18,810 | 19,770 |

Government grants represent cash provided from the state budget to finance certain Property, plant and equipment designed and constructed to serve State Authorities, including military forces, in a state of emergency (see Note 7).

22 Trade payables and other current liabilities

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| <i>Trade payables and other current financial liabilities</i> | | |
| Trade payables | 358,516 | 228,615 |
| Security deposit received from petrol station lessees | 2,734 | 2,809 |
| Financial guarantees received from holders of fleet cards | 1,798 | 1,869 |
| Liabilities to shareholders (dividends) | 864 | 810 |
| Other | 748 | 88 |
| Total trade payables and other current financial liabilities | 364,660 | 234,191 |
| <i>Other current non-financial liabilities</i> | | |
| Taxes, contributions payable, penalties | 62,214 | 69,211 |
| Advances from customers | 10,190 | 1,540 |
| Amounts due to employees | 7,557 | 8,329 |
| Social security | 2,159 | 2,175 |
| Liabilities from loyalty scheme "BONUS" | 2,148 | 2,109 |
| Customs fees payable | - | 86 |
| Other | 3 | 3 |
| Total other current non-financial liabilities | 84,271 | 83,453 |
| Total trade payables and other current liabilities | 448,931 | 317,644 |

The social fund payable is included in the other financial liabilities. The creation and use of the social fund during the period are shown in the table below:

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| At the beginning of the period | 55 | 1,228 |
| Legal creation through expenses | 661 | 638 |
| Other creation | 380 | 386 |
| Use | (912) | (2,289) |
| In-kind contribution | (6) | - |
| Exchange differences from the translation into the presentation currency | - | 92 |
| At the end of the period | 178 | 55 |

23 Other operating income

| | 2009 | 2008 |
|---|--------------------|--------------------|
| | € thousands | € thousands |
| Foreign exchange gain on receivables and payables, net | 6,471 | - |
| Profit from the sale of intangible assets and property, plant and equipment | 2,478 | 590 |
| Income from sale of precious metals contained in fully used catalysts | 2,461 | 6,161 |
| Amortization of government grants and assets acquired free of charge | 1,203 | 1,227 |
| Received penalties and late payment interest | 183 | 16,486 |
| Other | 634 | 278 |
| Total other operating income | 13,430 | 24,742 |

24 Personnel expenses

| | 2009 | 2008 |
|---|--------------------|--------------------|
| | € thousands | € thousands |
| Wages and salaries | 50,928 | 49,989 |
| Social security | 16,190 | 15,130 |
| Other personnel expenses | 9,739 | 7,746 |
| Expenses of share-based payments (Note 36) | 717 | (640) |
| Provision for retirement and jubilee benefits (Note 20) | (95) | 594 |
| Total personnel expenses | 77,479 | 72,819 |

25 Value of services used

| | 2009 | 2008 |
|-------------------------------------|--------------------|--------------------|
| | € thousands | € thousands |
| Transportation and storage expenses | 43,762 | 45,391 |
| Maintenance expenses | 42,794 | 49,563 |
| Services related to administration | 9,519 | 10,481 |
| Commission fees paid | 9,164 | 9,414 |
| Fire protection expenses | 4,091 | 3,909 |
| Catalysts liquidation | 2,063 | 1,045 |
| Costs of revision of equipment | 1,534 | 1,506 |
| Traveling cost | 301 | 618 |
| Costs of chemical analyses | 194 | 211 |
| Other | 1,592 | 2,286 |
| Total value of services used | 115,014 | 124,424 |

26 Other operating expenses

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| Rental including operating lease | 10,378 | 11,935 |
| Taxes, duties and fees | 6,426 | 5,574 |
| Environmental protection costs | 6,160 | 7,375 |
| Cleaning costs and waste disposal | 4,893 | 4,897 |
| Insurance premium | 4,646 | 4,188 |
| Net increase/(decrease) in provisions | 4,589 | (2,130) |
| Marketing costs | 2,845 | 5,652 |
| Security expenses | 2,822 | 3,119 |
| Accounting, advisory and similar services fees | 1,661 | 2,185 |
| Fees paid to financial institutions | 776 | 538 |
| Cost of operation of technological equipment | 441 | 500 |
| Gifts | 414 | 475 |
| Technical inspections of vehicles and railway cars | 413 | 395 |
| Training expenses | 355 | 982 |
| Fines, penalties, damages and compensations for damages | 230 | 300 |
| Provision for doubtful receivables, write-offs of receivables, net | 149 | 230 |
| Foreign exchange loss on receivables and payables, net | - | 13,264 |
| Other | 2,306 | 3,643 |
| Total other operating expenses | 49,504 | 63,122 |

The expenses for services provided by auditors were as follows:

| | 2009 € thousands | 2008 € thousands |
|-----------------------------------|---------------------|---------------------|
| Audit of the financial statements | 103 | 122 |
| Other assurance services | 35 | 42 |
| Total | 138 | 164 |

27 Finance revenues and expenses

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| Profit from the sale of subsidiaries | 5,023 | - |
| Dividends received | 4,059 | 33,988 |
| Interest revenue | 601 | 2,043 |
| Net gain from derivatives | - | 1,250 |
| Other | 100 | 6 |
| Total finance revenues | 9,783 | 37,287 |
| Interest expense on provisions (Note 20) | (1,818) | (2,127) |
| Interest expense on borrowings | (964) | (1,351) |
| Net loss from derivatives | (855) | - |
| Net foreign exchange loss | (321) | (4,426) |
| Impairment of available-for-sale financial assets (Note 10) | - | (26,407) |
| Other | - | (6) |
| Total finance expenses | (3,958) | (34,317) |
| Finance revenues/(expenses), net | 5,825 | 2,970 |

28 Income taxes

Total applicable income taxes reported in these separate financial statements in 2009 and 2008 include the following components:

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| <i>Current corporate income tax</i> | | |
| Charge for the period | - | 9,667 |
| Adjustments in respect of previous periods | (150) | 39 |
| Total current corporate income tax | (150) | 9,706 |
| <i>Deferred corporate income tax</i> | | |
| Origination and reversal of temporary differences in the current period | (14,270) | 1,815 |
| Total deferred corporate income tax | (14,270) | 1,815 |
| Total income tax expense | (14,420) | 11,521 |

The applicable corporate income tax rate on the taxable income of the Company was 19% both in 2009 and 2008.

