
PPF Group, one of the most significant financial groups in the Czech Republic, positions itself as a strategic investor that successfully manages assets, develops its activities in the region of Central & Eastern Europe, and conducts itself as a good corporate citizen.

An important part of the philosophy of PPF Group is respect for Czech society, its values, and shared social responsibility for the direction the Czech Republic is taking. We express our relationship to society through long-term support for cultural projects and accomplishments that bring lasting value and are beneficial to society as a whole.

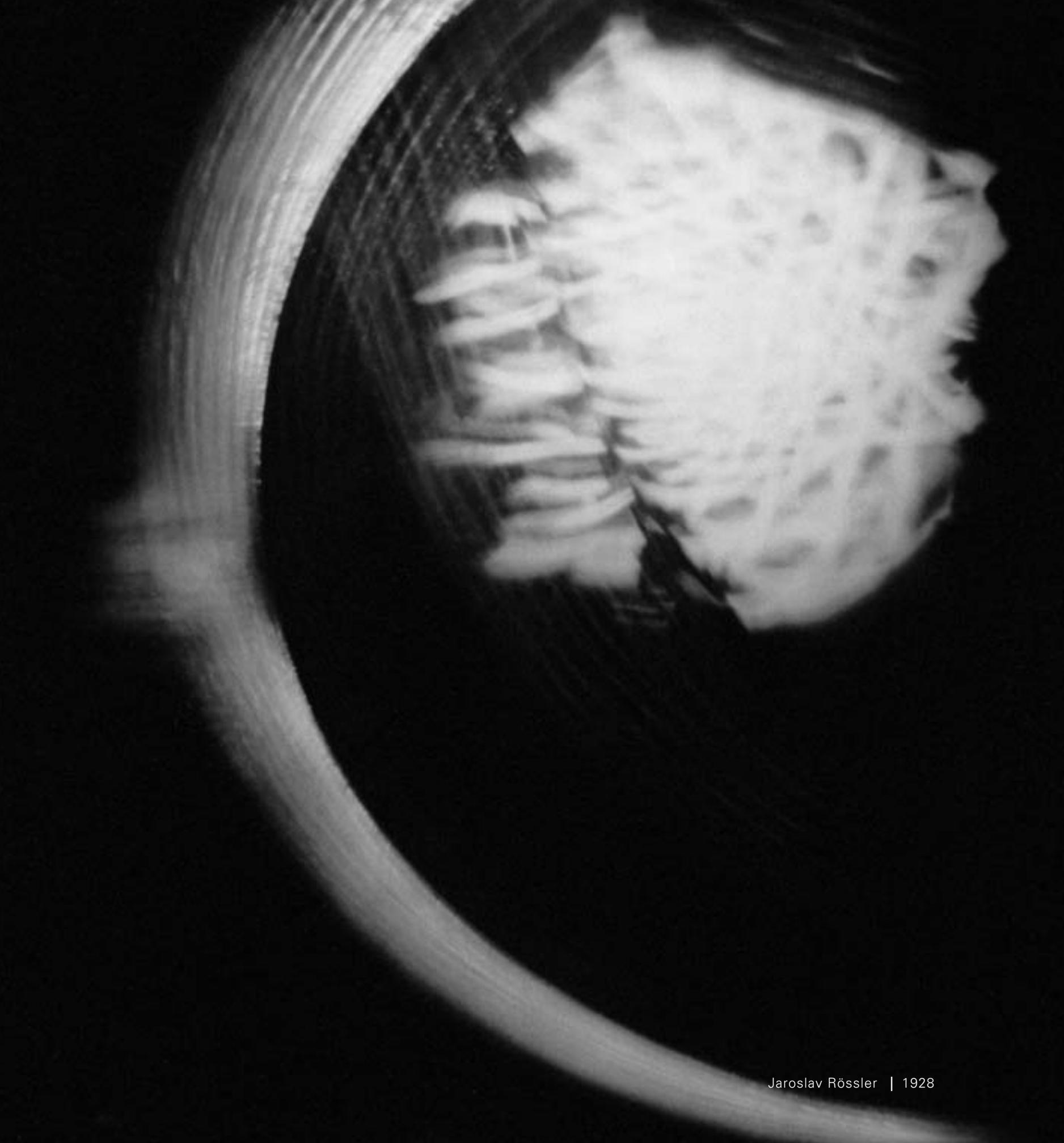
PPF Group – partner of Czech photography

PPF Group initiated the renewal of Josef Sudek's studio and later turned it into a major gallery that fills a unique place in Czech cultural life. As part of PPF's long-term program focused on supporting and developing activities in the area of art photography, the latest project is entitled "Photographer in Garden" and encompasses various publications and catalogs, the creation of a private collection of works of major Czech photographers as well as exhibitions of their works.

One of the photographers whose works PPF is helping to preserve and build wider recognition of is Jaroslav Rössler, one of the most important representatives of Czech avant-garde photography of the 1920s and 30s. In the international context, his work is seen as one of the most progressive examples of the influence of abstract art and constructivism in photography.

At the time, this artist, who as early as the first half of the 1920s was creating works comparable with those of leading avant-garde photographers, was almost totally unknown. There were no monographies about him. He was not included in histories of photography or in encyclopedias. One of the most important Czech photographers. An artist who enriched world photography with his courageous and original works; one of the few Czech artists of truly international calibre.

