

## **Unaudited financial information for Restricted Subsidiaries**

Please see page 52 for a description  
of the Unrestricted Subsidiaries.

## Operating and financial review

### continued

#### Unrestricted Subsidiaries and non-core real estate

Rekultivace was the only consolidated subsidiary defined as Unrestricted Subsidiary under the Indenture and generally was not bound by the restrictive covenants in the Indenture applicable to the Company. While the Company has disposed of a significant amount of non-core real estate as part of its previous restructuring, it has identified additional non-core real estate and transferred these properties outside the Company on 30 September 2008.

The Unrestricted Subsidiary did not affect the financial performance of the Company significantly. The contribution to the operating profit of the Group during the year ended 31 December 2008 was less than 1 per cent. It represented less than 1 per cent of the Company's total revenues and less than 1 per cent of total EBITDA for the year ended 31 December 2008.

#### Divisions and segments

##### Introduction

In 2007 the Group adopted IFRS 8 – Operating Segments. This standard requires an entity to report information about operating segments which is separately available and which is regularly evaluated by the so called “chief operating decision maker” (“CODM”).

##### Real Estate Division and Mining Division

In 2007 the Company separated the real estate of the Group into a new division in order to provide higher transparency to the mining and real estate assets. The Group began operating two segments determined by differences in their assets and products and services produced and provided. The segments were represented by the Mining Division (“MD”) and the Real Estate Division (“RED”), established internally by the Divisional Policy Statements as of 31 December 2007, 23:59. The segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a separate strategic division that offers different products and services. The MD relates to coal extraction, production of coke and related operations and businesses. The RED solely provides inter-divisional service i.e. provides real estate to MD (see below). In connection to the newly operated segments MD and RED, no legal entity was established. The Company issued B shares to track the financial performance of the RED.

##### Electricity trading

In 2008, electricity trading activities incurred robust growth in sales volume. The management of the Group decided to present and follow the financial performance of the electricity trading business separately. Consequently, the Mining Division is currently represented by two segments, one representing the coal and coke business and the other representing the electricity trading business. The comparable information for the year 2007 was adjusted and is presented correspondingly.

##### Discontinued segments

In the past, the Group also operated the transport segment (represented by OKD, Doprava, akciová společnost (“Doprava”)) and the gas and electricity segment (represented by Green Gas International B.V.). The transport segment provided transportation and related services and the gas segment related to gas extraction and related electricity production activities. The entities representing transport and gas and electricity segments were distributed as a dividend in kind to the Company's shareholder on 28 June 2007 and are excluded from consolidation as from that date. These entities are presented as discontinued operations in the financial information.

##### Relationship between the RED and the MD

As of 1 January 2008, the divisions are operated separately for accounting and reporting purposes to reflect the results of operations and the financial position of each division and to provide relevant information to the holders of the A and B shares, the CODM for the two reportable segments is the Board.

The RED comprised of the shares and corresponding investments in the subsidiaries Rekultivace and Garáže Ostrava, a.s., all of the assets and liabilities in the IMGE internal business unit of OKD and all real estate assets owned by the Group at the time of the establishment of the divisions (“Real Estate Assets”). IMGE was an internal business unit of OKD specialised in land reclamation works, attributed with all real estate of OKD that was not being used for its mining and related operations. As the RED was established as of 31 December 2007, 23:59, the segment did not have any revenues or expenses in the year ended 31 December 2007.