The deferred tax balances as at 31 December 2009 and 2008 consist of the following items:

| | Statement of financial position | | Recognized in profit/(loss) | | Recognized in other comprehensive income | |
|---|---------------------------------|---------------------|-----------------------------|---------------------|--|---------------------|
| | 2009 € thousands | 2008 € thousands | 2009 € thousands | 2008 € thousands | 2009 € thousands | 2008 € thousands |
| Difference between tax and carrying values of property, plant and equipment | (56,584) | (53,308) | (3,276) | (7,513) | - | - |
| Difference between tax and carrying values of intangible assets and property, plant and equipment acquired on finance lease | (6,244) | - | 117 | - | - | - |
| Difference between tax and carrying value of liability from finance lease | 7,102 | - | 741 | - | - | - |
| Tax losses carried forward | 12,876 | - | 12,876 | - | - | - |
| Provisions for liabilities and charges | 8,962 | 7,778 | 1,184 | (12) | - | - |
| Impairment of realizable value of assets | 5,108 | 4,846 | 262 | 202 | - | - |
| Revaluation of available-for-sale assets to fair value | 3,893 | 5,210 | - | 5,016 | (1,317) | 3,395 |
| Difference between tax and carrying values of non-current financial assets | - | (2,421) | 2,421 | - | - | - |
| Effect of tax legislation change | - | (45) | 45 | 49 | - | - |
| Other | 1,193 | 1,293 | (100) | 443 | - | - |
| Total | (23,694) | (36,647) | 14,270 | (1,815) | (1,317) | 3,395 |

Movements in net deferred tax asset/(liability) were as follows:

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| At the beginning of the period | (36,647) | (34,325) |
| Recognized in the profit/(loss) for the period | 14,270 | (1,815) |
| Recognized in other comprehensive income | (1,317) | 3,395 |
| Exchange differences from the translation into the presentation currency | - | (3,902) |
| At the end of the period | (23,694) | (36,647) |

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

The Company has recognized deferred tax asset to tax loss in the amount €12,876 thousand as at 31 December 2009 (31 December 2008: €0 thousand) that is available to offset against future taxable profits of the Company. This tax loss can be utilized between 2010 - 2014.

The reconciliation between the reported income tax expense and the theoretical amount that would arise using the standard tax rates is as follows:

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| Profit/(loss) before tax | (49,539) | 108,612 |
| Tax at the applicable tax rate 19% (2008: 19%) | (9,412) | 20,636 |
| Permanent differences | (4,858) | (9,199) |
| Effect of change in tax legislation | - | 45 |
| Adjustment in respect of current corporation income tax of previous periods | (150) | 39 |
| Total income tax expense | (14,420) | 11,521 |

29 Earnings per share

Basic earnings per share are calculated by dividing the profit/loss for the period attributable to ordinary shareholders (profit/loss for the period less dividends on preference shares) by the weighted average number of ordinary shares outstanding during the period.

There are no potential ordinary shares and therefore the diluted earnings per share are the same as the basic earnings per share.

| | Profit/(loss) for the period € thousands | Weighted average number of shares | Basic earnings per share € |
|------|--|---|----------------------------------|
| 2008 | 97,091 | 20,625,229 | 4.71 |
| 2009 | (35,119) | 20,625,229 | (1.70) |

30 Financial instruments

Financial instrument is cash, capital instrument of other party, any contract that gives rise to the right to receive or obligation to provide cash or other financial asset, or any contract that gives rise to the right or obligation to exchange financial assets and liabilities.

Book value of financial instruments:

| | Notes | 2009 € thousands | 2008 € thousands |
|---|-----------|---------------------|---------------------|
| Other non-current financial assets | 11 | 12 | 12 |
| Cash and cash equivalents | 15 | 89,287 | 46,730 |
| Trade receivables | 13 | 180,118 | 108,398 |
| Other current financial assets | 14 | 81,815 | 44,246 |
| Loans and receivables | | 351,232 | 199,386 |
| Available-for-sale financial assets | 10 | 24,754 | 17,736 |
| Long-term debt, net of current portion | 18 | 47,558 | - |
| Trade payables and other current financial liabilities | 22 | 364,660 | 234,191 |
| Short-term debt | 19 | - | 1,125 |
| Current portion of long-term debt | 18 | 2,341 | - |
| Financial liabilities measured at amortized cost | | 414,559 | 235,316 |

As at 31 December 2009 and 2008 the Company does not report any active derivative contracts.

Fair value of financial instruments

Available-for-sale financial assets in amount of €24,717 thousand as at 31 December 2009 (31 December 2008: €17,699 thousand) are measured at fair value based on market value (Level 1). Available-for-sale financial

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

assets in acquisition price of €1,701 thousand as at 31 December 2009 (31 December 2008: €1,701 thousand) for which fair value cannot be reliably measured are valued at amortized cost decreased by impairment, having book value of €37 thousand as at 31 December 2009 (31 December 2008: €37 thousand).

Fair value of loans and receivables and financial liabilities valued at amortized cost does not significantly differ from its book value due to short time to its maturity and/or due to relation to floating interest rates.

Revenues, expenses and gains or losses from financial instruments

| | Recognized in profit/(loss) for the period | | | Recognized in other comprehensive income |
|--|--|--|--|--|
| | Net gains/(losses) € thousands | Interest income/(expense) € thousands | (Loss)/reversal of loss from impairment € thousands | Net gains/(losses) € thousands |
| 2009 | | | | |
| Loans and receivables | 5 | 601 | (136) | - |
| Available-for-sale financial assets | - | 569 | - | 6,934 |
| Financial liabilities measured at amortized cost | - | (964) | - | - |
| Financial derivatives | (855) | - | - | - |
| Total | (850) | 206 | (136) | 6,934 |

| | Recognized in profit/(loss) for the period | | | Recognized in other comprehensive income |
|--|--|--|--|--|
| | Net gains/(losses) € thousands | Interest income/(expense) € thousands | (Loss)/reversal of loss from impairment € thousands | Net gains/(losses) € thousands |
| 2008 | | | | |
| Loans and receivables | (10) | 2,043 | (141) | - |
| Available-for-sale financial assets | - | 2,937 | (26,407) | (17,867) |
| Financial liabilities measured at amortized cost | 76 | (1,351) | - | - |
| Financial derivatives | 1,250 | - | - | - |
| Total | 1,316 | 3,629 | (26,548) | (17,867) |

Managing risks of financial instruments

Following risks are related to financial instruments held:

- i) Credit risk.
- ii) Liquidity risk.
- iii) Market risk, which includes:
 - Interest rate risk.
 - Foreign currency risk.
 - Other market price change risks.

Financial risk management function is centralized in the MOL Group. All risks are integrated and measured at the Group level using the Monte Carlo simulation. As a general approach, the risk management considers the business as well-balanced integrated portfolio and does not hedge particular elements of the commodity exposure.

The Company may enter into various types of forwards, swaps and options in managing its commodity, foreign exchange and interest rate risk resulting from cash flows from business activities and financing arrangements. In line with the whole Group's risk management policy, no speculative dealings are allowed. Any derivative transaction the Company may enter is under ISDA (International Swaps and Derivatives Association) agreements.

i) Credit risk

The Company provides a variety of customers with products and services, none of whom, based on volume and creditworthiness, present significant credit risk, individually or aggregated. The Company's procedure is to

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

ensure that sales are made to customers with appropriate credit history and do not exceed an acceptable credit exposure limit.

Book value of financial assets and guarantees granted reflects estimated maximum exposure to credit risk.

As at 31 December 2009 and 2008 the Company does not record any financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

Credit limits are secured by insurance, obtained bank guarantees, bills of exchange, letters of credit, pledge on financial assets, and property, plant and equipment. Nominal value of accepted guarantees related to loans and receivables represented €35,446 thousand as at 31 December 2009 (31 December 2008: €94,919 thousand). Fair value of accepted guarantees does not significantly differ from its nominal value.