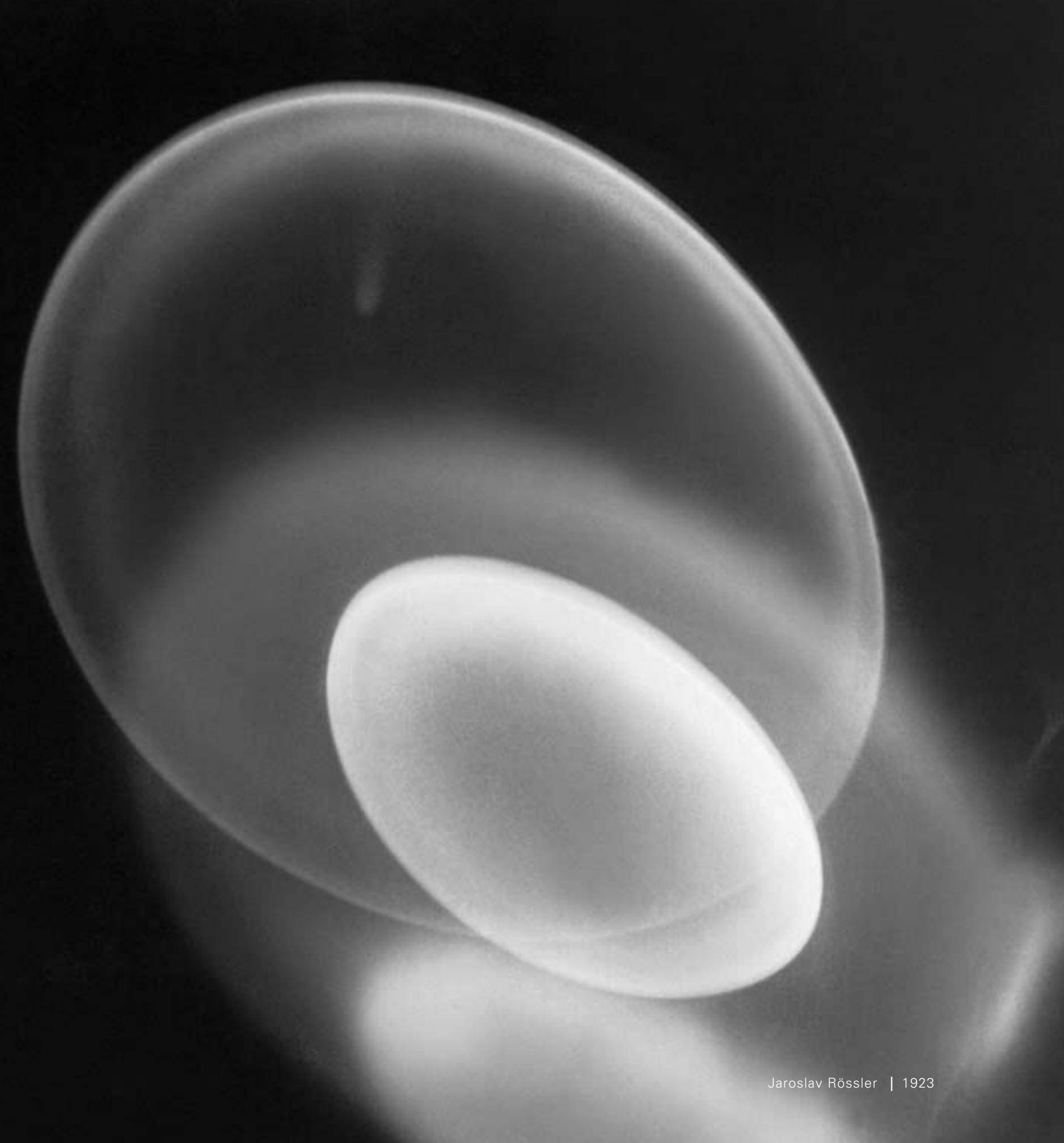
Vladimír Birgus





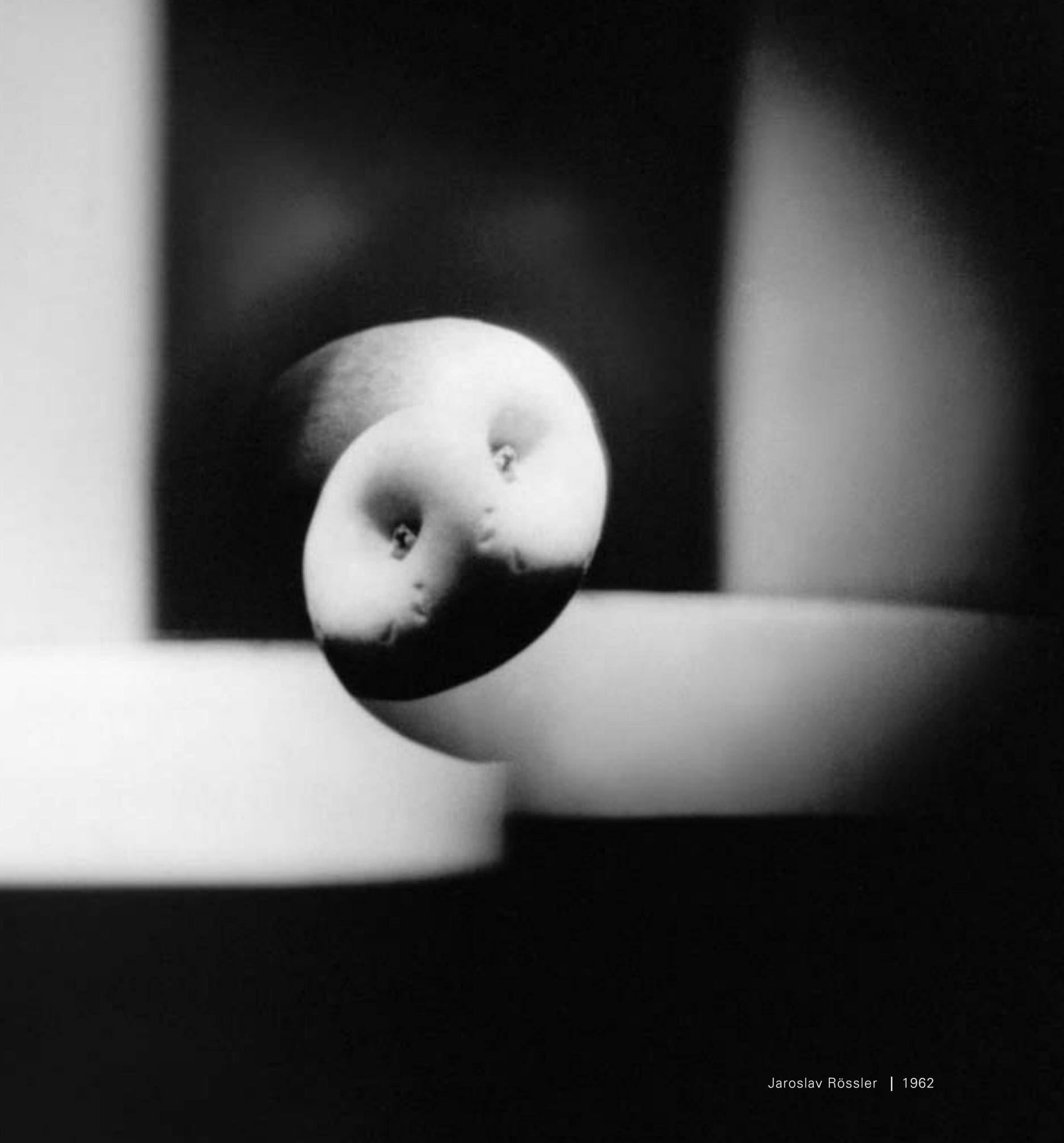








Jaroslav Rössler | 1962 – 1963



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Chairman's Statement

Petr Kellner, Chairman of the Board of Directors



Dear friends,

This September, the PPF financial group will complete its 12th successful year. During this time, the Group has grown to encompass a number of companies and has greatly expanded its activities. PPF is active not only in the Czech market, where it has become one of the largest financial groups, but also in Slovakia. In mid-2002, PPF Group took a major step by entering the Russian market, where we are offering consumer credit and life assurance services through subsidiaries. In the future, PPF Group will develop and strengthen its investments primarily in the region of Central & Eastern Europe.

PPF has become a well-respected financial group which is based upon values such as professionalism, stability, accountability, flexibility, and credibility. The PPF financial group currently manages roughly CZK 150 billion in assets and employs over ten thousand people.

As an entirely logical result of our development into a strong and renowned financial group in the region of Central Europe, we have changed our corporate identity (logo and overall visual presentation). PPF began using the new identity as of the beginning of 2003.

To a considerable extent, the success of investments in the Czech Republic is dependent on development of the economy and the capital markets. The Czech Republic's economy grew at a faster pace than the most advanced Western European economies. Last year, the gross domestic product grew by 2%, inflation declined to 1.8% and the volume of foreign direct investment in the Czech Republic climbed to USD 8.5 billion. The domestic stock market posted growth of 19% in 2002. The rates of return of individual financial market instruments were significantly influenced by a decline in key Czech National Bank interest rates. Domestic economic performance and the ongoing process of harmonizing the Czech legislative framework with European Union law and standards contributed to the Czech Republic's improving credibility abroad.

The investment plans of PPF Group are based on a clear vision and long-term strategy for developing our capital. As a financial investor, PPF Group is constantly seeking new opportunities for investing capital in companies with high intrinsic value and potential for future growth. The principal areas of interest remain in the financial sector – services for retail clientele as well as institutional investors, receivables management, municipal finance and, of late, the media sector as well.

Last year, PPF Group was able to build on past successes in the asset management area. One of PPF Group's significant acquisitions in 2002 was TV NOVA, the domestic private television station. PPF considers television broadcasting to be an attractive investment opportunity of mid-term strategic importance. Other investments included the acquisitions of Commercial Union penzijní fond, První městská banka and Baader Securities. PPF Group was also very active in the receivables management area.