The Company obtained compensations for impaired financial assets from insurance companies and financial institutions in the amount of €429 thousand in 2009 (2008: €144 thousand).

Analysis of unimpaired loans and receivables:

| | Net book value 2009 € thousands | Net book value 2008 € thousands |
|-------------------------------|--|--|
| Neither past due nor impaired | 332,243 | 175,495 |
| Past due not impaired: | | |
| Up to 30 days | 15,801 | 21,470 |
| Over 30 days | 120 | 52 |
| Total | 348,164 | 197,017 |

Loans and receivables which are past due but not impaired represent the amounts reported to related parties except transferred receivables towards the company Apollo Oil Rohstoffhandels GmbH (in liquidation).

Analysis of impaired loans and receivables:

| | Nominal value 2009 € thousands | Provisions 2009 € thousands | Net book value 2009 € thousands |
|---------------------------|---|--|--|
| Not past due and impaired | - | - | - |
| Past due and impaired | | | |
| Up to 30 days | 2,841 | 8 | 2,833 |
| From 31 to 90 days | 169 | 12 | 157 |
| From 91 to 180 days | 104 | 42 | 62 |
| Over 180 days | 2,940 | 2,924 | 16 |
| Total | 6,054 | 2,986 | 3,068 |

| | Nominal value 2008 € thousands | Provisions 2008 € thousands | Net book value 2008 € thousands |
|---------------------------|---|--|--|
| Not past due and impaired | - | - | - |
| Past due and impaired | | | |
| Up to 30 days | 2,050 | 21 | 2,029 |
| From 31 to 90 days | 186 | 14 | 172 |
| From 91 to 180 days | 113 | 45 | 68 |
| Over 180 days | 5,195 | 5,095 | 100 |
| Total | 7,544 | 5,175 | 2,369 |

ii) Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate number of credit facilities to cover the liquidity risk in accordance with its financing strategy.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

The amounts available in the form of credit facilities as at 31 December 2009 and 2008 consist of following:

| | 2009 €thousands | 2008 €thousands |
|---|--------------------|--------------------|
| Long-term loan facilities of the Company | - | 76,346 |
| - out of which loan facilities from MOL Nyrt. | - | - |
| Short-term loan facilities of the Company | 231,011 | 316,886 |
| - out of which loan facilities from MOL Nyrt. | - | - |
| Total | 231,011 | 393,232 |

As at 31 December 2009 the Company utilized from these loan facilities € 72,370 thousand (31 December 2008: €161,578 thousand) for obtaining bank guarantees securing the Company's liabilities toward the customs authorities. As at 31 December 2009 no means from these sources were used to facilitate bank loans (31 December 2008: €1,125 thousand).

No guarantees were provided outside the credit lines mentioned above as at 31 December 2009 and 2008.

In case of cash surplus the Company used these sources to cover the cash shortage in its subsidiaries. The total amount of these credit lines presented €42,784 thousand as at 31 December 2009 (31 December 2008: €28,430 thousand) out of which €14,300 thousand was used by the subsidiaries as at 31 December 2009 (31 December 2008: €1,085 thousand).

Analysis of liquidity risk:

| | Loans and receivables | | Financial liabilities measured at amortized cost | |
|---------------------|-----------------------|--------------------|---|--------------------|
| | 2009 €thousands | 2008 €thousands | 2009 €thousands | 2008 €thousands |
| On demand | 32,781 | 51,632 | 57,596 | 2,168 |
| Up to 1 month | 303,574 | 140,553 | 269,880 | 199,904 |
| From 1 to 3 months | 9,586 | 5,741 | 31,593 | 27,755 |
| From 3 to 12 months | 5,279 | 1,448 | 2,071 | 1 |
| From 1 to 5 years | - | - | 20,938 | - |
| Over 5 years | - | - | 26,621 | - |
| Without maturity | 12 | 12 | 5,860 | 5,488 |
| Total | 351,232 | 199,386 | 414,559 | 235,316 |

Available-for-sale financial assets as at 31 December 2009 and 2008 represent capital instruments, which do not have determined maturity.

Maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

| | On demand €thous- ands | Up to 1 month €thous- ands | From 1 to 3 months €thous- ands | From 3 to 12 months €thous- ands | From 1 to 5 years €thous- ands | Over 5 years €thous- ands | Without maturity €thous- ands | Total €thous- ands |
|---|---------------------------------|-------------------------------------|--|---|---|------------------------------------|--|--------------------------|
| 2009 | | | | | | | | |
| Long-term debt | - | 265 | 531 | 2,127 | 24,699 | 29,854 | - | 57,476 |
| Trade payables and other current financial liabilities | 57,596 | 269,665 | 31,162 | 377 | - | - | 5,860 | 364,660 |
| Total | 57,596 | 269,930 | 31,693 | 2,504 | 24,699 | 29,854 | 5,860 | 422,136 |
| 2008 | | | | | | | | |
| Trade payables and other current financial liabilities | 2,168 | 198,779 | 27,755 | 1 | - | - | 5,488 | 234,191 |
| Short-term debt | - | 1,125 | - | - | - | - | - | 1,125 |
| Total | 2,168 | 199,904 | 27,755 | 1 | - | - | 5,488 | 235,316 |

iii) Market risks*Interest rate risk*

The Company's policy is to ensure that not more than 50% of its exposure to changes in interest rates is on a fixed rate basis.

Sensitivity analysis of interest rate risk:

| | At 31 December 2009 | | At 31 December 2008 | |
|---------------|---|---|---|---|
| | Increase/decrease of interest rate by % | Impact on profit before taxes € thousands | Increase/decrease of interest rate by % | Impact on profit before taxes € thousands |
| EURIBOR (EUR) | + 0.77% | 18 | + 0.47% | 5 |
| EURIBOR (EUR) | - 0.02% | (1) | - 2.15% | (21) |

The estimated impact on profit before taxes is disclosed for the period of 12 months after the reporting date in the table above.

For calculation of estimated marginal values of interest rates the Monte Carlo simulation was used, by which the distribution for the interest rates was calculated. The margin values were determined as 5th and 95th percentile.

Foreign currency risk

The Company may enter into various types of foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from business activities and financing arrangements denominated in foreign currencies or certain transactional exposures.

The Company has a net long USD operating cash flow position. The Company's trading with oil products gives rise to a long USD cash flow exposure, while trading with crude oil gives rise to a short USD position.

The Company follows the basic economic currency risk management principle that the currency mix of the debt portfolio should reflect the net operating cash flow position of the Company, constituting a natural hedge.

Sensitivity analysis on foreign currency risk:

| | At 31 December 2009 | | | At 31 December 2008 | | |
|-----|---|---|--|---|---|--|
| | Increase/decrease of exchange rate in % | Impact on profit before taxes € thousands | Impact on other comprehensive income € thousands | Increase/decrease of exchange rate in % | Impact on profit before taxes € thousands | Impact on other comprehensive income € thousands |
| USD | + 16.2% | (33,268) | - | + 30.3% | (30,072) | - |
| USD | - 14.0% | 28,884 | - | - 10.0% | 9,966 | - |
| HUF | + 16.2% | (7) | 3,981 | + 16.5% | (21) | 2,915 |
| HUF | - 14.0% | 6 | (3,453) | - 23.2% | 29 | (4,109) |
| CZK | +13.1% | 8,879 | - | + 15.7% | 6,014 | - |
| CZK | - 8.7% | (5,891) | - | - 20.1% | (7,713) | - |
| PLN | + 16.3% | 7,002 | - | + 14.1% | 1,676 | - |
| PLN | - 14.3% | (6,157) | - | - 21.2% | (2,521) | - |

The estimated impact on profit before taxes and other comprehensive income is disclosed for the period of 12 months after the reporting date in the table above.