PPF Group's interest as a major investor is to ensure the most effective appreciation in the value of its assets. As part of the comprehensive management of our own assets and those of our clients, we are preparing certain changes in how our investment services are provided. The objective of the new strategy is to separate asset management activities from securities dealing and to expand our service range. For example, PPF will begin to provide financial services to foreign and domestic private individuals. A similar strategy has already been implemented in collective investment (mutual funds). Here, PPF decided to unite all mutual fund management operations under a single entity – ČP INVEST. With this step, we succeeded in leveraging all the advantages inherent in the greater scale of assets under management and as a result we are offering our unitholders new investment opportunities. This move relates to PPF Group's strategy of offering services to retail clients under the brand of Česká pojišťovna, which specializes in this segment.

PPF management is actively supporting the growth of all the companies throughout the Group. One of the ways we do this is by utilizing all possible synergies. This leads to the successful development of modern, joint financial products, which provide for comprehensive client services. Another strategy PPF management has decided to use is to expand the Group's business activities abroad. PPF Group is respected not only for its activities in the world of finance, but also as a partner of high-quality cultural projects. As a major player in the Czech economy with a substantial role in driving the country's stable economic environment, PPF feels that the Group shares responsibility for the society as a whole as well. One of the ways in which we express our relationship to society is long-term support for charitable and especially cultural activities, through which we are making a considerable contribution to the development of cultural life in the Czech Republic.

PPF Group's position in the Czech market and our successes related to asset management carry with them a great degree of responsibility toward those whose assets PPF Group manages, and they also pose a challenge for all our employees, whose loyalty, professional approach, and expertise will continue to be the foundation on which PPF builds. Only with their help can we ensure the long-term prosperity and further growth of the Group. I am firmly convinced that we will succeed in building on our past successes and that our clients and partners will continue to place in us their favor and trust, which we appreciate very much.



Petr Kellner

Chairman of the Board of Directors

PPF Group

PPF a.s. – the Management Company

Česká pojišťovna a.s.