For calculation of estimated marginal values of exchange rates the Monte Carlo simulation was used, by which the distribution for the exchange rates was calculated. The margin values were determined as 5th and 95th percentile.

SLOVNAFT, a.s.**Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009***Other market price change risks*

The Company is exposed to commodity price risk on both purchasing side and the sales side. The main commodity risks of the Company are the short crude oil position and long refinery margin position (long refinery products). As at 31 December 2009 and 2008 there were no open hedging positions in respect of commodity risks.

Capital management

Capital of the Company is managed at the MOL Group level. The primary objective of the MOL Groups' capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The MOL Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the dividend payment to shareholders may be adjusted, capital returned to shareholders or new shares issued.

The MOL Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt equals to interest-bearing loans less cash and cash equivalents.

The structure of capital and net debt and gearing ratio for the Company is as follows:

| | 2009 € thousands | 2008 € thousands |
|--|---------------------|---------------------|
| Long-term debt, net of current portion | 47,558 | - |
| Short-term debt | - | 1,125 |
| Current portion of long-term debt | 2,341 | - |
| Less: Cash and cash equivalents | (89,287) | (46,730) |
| Net debt | (39,388) | (45,605) |
| Capital | 1,475,626 | 1,570,922 |
| Capital and net debt | 1,436,238 | 1,525,317 |
| Gearing ratio (%) | (2.74) | (2.99) |

31 Commitments and contingent liabilitiesGuarantees

The total value of guarantees granted as at 31 December 2009 is €22,043 thousand (31 December 2008: €23,735 thousand).

The guarantees granted are as follows:

| Debtor | Purpose | At 31 December 2009 | | Guarantee € thousands |
|--|-------------------|---------------------|-------------|--------------------------|
| | | | Valid until | |
| Slovnaft Polska S.A. | loan | 30 September 2010 | | 21,260 |
| Slovnaft Polska S.A. | customs guarantee | 31 July 2010 | | 24 |
| Priemyselné zdravotnícke centrum Slovnaft a.s. | loan | 30 November 2012 | | 654 |
| employees of SLOVNAFT, a.s. | loan | indefinite period | | 105 |
| At 31 December 2008 | | | | |
| Debtor | Purpose | | Valid until | Guarantee € thousands |
| Slovnaft Polska S.A. | loan | 30 September 2009 | | 16,883 |
| Slovnaft Polska S.A. | loan | 28 February 2009 | | 4,931 |
| Slovnaft Polska S.A. | loan | 31 December 2008 | | 644 |
| Slovnaft Polska S.A. | customs guarantee | 19 May 2009 | | 241 |
| Slovnaft Polska S.A. | customs guarantee | 19 April 2009 | | 121 |
| Slovnaft Polska S.A. | customs guarantee | 31 July 2009 | | 23 |
| Priemyselné zdravotnícke centrum Slovnaft a.s. | loan | 30 November 2012 | | 787 |
| employees of SLOVNAFT, a.s. | loan | indefinite period | | 105 |

Capital and contractual commitments

The total value of capital commitments as at 31 December 2009 is €26,665 thousand (31 December 2008: €32,442 thousand) and relates to obligations to purchase property, plant and equipment in the amount of €26,420 thousand (31 December 2008: €31,274 thousand) and intangible assets in the amount of €245 thousand (31 December 2008: €1,168 thousand).

Operating leases

The operating lease liabilities are as follows:

| | 2009 € thousands | 2008 € thousands |
|---|---------------------|---------------------|
| Up to 1 year | 4,445 | 7,780 |
| From 1 to 5 years | 7 | 4,806 |
| Over 5 years | 2 | - |
| Total | 4,454 | 12,586 |
| Minimum lease payments recognized in the profit/loss for the period | 7,052 | 7,642 |

Authority procedures and litigations*Ministry of Finance of the Slovak Republic*

On 24 January 2005 the Ministry of Finance of the Slovak Republic initiated price audit procedure focusing on the adherence of the Slovak Price Act for the period starting in the fourth quarter 2004. This price audit had not been finished as at the date of these separate financial statements. Based on the Company's demand, the Ministry of Finance of the Slovak Republic temporary suspended the price audit exercise on 10 April 2006.

Antimonopoly Office of the Slovak Republic

The Abuse of Dominant Position Department of the Antimonopoly Office of the Slovak Republic notified the Company by its letter dated 21 November 2005 of the commencement of Administrative proceeding against the Company due to a potential breach of the provisions of Act No. 136/2001 Coll. on Protection of Economic Competition. These administrative proceedings involved a review of the price and discount policy of the Company with respect to the petrol and diesel sales.

In the decision No. 2006/DZ/2/1/140 dated 22 December 2006 the Abuse of Dominant Position Department of the Antimonopoly Office of the Slovak Republic stated that the Company had abused its dominant position on relevant wholesale markets for petrol and diesel and imposed a penalty of €9,958 thousand. The Company filed an appeal against the decision in form of an exposition within which on 23 July 2007 the Council of the Antimonopoly Office of the Slovak Republic sent a call for statement. In the call the Council confirmed the findings stated in the first instance decision related to a relevant market definition, determination of the dominant position of the Company as well as the conclusions concerning the abuse of a dominant position by discrimination. The Company replied to the call within the period determined by the law.

On 7 December 2007 the Council of the Antimonopoly Office of the Slovak Republic took the final decision and confirmed that the Company was obliged to pay €9,958 thousand penalty. On 18 January 2008 the Company took a legal action against the decision at the Regional Court in Bratislava, in which it asked for the inspection for lawfulness of the decision and also of inspection of the procedure precedent to that decision including the first instance decision including administrative procedure mainly on the following grounds: the Company believes that by action of the Council of the Antimonopoly Office of the Slovak Republic fundamental constitution rights were violated, particularly the right for just administration process, the right to defend itself and the right to be heard in the action before the authority. In addition, the Company believes that the Antimonopoly Office of the Slovak Republic itself proceeded in a manner that is not consistent with law and issued unlawful decision because the principle of material truth was breached, state of facts was not correctly ascertained, the decision is unreviewable on the lack of ground and its conclusions are not supported by evidence available in the file.

At the same time, the Company filed a motion to the Regional Court in Bratislava in which it asks also for suspension of the enforcement of the decision in the part of requirement to pay penalty. On 25 February 2008 the Company paid the penalty based on fact that the Regional Court in Bratislava did not decide on suspension of the enforcement of the decision until due date for paying the penalty.