Česká poisťovňa – Slovensko, a.s.

insurance services

Česká pojišťovna Russia

insurance services

Home Credit Finance a.s.

consumer credit

Home Credit Russia

consumer credit

Home Credit Slovakia a.s.

consumer credit

eBanka, a.s.

banking services

První městská banka a.s.

financial services for municipalities

Penzijní fond České pojišťovny, a.s.

supplemental pension insurance

ČP INVEST investiční společnost, a.s.

mutual funds

ČP Leasing, a.s.

leasing services

Česká pojišťovna ZDRAVÍ a.s.

commercial health insurance

ČP DIRECT, a.s.

client information service

Specialized Companies of PPF

PPF burzovní společnost a.s.

asset management,

securities brokerage

PPF Capital Management a.s.

management of strategic holdings

PPF majetková a.s.

real property management

CM - CREDIT a.s.

receivables management

PPF (CYPRUS) LIMITED

asset management

PPF FINANCIAL SERVICES LIMITED

securities brokerage

PPF Asset Management a.s.

securities brokerage,

investment consulting

PPF CONSULTING a.s.

portfolio management

TV NOVA

NOVA HOLDING, a.s.

management and strategic

development of TV NOVA group

CET 21 spol. s r.o.

owner of broadcasting licence

Česká produkční 2000, a.s.

service organization – production

of programs

MAG MEDIA 99, a.s.

sale of advertising time

Summary of Important Events

2002

January

Česká poisťovňa – Slovakia commenced writing motor third party liability (MTPL) insurance in Slovakia
eBanka commenced sales of Internet Electronic Key

February

Home Credit Finance commenced acquisition process in Russian Federation
eBanka commenced nationwide sales of InvestKredit product; first prize in “Český zavináč” (Czech @-sign) competition for the Best Internet Service of 2001

March

PPF burzovní společnost expanded license from Securities Commission to include provision of asset management services; commenced trading as a “market maker” in the Czech Republic bond market

PPF investiční společnost as part of unifying PPF Group collective investment activities, mutual fund management is transferred to ČP INVEST investiční společnost

Česká pojišťovna Russia commencement of licensing proceedings for granting of insurance license for Russia
Penzijní fond České pojišťovny registered capital increased by CZK 100 million to CZK 210 million
eBanka takeover of currency exchange services at Česká pojišťovna outlets

April

PPF burzovní společnost becomes a shareholder of Prague Stock Exchange

CM - CREDIT wins in tender to purchase Universal banka's loan portfolio

ČP DIRECT at the company's own request, insurance license is withdrawn and company changes its principal business in accordance with shareholder's plan

Home Credit Finance decision of sole shareholder on plan to merge Home Credit Finance a.s. with Home Credit a.s.; effective date of merger set at 1 January 2002

První městská banka Česká národní banka grants consent to Česká pojišťovna for purchase of shares of První městská banka

May

Penzijní fond České pojišťovny eBanka	General Meeting decides on 3.8% p.a. investment return to be credited to clients celebrates 4 th anniversary of bank's opening; commenced sale of products – ČP spoření (ČP Savings) and Charge card as well as card locking service
První městská banka	General Meeting adopts new Articles of Association

June

TV NOVA	PPF Group acquires TV NOVA by purchasing a share in CET 21 (through purchase of shares in VILJA a.s.), which holds the television broadcasting license; PPF Group declares the acquisition a medium-term investment
PPF burzovní společnost Česká pojišťovna Russia Home Credit Russia eBanka	becomes lead manager of CZK 10 billion bond issue by Česká konsolidační agentura formation of basic staff team completed completed transformation of organization structure of Consumer Credit unit commenced pilot project – sale of Personal Credit Lines for non-clients

July

PPF	PPF Group and MEF Group agree to act in concert in TV NOVA Group; a new holding structure is created in which PPF Group takes over responsibility in particular for managing the financial restructuring and preparations for sale of the television holding company to a strategic investor
Home Credit Slovakia Home Credit Russia	increase of registered capital by SKK 44 million business activities commenced; offering of installment plan sales products in Russian market
eBanka	commenced offering of eBanka products as part of ČP's employee benefits program

August

Česká pojišťovna eBanka	extraordinary General Meeting decides on payment of a CZK 340 per share dividend Radomír Lasák is appointed new CEO of eBanka; official launch of Trade Finance products
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September

Česká pojišťovna Russia	commencement of sales of life assurance in Russian market
Česká pojišťovna	acquisition of 100% stake in Commercial Union Penzijní Fond
Home Credit Russia	acquisition of 500 outlets selling Consumer Credit program
eBanka	commenced GSM Banking with Oskar; Best Internet Bank of the Year prize from Peníze.cz server

October

Home Credit Finance	company issues CZK 2.5 billion in bonds, maturing in 2007; issue is subsequently accepted for trading on the Prague Stock Exchange
eBanka	number of clients using GSM Banking services exceeds 35,000
Česká pojišťovna	celebrates 175 years in business

November

Home Credit Russia	opening of regional representation office in Nižnyj Novgorod
eBanka	wins MasterCard Bank of the Year 2002 award; number of clients passes 300,000
Česká pojišťovna	Standard & Poor's increases the company's rating by one rung to BBB minus (BBB-); 100 days after flood, company has already paid out CZK 3 billion
Penzijní fond České pojišťovny	first prize in "Best Web 2002" competition in the pension funds category

December

CM - CREDIT	wins tender for management of City of Prague trade receivables in consortium with HZ Praha
Home Credit Slovakia	is granted a positive rating by CRA Rating Agency; company becomes an entity with above-average capability to meet its obligations
Home Credit Russia	State registration of registered capital increase to RUR 100 million; opening of new regional representation office in Samara
eBanka	completion of process leading to increase of registered capital to CZK 1.042 billion
První městská banka	acquisition of brokerage firm Baader Securities
Česká pojišťovna	defends long-term BBB rating from international rating agency Fitch

January

PPF	effective January 1 all PPF companies begin using new logo and new corporate identity
Home Credit Group	achieves highest business volume ever in its history for 2002 – CZK 5.6 billion
Česká pojišťovna	changes approach to clients – introduces new model for administering policies and processing claims

February

eBanka	sale of PDA Banking commences; sale of bank cards grows by 65%
Česká pojišťovna	begins offering new lifelong insurance savings product – DYNAMIK
PPF burzovní společnost	sees trading volume increase by 42% to CZK 352 billion, making it one of the biggest securities brokerages in the Czech market
Penzijní fond České pojišťovny	announces historic record profit of CZK 201 million

March

Home Credit Finance	increases registered capital by CZK 50 million to CZK 300 million
Česká pojišťovna Russia	increases registered capital to USD 2.75 million (approx. RUR 87 million) from previous value of RUR 9.6 million
Penzijní fond České pojišťovny	shareholder approves merger of Penzijní fond České pojišťovny and ČP penzijní fond (previous name Commercial Union PF) – successor company will be Penzijní fond České pojišťovny
TV NOVA	TV NOVA Group reports a consolidated profit of CZK 1.8 billion for 2002, up 32% year-on-year, and revenue growth to CZK 4.6 billion; CET 21, the holder of the broadcasting license, doubled its profits last year to CZK 540 million
PPF	PPF Group refuses to accept that TV NOVA is responsible for defeat in arbitration proceedings between Czech Republic and CME

April

Česká pojišťovna	reports first quarter 2003 profit of CZK 546 million; the company's audited 2002 result, despite flood catastrophe (aggregate insured loss of nearly CZK 9 billion) was a net profit of CZK 4.05 billion
eBanka	expansion of eBanka outlets to include Česká pojišťovna tellers and offices (over 140 locations)

May

Česká pojišťovna	General Meeting decides to pay a CZK 1,178 per share dividend
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Successes Achieved

During its 12 years in business, PPF Group has become one of the largest financial groups in the Czech Republic. The successes we have achieved over this period have made PPF Group a leading Czech investor and we are expanding in foreign markets as well.

Mission Statement

As a major Czech investor, our mission is to co-create a stable economic environment, support the growth of the Czech economy and bring benefits to society as a whole.

PPF Group positions itself as a leading, successful asset manager in the region of Central & Eastern Europe, a manager that works effectively to secure returns on assets and conducts itself as a good corporate citizen.

Accountability to Society

Most of all, asset management is a great responsibility. PPF Group is aware that it must take its share of responsibility for the direction of Czech society. Therefore, we will continue to contribute to the development of society by actively supporting cultural, educational and social projects.

Investment Strategy

As a financial investor, PPF Group is constantly seeking new opportunities and invests its capital in companies with high intrinsic value and potential for future growth. The investment plans of PPF Group are based on a long-term vision and strategy of building shareholders' equity.

Strategy for the Future

Now that the PPF Group has stabilized its position in the Czech Republic, we are focusing on developing our existing businesses in foreign markets, especially in the countries of Central & Eastern Europe.

Corporate Culture

The corporate culture of PPF Group is built on traditions, experience and, most of all, on high-quality, loyal people. All of this is what makes PPF Group trustworthy, professional, renowned and successful.

PPF a.s.

Date of inception:	18 November 1996
Address:	Na Pankráci 1658/121, 140 21 Prague 4, Czech Republic
Registered capital:	CZK 420,000,000
Auditor for 2002:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Petr Kellner – Chairman Milan Maděryč – Vice Chairman Ladislav Bartoníček, MBA – Vice Chairman Jan Blaško, MBA – Member Ladislav Chvátal – Member
Supervisory Board:	Štěpán Popovič – Chairman František Tlustoš – Member Jaromír Prokš, MBA – Member
Company management:	Aleš Minx – Executive Director and Company Proxy Ladislav Chvátal – Director of Strategic Projects Management Libor Táborský – Director of Strategic Development Václav Šrajer, MBA – Director of Research Ivan Lackovič – Director of Marketing and Communication Jan Andrlík – Director of Finance, (since 1 June 2003) (Marta Horáková, Ph.D. – Director of Finance, until 31 May 2003) Lubomír Král – Head of Legal Department Taťána Panýrová – Director of Personnel Ondřej Tyrpekl – Director of Information Systems Tomáš Krones – Director of Strategic Marketing (since 13 January 2003) Tomáš Soóky – Director of Strategic Acquisitions (since 12 May 2003) Lenka Šafránková – Head of Operations Department
Principal businesses:	advisory and consulting services for PPF Group in the following areas: financial, communications and marketing, information technology, human resources and organization development

Senior Management of PPF Group



PPF GROUP



Petr Kellner – Chairman of the Board

- 1 | Born in 1964; graduated from the Prague University of Economics in industrial economics in 1986. A founder of PPF Group, Kellner became Chairman of the Board of Directors and CEO of PPF investiční společnost a.s. in 1991. Following a restructuring of the financial group in January 1998, he has headed up PPF Group as Chairman of the Board. He is primarily in charge of PPF Group's mid- and long-term development.

Milan Maděryč – Vice Chairman of the Board

- 2 | Born in 1955; graduated from Industrial Secondary School and did post-graduate work at the Technical University of Brno. Starting in 1980 Maděryč was employed in the technical and investment development department of ZPS, a.s. Zlín; later he became head of the company's trading division. Currently, he is Vice Chairman of the Board of Česká pojišťovna a.s.

Ladislav Bartoníček, MBA – Vice Chairman of the Board

- 3 | Born in 1964; a graduate of the Czech Technical University in Prague, Faculty of Electrical Engineering. Joined PPF investiční společnost a.s. in 1991 as executive director and was awarded an MBA by the Rochester Institute of Technology, Rochester, New York, in 1993. Since 1996, Bartoníček has been CEO and Vice Chairman of the Board of Directors of Česká pojišťovna a.s. He has been Chairman of the Board of Directors of Česká pojišťovna a.s. since June 2000.