On 20 March 2008 the Regional Court in Bratislava admitted the motion, and suspended the obligation of the Company to pay the penalty until the final and legally binding court decision on the merit of the case will be adopted. As the Company has already paid the penalty within the time period for payment, the Company submitted to the Antimonopoly office its written request for refunding the penalty paid. Based on the decision of the Regional Court in Bratislava the Antimonopoly office transferred back the penalty in the amount of €9,958 thousand to the bank account of the Company on 8 April 2008.

On 15 December 2009 the Regional Court in Bratislava took the final decision and reversed the decision of the Antimonopoly Office of the Slovak Republic on the first and second instance, and returned the case back for a new proceeding and decision. In its decision the court noted numerous process errors made by the Antimonopoly Office of the Slovak Republic, especially incorrect calculation of imposed penalty.

The outcome of this proceeding is still uncertain. The liability in the amount of €9,958 thousand is included in the financial statements of the Company as at 31 December 2009.

Mende-Rossi / Ashford Technologies Corporation

The Russian arbitral court imposed upon the Company as defendant a duty to pay to Mende-Rossi (Mendelejevsk Tartar firm) USD 15,689,041 together with 16% default interest p.a. on the amount of USD 9,144,095 from 24 June 1994 until payment and the costs of the proceeding in the amount of USD 68,160 for failing to provide the consideration of the crude oil supplies in its resolution in April 1996 in the course of the proceedings initiated by plaintiff Mende-Rossi in front of the International Commercial Arbitration Tribunal at the Chamber of Commerce and Industry of the Russian Federation. Considering that the Russian arbitration proceeding violated the rights to impartial proceeding and the right for the Company to be represented as a contending party, as well as because the decision was not supported with adequate evidence the competent courts of the Slovak Republic finally refused the enforcement of the decision of the Russian court of arbitration. The legal proceedings in the case in the Slovak Republic finished in March 2004 in favor of the Company.

In 1998 Mende-Rossi started arbitration court proceeding in Austria and at the same time it tried to enforce the decision in the Slovak Republic. In 2005, the competent court of the Slovak Republic found the decision of the court of arbitration illegal and refused its enforcement within the Slovak Republic. On 30 April 2007 the competent Austrian court dismissed a suit on the enforcement of the decision in Austria. This decision has not become effective yet, as its delivery to Mende-Rossi has not been successful. The delivery to Mende-Rossi in Tatarstan is being assisted by the Austrian Ministry of Foreign Affairs, while the Tartar Ministry of Justice requests a Russian translation of the judgment through the Austrian embassy. The Company took over the decision through its advocate on 4 June 2007. Any party involved has the right to appeal the decision following its delivery.

The company Ashford Technologies Corporation (Ashford) states that it has become under the contract on the assignment of receivable concluded with Mende-Rossi on 14 July 2005 the owner of the receivable mentioned above. Ashford filed a court action dated 12 August 2005 in the Czech Republic for the enforcement of the execution of the Arbitration Award issued by the International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation. The Regional Court for Prague 4 upheld the request and ordered the execution thorough its resolution dated 16 September 2005. The Company appealed against the decision on execution. Based on it, the first instance court postponed the execution. The Municipal Court in Prague subsequently changed the decision of the first instance court and overruled the execution order. In October 2006 Ashford filed an extraordinary appeal to the Supreme Court of the Czech Republic with the aim to return the case back to the Municipal Court in Prague for a new appellate proceeding.

The Supreme Court of the Czech Republic by its decision of 18 June 2008 reversed the decision of the Municipal Court in Prague that dismissed the action seeking execution against the Company in full. Thus, the matter was referred back to the second instance appellate court, which is the Municipal Court in Prague. The appellate decision was reversed by reasoning that the latter court had failed to deal sufficiently with several pieces of evidence regarding the legal personality of Mende-Rossi, which, in 2005, assigned its claim to Ashford, and, consequently, Ashford could not enjoy sufficient legal protection on appeal.

The proceeding in front of the Municipal Court in Prague was held on 24 February 2009. Its resolution confirmed the decision of the Regional Court for Prague 4 dated 16 September 2005 on ordering the execution on property of the Company located in the Czech Republic, which is now in legal force. On 29 May 2009 the Company filed an extraordinary appeal to the Supreme Court of the Czech Republic and at the same time filed constitutional complain to the Constitutional Court of the Czech Republic challenging the course of action of the courts. The proceeding on the extraordinary appeal is still open. The Constitutional Court of the Czech Republic refused the complain reasoning the fact that proceeding being in progress represents an obstacle for the court to make a decision.

In connection with this case, on 12 October 2005 the Company filed petition against Ashford Technologies Corporation to stop the execution proceeding. This proceeding has not been launched till this day because of waiting for result of open court proceeding on ordering the execution against the Company.

The outcome of the proceeding is still very uncertain.

On 14 May 2007 Ashford also submitted petition for nullity of the Agreement on ownership transfer in Slovnaft Česká republika, spol. s r.o. between the Company and MOLTRADE-Mineralimpex Zrt. In the same time Ashford lodged the application for issuance of preliminary injunction that would ask restriction for MOLTRADE-Mineralimpex Zrt. on its disposition with the ownership interest in Slovnaft Česká republika, spol. s r.o. and that would ask restrictions for Slovnaft Česká republika, spol. s r.o. from its disposing and with its business and substantial part of the petrol stations. The preliminary injunction was issued in April 2007, but based on appeal filed by both related companies the High Court in Prague dismissed the application for injunction against both defendants on 31 August 2007.

At present the proceedings against the Company in the Czech Republic are suspended. The probability of success in the case cannot be quantified, since it concerns an extremely complicated matter both from the factual and legal aspects.

NORD 2000 / Ján Suchetka, Péter Rácz

This court proceeding involves the alleged claim of the plaintiffs of USD 2,010,000 in damages together with 17% default interest accruing since 1 January 2003. The damages sought consist of alleged lost profit from dealings not realized due to the Company allegedly breaching its contractual obligations against NORD 2000. Ján Suchetka and Péter Rácz, who became owners of this receivable based on assignment agreement with NORD 2000 of 22 June 2001, assigned a claim against the Company by requesting the payment order.

Plaintiffs claim that, in 1999, the Company concluded with NORD 2000 a business partnership agreement, under which NORD 2000 arranged for the Company three customers of oil products. Plaintiffs allege, however, that the Company failed to respond to those prospective customers who were interested in its oil products, and, as a result, NORD 2000 received no remuneration relating to the above business partnership agreement.

On 16 October 2006 the District Court in Bratislava II issued in this matter a payment order against which the Company appealed within the statutory period. On that appeal, the payment order has been cancelled without reservation, and the court set a hearing in this case.

The first hearing in this case was held at the District Court in Bratislava II on 4 March 2008. On that hearing, the court resolved to adjourn further hearings until further notice, binding the plaintiff's counsel to submit to the court, on 15-days notice, a detailed specification of its claim, and specific evidence in support of plaintiffs' claims in both fact and law.

Despite the Company believing that the plaintiffs' claim is entirely groundless and a mere speculative attempt at recovering a non-existent receivable, the outcome of that case is uncertain at this stage.