Jan Blaško, MBA – Member of the Board

- 4 | Born in 1964; a graduate of the Czech Technical University in Prague, Faculty of Electrical Engineering. In 1994 he became director of the brokerage company Stratego Invest. Blaško was named director of PPF burzovní společnost a.s. in 1996. In November 1999 he was awarded an MBA by GSB University of Chicago. Since June 2000, he has been on the Board of Directors of Česká pojišťovna a.s. and was elected Vice Chairman of the Board of Česká pojišťovna a.s. in March 2001.

Ladislav Chvátal – Member of the Board

- 5 | Born in 1963; a graduate of the Prague University of Economics. After university Chvátal served as board member and personnel and administration director at AVIA Praha Letňany. From 1994 he held the office of Director of Marketing at PPF investiční společnost a.s. Starting in 1995 he was director of PPF Capital Management a.s. In December 1999 he was named Executive Director of PPF a.s. Since July 2001 he has held the position of PPF Group Director of Strategic Projects Management. He became a member of the Česká pojišťovna a.s. Board of Directors in June 2002.

Senior Management of PPF Group



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Aleš Minx – Executive Director

- 1 | Born in 1964; a graduate of the Prague University of Economics, Faculty of Manufacturing Economics. In 1987 – 1992 he was employed at PAL a.s. as head of the finance department. After joining PPF in 1992, Minx was Director of Finance until June 2001. Since July 2001 he has been Executive Director of PPF a.s. He also holds the position of Company Proxy. He is a member of the Board of Directors of NOVA HOLDING, a.s., which runs the TV NOVA Group.

Petr Dvořák, MBA – Management of Media Investments

- 2 | Born in 1964, Dvořák is a graduate of the Czech Technical University in Prague, Faculty of Electrical Engineering, where he majored in technical cybernetics. In 1999, he was awarded an MBA from the University of Chicago. He joined PPF Group in 1999, upon which he managed the MTPL Insurance 2000 project at Česká pojišťovna a.s. In 2000 – 2001 he was in charge of a new strategic project for the former Expandia Banka (now eBanka). As of 2002, he is responsible for the Group's media investments. He is a member of the Board of Directors of NOVA HOLDING, a.s., which runs the TV NOVA Group. As of May 2003, he is also CEO of CET 21 spol. s r.o., the company which holds the television broadcasting license.

Jan Ježdík – Member of the Board, Česká pojišťovna a.s.

- 3 | Born in 1955; graduated from the Charles University in Prague, Faculty of Law. An employee of Česká pojišťovna since 1979, when he started out in the insurance and claims adjustment department in the Liberec field office. In 1990 he transferred to the company's head office in Prague, where he held various management positions. Currently he is a member of the Board of Directors and Executive Board Member for Non-life Insurance of Česká pojišťovna a.s.

Libor Táborský – Director of Strategic Development

Born in 1962; graduated from the Prague University of Economics, major in finance. After completing his studies, Táborský worked in the banking sector. He gained experience in Komerční banka and later in Citibank a.s. and Živnostenská banka, a.s., where he spent several years as a Branch Director. He joined PPF a.s. in 2001 after leaving the post of CEO of Česká finanční, s.r.o., a subsidiary of Konsolidační banka.

Václav Šrajec, MBA – Director of Research

Born in 1947; graduated from Czech Technical University in Prague, Faculty of Nuclear and Physical Engineering, and completed two postgraduate courses. In 1972 – 1992 Šrajec was employed in mechanical engineering research and development positions. In 1992 – 1993 he studied at the U.S. Business School and was awarded an MBA by the Rochester Institute of Technology. Šrajec has been with PPF since 1993.

Ivan Lackovič – Director of Marketing and Communications

Born in 1971; an economics and management graduate of the Prague Institute of Chemical Technology. During postgraduate studies, Lackovič did internships abroad in marketing, PR and logistics. He began his career as PR manager at Investiční kapitálová společnost Komerční banky, a.s. and became Director of Komerční banka's Communications Department in 1998. Lackovič joined PPF in 1999. He is a graduate of the London School of Public Relations.

Jan Andrlík – Director of Finance

Born in 1969; Andrlík is a graduate of the Prague University of Economics, where he majored in information technologies. Starting in 1991, he worked in the audit and corporate finance department of PricewaterhouseCoopers, and in 1995 he joined the Irish company FTI Finance as a finance management and treasury consultant. In 1998, he accepted the position of finance director at the Prague branch of the Belgian pharmaceutical group UCB. He has been Director of Finance of PPF a.s. since 1 June 2003.

Marta Horáková, Ph.D. – Director of Finance (until 31 May 2003)

Born in 1974; a graduate of the Prague University of Economics, major in enterprise economics. In 2002 she completed a graduate program in corporate and international law at the Faculty of International Relations of the same institution. Starting in 1993 she worked as Chief Economist of BSP Praha, spol. s r.o., and later at BSP Group, a.s. In Autumn 1999 she joined PPF a.s. as Assistant Director of Finance. From July 2001 till 31 May 2003 she was Director of Finance of PPF.

Lubomír Král – Director of Legal Department

Born in 1972; a graduate of the Charles University Law Faculty, where he is currently pursuing a post-graduate degree. At the same time he is also completing studies at the Prague University of Economics, Faculty of International Relations. After a short tenure with a law firm, in 1997 – 1999 he worked as a lawyer for the Prague Stock Exchange clearing center. He has been with PPF since 1999.

Tafána Panýrová – Director of Personnel

Born in 1963; a graduate of the Prague University of Economics, major in industrial economics, as well as a post-graduate course of study in marketing and management at the same institution. Panýrová worked in human resources from 1985 to 2000 at ČESKÝ TELECOM, a.s., and subsequently in Komerční banka, a.s. She joined PPF in August 2002.

Ondřej Tyrpekl – Director of Information Systems

Born in 1966; Tyrpekl graduated from the Czech Technical University, Faculty of Electrical Engineering, in 1989 with a major in technical cybernetics. After completing studies, he worked for TESLA, akciová společnost in CAD systems development. Starting in 1991 he worked for truck manufacturer Daewoo Avia, a.s., first as an independent programmer/analyst and later as the company's head of information systems design. He has been with PPF since August 2000.

Tomáš Krones – Director of Strategic Marketing

Born in 1973; graduate of Prague University of Economics, major in accounting and corporate financial management. Krones began his professional career as a business reporter for MF Dnes and Lidové noviny. In 1996 – 1999 he worked at Komerční banka, a.s. in the marketing and communication section, where in his last position he headed up the sales support team. In 1999 – 2001 he worked for Konsolidační banka Praha and in 2001 – 2003 he was with Raiffeisenbank a.s. as Director of the Management Support Division. He joined PPF in mid-January 2003.

Tomáš Soóky – Director of Strategic Acquisitions

Born in 1972; graduate of the Charles University in Prague, Philosophy Faculty, where he studied Hungarian linguistics. Soóky commenced his professional career as a product and sales manager with ConQuest Computers, where he built a distribution network for products represented by ConQuest. In 1999 – 2003 he worked for the GE Capital financial group, first as IT commodity leader for GE Capital Bank, a.s., and later as key account manager at GE Capital Multiservis, a.s. He has been with PPF since May 2003.

Lenka Šafránková – Head of Operations Department

Born in 1953; a graduate of the Pedagogical Faculty in Hradec Králové. After completing her studies, in 1978 – 1999 she was employed in management positions in various organizations. She joined PPF in 1993, and has been Head of Operations Department since September 1994.



Bohuslav Samec – Member of the Board, PPF burzovní společnost a.s.

- 1 | Born in 1959; graduate of the Secondary Hotel School and post graduate work at the Prague University of Economics in monetary economics and banking. He has worked in the enterprises Vodní stavby s.p., Metrostav a.s. as well as in several private firms. He has been with PPF since 1994, first in the trades settlement section and later, starting in 1996, as director of the Back Office. He has been a Member of the Board of PPF burzovní společnost a.s. since 1995.

Zbyněk Štěřba – Executive Director, PPF Capital Management a.s.

- 2 | Born in 1966; graduated in 1988 from the Prague University of Economics, major in foreign trade. Thereafter he joined the Intersigma Foreign Trade Organization, where he went on to work in various capacities, from economics specialist to Chief Executive Officer and Chairman of the Board. He joined PPF Capital Management a.s. in January 1997 as a corporate revitalization and restructuring consultant and was named Executive Director of PPF Capital Management a.s. on 1 January 2000.

Petr Javůrek – Executive Director, PPF majetková a.s.

- 3 | Born in 1963; graduate of the Czech Technical University, Civil Engineering Faculty. After graduation, Javůrek was employed in various professional and management positions. He was named director of Novota expert institute in 1993. Currently he is a member of Expert Committee of the Institute of Appraisal of the Prague University of Economics. Javůrek became Executive Director of PPF majetková a.s. in 1996.

Milan Krob – Executive Director, CM - CREDIT a.s.

- 4 | Born in 1964; a graduate of the University of Economics, Prague, major in industrial economics. Began career in 1986 with ČKD Elektrotechnika, where he worked until 1992. Thereafter he held management positions in the companies GENNEX, a.s., Evrobanka, AZ Komplex and Alkona. Starting in April 1999 he was Executive Director of ČP Leasing, a.s. In January 2001 he became Executive Director and Chairman of the Board of Directors of CM - CREDIT a.s.



Miroslav Horský – Executive Director, PPF (CYPRUS) LIMITED, PPF FINANCIAL SERVICES LIMITED

- 1 | Born in 1968, Horský graduated from the University of Economics in Bratislava, where he specialized in the economics of foreign trade. He also studied international financial markets at the Universidad Complutense in Madrid. After completing his studies, he worked as director of the education department at the Bratislava Options Exchange and later was active in the private sector in financial consulting. He joined PPF in 1997.

Petr Milev – Executive Director, PPF Asset Management a.s.

- 2 | Born in 1968; graduated from the Charles University in Prague, Faculty of Mathematics and Physics. After completing studies, Milev worked for Komerční banka, a.s., first as a broker and later as portfolio manager of the bank's bond portfolio. In 1996, he was manager for capital markets at BNP – Dresdner Bank ČR a.s. in Prague. In 1996 – 2000 he was Head of Trading and member of the Administrative Board of CONSEQ Finance. Starting in 2000 he worked for Česká pojišťovna a.s. as Chief Director, Portfolio Management Section, and in 2001 he moved to PPF burzovní společnost a.s., where he served as Director of Investing and Asset Management. Currently he is Executive Director of PPF Asset Management a.s.

Pavel Tomšů – Project Manager, PPF CONSULTING a.s.

- 3 | Born in 1974; a graduate of the Prague University of Economics, major in accounting and corporate financial management. In 1998 he joined PPF burzovní společnost a.s. as a financial analyst and later, in 2001, he became Project Manager of PPF CONSULTING a.s.

PPF a.s. is the management company of PPF Group. Its senior managers make decisions concerning the strategic plans and long-term vision for developing PPF's entire financial group, which is organized as a holding structure. This structure allows for effective management and growth in value of the Group's investments. As a major Czech investor, PPF Group manages assets through its specialized companies that provide comprehensive asset management-related services in their respective areas of business – management of strategic and portfolio investments, asset management, management of a venture capital fund, securities trading, real estate management, management of accounts receivable and collective investment. The narrow specializations of the various companies in the Group make it possible for PPF a.s. as the overall management company to run its current investments and develop new ones in a very effective and successful manner. Currently, PPF Group's assets under management total nearly CZK 150 billion.