Other controls

The Company is subject to various controls performed by the state authorities. Although the Company cannot exclude that any of these proceedings discovers irregularities in its activities based on which the Company could be penalized, the management cannot determine any amount for which a provision should be recognized because of such proceedings. Due to that reason, there was no provision booked for that purpose as at 31 December 2009.

Environmental liabilities

The Company's operations are subject to the risk of liability arising from environmental damage or pollution and the cost of any associated remedial work. The Company is currently responsible for significant remediation of past environmental damage relating to its operations. Accordingly, the Company has established a provision of €40,722 thousand for the estimated cost as at 31 December 2009 for probable and quantifiable costs of rectifying past environmental damage (see Note 20). Although the management believes that these provisions are sufficient to satisfy such requirements to the extent that the related costs are reasonably estimable, future regulatory developments or differences between known environmental conditions and actual conditions could cause a revaluation of these estimates.

32 Shareholders structure

Major shareholders of the Company are:

| | 2009 €thousands | 2009 % | 2008 €thousands | 2008 % |
|--------------|--------------------|--------------|--------------------|--------------|
| MOL Nyrt. | 673,859 | 98.4 | 673,735 | 98.4 |
| Others | 10,899 | 1.6 | 10,897 | 1.6 |
| Total | 684,758 | 100.0 | 684,632 | 100.0 |

33 Events after the reporting period

No events have occurred after 31 December 2009 that would require adjustment to, or disclosure in the financial statements.

34 Segmental informationOperating segments

The Company manages its operations in the following segments: Refining and Marketing, Retail, Lubricants, Gas and Energy and Corporate Services. Refining and Marketing segment processes crude oil and markets refinery products. Retail segment operates network of petrol stations. Lubricants segment markets lubricants. Gas and Power segment produces electricity, heat and treat water for production units. Corporate Services segment includes corporate services and financing of other segments.

The Company reports following reportable operating segments: Refining and Marketing (i.e. aggregated Refining and Marketing with Lubricants) and Retail. "Other segments" consist of Gas and Power and Corporate Services.

The accounting policies of the operating segments are the same as those described in the Summary of significant accounting policies in Note 4.

The internal transfer prices are derived from international quoted market prices (Platt's or ICIS) and reflect the international nature of the oil business.

| 2009 | Refining and Marketing €thousands | Retail €thousands | Other segments €thousands | Intersegment transfers €thousands | Total €thousands |
|---|---|----------------------|---------------------------------|---|---------------------|
| Sales to external customers | 2,522,464 | 249,349 | 8,365 | - | 2,780,178 |
| Inter-segment sales | 204,628 | - | 42,599 | (247,227) | - |
| Segment revenue | 2,727,092 | 249,349 | 50,964 | (247,227) | 2,780,178 |
| Depreciation, depletion, amortization and impairment | (80,172) | (11,143) | (9,693) | - | (101,008) |
| <i>out of it: (impairment losses)/</i> <i>reversal of impairment losses, net</i> | (820) | 45 | (227) | - | (1,002) |
| Other non-cash revenues/ (expenses), net | (5,923) | 161 | (263) | - | (6,025) |
| Profit/(loss) from operations | (77,364) | 23,214 | (1,214) | - | (55,364) |
| Finance revenues/(expenses), net | - | - | - | - | 5,825 |
| Profit/(loss) before tax | - | - | - | - | (49,539) |
| Income tax expense | - | - | - | - | 14,420 |
| Profit/(loss) for the period | - | - | - | - | (35,119) |
| Additions to non-current assets * | 46,563 | 2,915 | 42,515 | - | 91,993 |

SLOVNAFT, a.s.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

| 2008 | Refining and Marketing € thousands | Retail € thousands | Other segments € thousands | Intersegment transfers € thousands | Total € thousands |
|--|---------------------------------------|-----------------------|-------------------------------|---------------------------------------|----------------------|
| Sales to external customers | 3,512,413 | 361,660 | 8,355 | - | 3,882,428 |
| Inter-segment sales | 336,577 | - | 61,334 | (397,911) | - |
| Segment revenue | 3,848,990 | 361,660 | 69,689 | (397,911) | 3,882,428 |
| Depreciation, depletion, amortization and impairment | (76,772) | (10,260) | (7,573) | - | (94,605) |
| out of it: (impairment losses)/ reversal of impairment losses, net | (3,179) | 117 | 17 | - | (3,045) |
| Other non-cash revenues/ (expenses), net | 2,744 | 4 | (795) | - | 1,953 |
| Profit/(loss) from operations | 58,400 | 29,385 | 17,857 | - | 105,642 |
| Finance revenues/(expenses), net | - | - | - | - | 2,970 |
| Profit/(loss) before tax | - | - | - | - | 108,612 |
| Income tax expense | - | - | - | - | (11,521) |
| Profit/(loss) for the period | - | - | - | - | 97,091 |
| Additions to non-current assets * | 105,239 | 20,615 | 8,581 | - | 134,435 |

* Additions to non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

The Company evaluates performance of the segments on the bases of profit/loss from operations. Interest income and expense, and income tax expense are not allocated to the segments.

| At 31 December 2009 | Refining and Marketing € thousands | Retail € thousands | Other segments € thousands | Not allocated items € thousands | Total € thousands |
|--|---------------------------------------|-----------------------|-------------------------------|------------------------------------|----------------------|
| Intangible assets | 7,774 | 349 | 6,294 | - | 14,417 |
| Property, plant and equipment | 841,662 | 169,431 | 121,319 | - | 1,132,412 |
| Investments in subsidiaries | 52,557 | - | 273,999 | - | 326,556 |
| Investments in associated companies and joint ventures | 3,568 | - | 17 | - | 3,585 |
| Available-for-sale financial assets - non-current | 84 | - | 24,633 | - | 24,717 |
| Other non-current assets | 217 | 13 | 14 | - | 244 |
| Inventories | 150,748 | 5 | 9,180 | - | 159,933 |
| Trade receivables | 177,399 | 1,163 | 1,556 | - | 180,118 |
| Income tax receivable | - | - | - | 4,250 | 4,250 |
| Available-for-sale financial assets - current | - | - | 37 | - | 37 |
| Other current assets | 63,212 | 25 | 615 | 66,289 | 130,141 |
| Cash and cash equivalents | - | - | - | 89,287 | 89,287 |
| Total assets | 1,297,221 | 170,986 | 437,664 | 159,826 | 2,065,697 |
| Long-term debt, net of current portion | - | - | - | 47,558 | 47,558 |
| Provisions for liabilities and charges - non-current | 36,148 | 262 | 6,484 | - | 42,894 |
| Deferred tax liability | - | - | - | 23,694 | 23,694 |
| Government grants and other non-current liabilities | 17,489 | 384 | 937 | - | 18,810 |
| Trade payables and other current liabilities | 360,759 | 11,420 | 23,453 | 53,299 | 448,931 |
| Provisions for liabilities and charges - current | 4,767 | 390 | 686 | - | 5,843 |
| Current portion of long-term debt | - | - | - | 2,341 | 2,341 |
| Total liabilities | 419,163 | 12,456 | 31,560 | 126,892 | 590,071 |

SLOVNAFT, a.s.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

| At 31 December 2008 | Refining and Marketing €thousands | Retail €thousands | Other segments €thousands | Not allocated items €thousands | Total €thousands |
|--|--|------------------------------|--------------------------------------|---|-----------------------------|
| Intangible assets | 7,398 | 320 | 6,891 | - | 14,609 |
| Property, plant and equipment | 871,818 | 177,761 | 131,964 | - | 1,181,543 |
| Investments in subsidiaries | 56,987 | - | 264,384 | - | 321,371 |
| Investments in associated companies and joint ventures | 3,568 | - | 17 | - | 3,585 |
| Available-for-sale financial assets - non-current | - | - | 17,699 | - | 17,699 |
| Other non-current assets | 974 | 40 | 14 | - | 1,028 |
| Inventories | 124,693 | 117 | 10,102 | - | 134,912 |
| Trade receivables | 105,912 | 708 | 1,778 | - | 108,398 |
| Income tax receivable | - | - | - | 34,533 | 34,533 |
| Available-for-sale financial assets - current | - | - | 37 | - | 37 |
| Other current assets | 60,181 | 41 | 1,068 | 63,596 | 124,886 |
| Cash and cash equivalents | - | - | - | 46,730 | 46,730 |
| Total assets | 1,231,531 | 178,987 | 433,954 | 144,859 | 1,989,331 |
| Provisions for liabilities and charges - non-current | 32,744 | 542 | 7,246 | - | 40,532 |
| Deferred tax liability | - | - | - | 36,647 | 36,647 |
| Government grants and other non-current liabilities | 18,506 | 429 | 835 | - | 19,770 |
| Trade payables and other current liabilities | 219,500 | 12,265 | 25,676 | 60,203 | 317,644 |
| Provisions for liabilities and charges - current | 2,062 | 246 | 383 | - | 2,691 |
| Short-term debt | - | - | - | 1,125 | 1,125 |
| Total liabilities | 272,812 | 13,482 | 34,140 | 97,975 | 418,409 |

Not allocated items involve cash and cash equivalents, received and provided loan facilities, payable and deferred tax receivables and payables, payables of social fund and payables to shareholders by reason of dividend payout.

The operating profit of the segments includes the profit arising both from sales to third parties and transfers to the other business segments. Refining and Marketing transfers part of produced motor fuels to Retail.

The inter-segment transfers include the effect on operating profit of the change in the amount of unrealized profit deferred in respect of transfers between segments. Unrealized profits arise where the item transferred is held in inventory by the receiving segment and a third party sale takes place only in a subsequent period. For segmental reporting purposes the transferring segment records a profit immediately at the point of transfer. However, at the Company's level profit is only reported when the related third party sale has taken place. Unrealized profits arise principally in respect of transfers from Other segments to Refining and Marketing.

The Company practices following asymmetrical allocation among segments - Retail segment reports revenues from sale of motor fuels while its inventory in petrol stations is reported under Refining and Marketing segment.

Products and services

| | 2009 €thousands | 2008 €thousands |
|-------------------------------|----------------------------|----------------------------|
| Motor diesel | 1,258,712 | 1,946,912 |
| Motor gasoline | 694,316 | 932,912 |
| Other refined products | 605,739 | 725,149 |
| Total refined products | 2,558,767 | 3,604,973 |
| Other petrochemical products | 79,063 | 133,347 |
| Services | 65,369 | 65,017 |
| Other | 76,979 | 79,091 |
| Total | 2,780,178 | 3,882,428 |

SLOVNAFT, a.s.**Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009**Geographical information*Net sales:*

| | 2009 €thousands | 2008 €thousands |
|-----------------|--------------------|--------------------|
| Slovak Republic | 1,170,659 | 1,640,590 |
| Austria | 499,525 | 676,326 |
| Czech Republic | 485,319 | 689,531 |
| Hungary | 257,287 | 317,339 |
| Poland | 239,876 | 343,453 |
| Other | 127,512 | 215,189 |
| Total | 2,780,178 | 3,882,428 |

Non-current assets:

| | 2009 €thousands | 2008 €thousands |
|-----------------|--------------------|--------------------|
| Slovak Republic | 1,439,039 | 1,483,661 |
| Poland | 38,463 | 38,463 |
| Total | 1,477,502 | 1,522,124 |

Non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Major customers

Net revenue arising from transactions with the parent of the Company - MOL Nyrt., including companies under its control, represents €1,736,851 thousand (62.5%) of the total net revenue for the year 2009 (2008: €2,248,605 thousand, 57.9%). The revenue is reported in all reportable operating segments.

Net revenue to any other single customer does not exceed 10% of the Company's total net revenue. A group of entities known to be under common control is considered a single customer for this purpose.

35 Related party transactions

The Company is controlled by MOL Nyrt. Following the integration process within the MOL Group the Company undertook significant transactions with other companies within the MOL Group (including TVK Group). MEROCO, a.s. is a joint venture of the Company and the company ENVIEN, a.s. Messer Slovnaft s.r.o. is an associate of the Company.

Mr. Oszkár Világi, Deputy Chairman of the Company's Board of Directors and Chief Executive Officer, is a partner in the legal firm Ružička Csekés s. r. o. (till 31 May 2009: CVD s.r.o.).

Mr. Martin Kocourek, member of the Board of Directors of the Company, is the Chairman of the Supervisory Board of ČEZ, a.s.

Mr. Pavol Buday, member of the Supervisory Board of the Company, is statutory representative of APOLKA, s.r.o.

SLOVNAFT, a.s.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

The transactions with related parties:

| | 2009 | 2008 |
|---|-------------------|-------------------|
| | €thousands | €thousands |
| <u><i>Sales - products and goods</i></u> | | |
| SLOVNAFT Group | 653,525 | 819,461 |
| MOL Group | 1,048,104 | 1,394,218 |
| MEROCO, a.s. | 4,494 | - |
| Messer Slovnaft s.r.o. | 6,177 | 6,121 |
| <u><i>Sales - services and other operating revenues</i></u> | | |
| SLOVNAFT Group | 16,467 | 16,260 |
| MOL Group | 21,773 | 18,696 |
| MEROCO, a.s. | 144 | 138 |
| Messer Slovnaft s.r.o. | 68 | 57 |
| APOLKA, s.r.o. | 35 | 45 |
| <u><i>Sales - property, plant and equipment</i></u> | | |
| SLOVNAFT Group | 1 | - |
| MOL Group | - | 21 |
| <u><i>Sales - non-current financial assets</i></u> | | |
| MOL Group | 23,420 | - |
| ČEZ, a.s. | 11,251 | - |
| <u><i>Interest income</i></u> | | |
| SLOVNAFT Group | 90 | 5 |
| MOL Group | 1 | 506 |
| <u><i>Dividends received</i></u> | | |
| SLOVNAFT Group | 1,995 | 30,366 |
| MOL Group | 569 | 2,932 |
| Messer Slovnaft s.r.o. | 1,495 | 685 |
| Incheba, a.s. | - | 5 |
| <hr/> | | |
| | 2009 | 2008 |
| | €thousands | €thousands |
| <u><i>Purchases - products and goods</i></u> | | |
| SLOVNAFT Group | 218,061 | 210,587 |
| MOL Group | 112,295 | 225,374 |
| MEROCO, a.s. | 82,915 | 72,571 |
| Messer Slovnaft s.r.o. | 6,493 | 7,182 |
| <u><i>Purchases - services and other operating expenses</i></u> | | |
| SLOVNAFT Group | 42,016 | 48,148 |
| MOL Group | 1,128 | 1,523 |
| CVD s.r.o. | 129 | 269 |
| Ružička Csekcs s. r. o. | 193 | - |
| APOLKA, s.r.o. | 75 | 134 |
| <u><i>Purchases - property, plant and equipment</i></u> | | |
| SLOVNAFT Group | 6,544 | 32,309 |
| <u><i>Interest expense</i></u> | | |
| SLOVNAFT Group | 458 | - |
| MOL Group | 384 | - |
| <hr/> | | |
| | 2009 | 2008 |
| | €thousands | €thousands |
| <u><i>Receivables:</i></u> | | |
| SLOVNAFT Group | 69,307 | 25,935 |
| MOL Group | 108,541 | 77,126 |
| MEROCO, a.s. | 5,362 | 55 |
| Messer Slovnaft s.r.o. | 610 | 631 |
| ČEZ, a.s. | 59 | - |
| APOLKA, s.r.o. | 14 | 14 |
| <u><i>Loans granted:</i></u> | | |
| SLOVNAFT Group (Note 14) | 14,338 | 1,090 |
| MOL Group (Note 14) | 4,682 | - |

SLOVNAFT, a.s.**Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009**

| | 2009 | 2008 |
|--------------------------|-------------------|-------------------|
| | €thousands | €thousands |
| <u>Payables</u> | | |
| SLOVNAFT Group | 42,595 | 11,292 |
| MOL Group | 12,693 | 20,028 |
| MEROCO, a.s. | 12,007 | 12,986 |
| Messer Slovnaft s.r.o. | 829 | 1,269 |
| Ružička Csekes s. r. o. | 38 | - |
| CVD s.r.o. | - | 20 |
| APOLKA, s.r.o. | 1 | 5 |
| <u>Loans received</u> | | |
| SLOVNAFT Group (Note 18) | 37,381 | - |
| MOL Group (Note 18) | 12,518 | - |

Statutory boards of the Company

The Company's statutory boards as at 31 December 2009 had the following composition:

| | |
|-------------------------|---|
| The Board of Directors: | Oszkár Világi, Chairman of the Board Peter Chmurčiak Ferenc Horváth Béla Kelemen Michel-Marc Delcommune Ferenc Dénes Ileana-Sorina Baltatu Martin Kocourek |
| The Supervisory Board: | József Farkas Simola, Chairman of the Board László Szöcs Ákos Rétfalvi András Huszár Pavol Buday Peter Šrámek |

Emoluments of the members of the Board of Directors and the Supervisory Board

The Board of Directors' total remuneration amounted to €92 thousand in 2009 (2008: €115 thousand). The total remuneration of members of the Supervisory Board amounted to €32 thousand in 2009 (2008: €31 thousand).

Key management compensation:

| | 2009 | 2008 |
|---|-------------------|-------------------|
| | €thousands | €thousands |
| Salaries and other short-term employee benefits | 1,065 | 1,351 |
| Post-employment benefits | 61 | 67 |
| Total | 1,126 | 1,418 |

Long-Term Incentive Schemes for Management

A long-term incentive scheme for management consists of long-term interest in increase of the parent company's MOL Nyrt. share price (see Note 36) and on the sustainable increase in profitability of the MOL Group.

General Incentive Schemes for Management

The incentive aim involves the Company and organizational level financial and operational targets, evaluation of the contribution to the strategic goals of the Company and determined individual tasks in the Performance Management System (PMS). The incentives for the year 2009 will be paid to managers based on the evaluation of indicators and tasks defined in the individual agreements.

Evaluation of the contribution related to the performance in 2008 was held in 2009. The bonus was paid in June 2009.

Loans granted

No loans have been granted to key management and members of the Board of Directors and the Supervisory Board.

36 Share-based payment plans

The expenses arising from cash-settled share-based payment transactions amounted to €717 thousand in 2009 (2008: revenues of €640 thousand) (see Note 24).

The incentive system based on stock options launched in 2006 ensures the interest of the management of the Company in the long-term increase of the MOL Nyrt. stock price.

The incentive stock option is a material incentive disbursed in cash, calculated based on call options concerning MOL Nyrt. shares, with annual recurrence, with the following characteristics:

- It covers a five-year period (three-year vesting and two-year exercising period for the incentive plan valid till 31 December 2008, and two-year vesting and three-year exercising period for the incentive plan valid from 1 January 2009) starting annually.
- Its rate is defined by the quantity of units specified by the Company job category.
- The value of the units is set annually (in 2006 - 2009, 1 unit equals to 100 MOL Nyrt. shares).

It is not possible to redeem the share option until the end of the second respectively third year (vesting period); the exercising period lasts from 1 January of the third respectively fourth year until 31 December of the fifth year.

The incentive is paid in the exercising period according to the appropriate declaration of redemption. The paid amount of the incentive is determined as the product of the defined number and price increase (difference between the redemption price and the initial price) of shares.

Details of the share option rights granted during the period are as follows:

| | Number of shares in conversion options 2009 share | Weighted average exercise price 2009 EUR/share | Number of shares in conversion options 2008 share | Weighted average exercise price 2008 EUR/share |
|---|--|--|--|--|
| Outstanding at the beginning of the period | 67,056 | 90.10 | 44,532 | 77.40 |
| Granted during the period | 19,159 | 41.88 | 31,073 | 104.82 |
| Forfeited during the period | (12,469) | 90.10 | (8,549) | 77.40 |
| Exercised during the period | - | - | - | - |
| Expired during the period | - | - | - | - |
| Outstanding at the end of the period | 73,746 | 77.57 | 67,056 | 90.10 |
| Exercisable at the end of the period | 16,636 | 74.47 | - | - |

As required by IFRS 2, this share-based compensation is accounted for as cash-settled payments, expensing the fair value of the benefit during the vesting period. Expenses incurred by this scheme in 2009 were €717 thousand (2008: revenues €640 thousand), recorded in Personnel expenses. Liabilities in respect of the share-based payment plans amounted to €841 thousand as at 31 December 2009 (31 December 2008: €124 thousand), recorded in Other non-current liabilities and Other current liabilities.

Fair value as at the end of the reporting period was calculated using the binomial option pricing model.

SLOVNAFT, a.s.

Notes to the separate financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009

The inputs to the model were as follows:

| | 2009 | 2008 |
|--|-------|-------|
| Weighted average exercise price (EUR/share) | 77.57 | 90.10 |
| Spot share price (EUR/share) | 63.68 | 37.40 |
| Expected volatility based on historical data (%) | 44.25 | 40.59 |
| Expected dividend yield (%) | 1.93 | 4.81 |
| Expected life (years) | 2.49 | 3.10 |
| Risk free interest rate (EUR) (%) | 2.08 | 2.23 |

Signature record of the person responsible for:

Accounting



Ladislav Janyik

Preparation of the financial statements



Daniela Unčíková