Comprehensive Asset Management

Asset Management

As a major investor, the PPF financial group endeavors to achieve the most effective possible return on assets. As part of the comprehensive management of the Group's own capital and that of our clients, we are preparing certain changes in how investment services are provided throughout the whole Group. The new strategy also relates to the acquisition of Baader Securities a.s. and its renaming to PPF Asset Management a.s. The objective of the new strategy is to separate asset management activities from securities trading, in accordance with standard international practice. Another reason is to enable the greater and deeper specialization of the company in its designated area, which will lead to an expanded array of services with improved quality.

In accordance with the new strategy, PPF Asset Management a.s. is set to become the Investment Center for the entire financial group and will provide investment consulting and asset management services to individual Group companies, and especially to those which are financial institutions in their own right.

The new strategy will also affect PPF burzovní společnost a.s., which is another brokerage operating within PPF Group. This company is to see its focus change dramatically. PPF burzovní společnost a.s. will concentrate on providing Private Investment (Private Banking) services to foreign and domestic private individuals. These services will be based on the "Total Return" concept and they will be implemented using a mixture of traditional and alternative investment instruments. All Group-wide activities associated with trading in domestic and foreign securities will be carried out by První městská banka, a.s.

The implementation of the plan described above to provide for PPF Group comprehensive asset management services is conditional upon the consent of the Securities Commission in the form of granting a license to PPF Asset Management a.s. to provide the corresponding investment services. Such a license (to provide asset management services) was obtained in June 2002 by PPF burzovní společnost a.s. This expanded its existing license to include new services in the asset management area.

With over CZK 90 billion in assets under management, PPF burzovní společnost a.s. is one of the biggest financial asset managers in the Czech Republic. The company succeeded in continuing in the asset growth trend established in previous years. This growth trend is based in particular on the long-term stability and solid performance of managed portfolios, which brings in additional finance. The return achieved on portfolios managed by PPF burzovní společnost a.s. last year was above average and the company confirmed its role as a successful asset manager in the Czech market. In turn, the increased volume of assets under management made it possible to achieve even greater securities trading volume. The company, as one of the biggest securities traders in the Czech Republic, recorded a total trading volume of CZK 352 billion. The year-on-year growth of CZK 104 billion was caused especially by increased bond trading activity. The company's solid performance in asset management was mirrored in its earnings result, which was a profit of CZK 75 million.

Last June, PPF burzovní společnost a.s. became the lead manager of a CZK 10 billion bond issue by Česká konsolidační agentura. This was the biggest non-government bond issue in 2002 in the Czech Republic. In the same year, the company also became a market-maker for the most liquid Czech government bond issues.

Services similar to those of PPF burzovní společnost a.s. are also offered by PPF subsidiaries based abroad in Cyprus – PPF (CYPRUS) LIMITED and PPF FINANCIAL SERVICES LIMITED. Both companies provide financial services to investors who are interested in investing in the Czech capital markets. The companies go on to manage those investments and provide comprehensive services in administering them as well. Both companies hold permits from the Cyprus National Bank to provide these services.

Management of Strategic Investments

The PPF Group company in charge of managing strategic investments is PPF Capital Management a.s. As it did in 2001, when it became the management company of a venture capital fund, in 2002 the company focused on seeking out high-quality investment opportunities. In addition to its management role (directing the administration and financing of the investment portfolio, controlling, selling etc.) the company also acts as an investment advisor. The company provides a high-quality, comprehensive consulting service which provides advice on managing existing investments as well as recommending promising projects for investment. The principal aim is to ensure that investors get the most effective return on their investments over the medium term.

Real Property Management and Development

As part of its comprehensive asset management service, PPF Group offers real property management and development through its specialized company PPF majetková a.s. The company was the first in the Czech Republic to obtain a license to manage and develop real estate funds. With CZK 8.5 billion in assets under management, PPF majetková a.s. is one of the largest entities in this segment in the Czech Republic. With the addition of Republic-wide real property management services in 2002, the company further reinforced this position. The comprehensive real estate management offering includes, in particular, realty services, management of construction and development projects, economic analyses and property management for all domestic commercial properties in PPF Group's portfolio. The company engages in active diversification of real property funds with the aim of generating the desired rate of return; it does so by seeking out projects that have the potential to provide the required return on capital invested.

Management of Accounts Receivable

The receivables market is an area of major significance for the future investment plans of PPF Group. Thanks to purchases of large volumes of receivables, in particular from Česká konsolidační agentura, this area affords attractive investment opportunities. Their utilization within the Group is the long-term focus of CM - CREDIT a.s. With over CZK 8 billion in assets under management, this company is one of the five biggest private companies dealing in receivables management in the Czech market. The specialized company CM - CREDIT a.s. is involved in all areas of receivables management, from acquisition and case analysis through arranging for legal services to active efforts leading to the quickest possible collection from debtors for the benefit of the company's clients. In addition to managing extensive portfolios of receivables, the company also manages receivables for small clients. Another major activity of the company is providing financial advice on restructuring the balance sheets of companies that have suffered from poor financial management and are in need of systemic changes in their business behavior. PPF Group won a tender for the largest package of Česká konsolidační agentura receivables yet, with an aggregate face value of CZK 62 billion.

Management of Portfolio Investments

The PPF Group company that manages portfolio-type investments is PPF CONSULTING a.s. Like last year, the company's activities were focused on active protection of shareholder rights and providing qualified advice for selected equity participations. The consulting activities and other operations of the company include providing recommendations and outlining solutions for how to manage and dispose of portfolio investments to ensure that they generate the highest possible return.

Collective Investment

A similar strategy to the one being pursued in asset management has already been implemented in the collective investment area. PPF's management decided to unite all mutual fund management operations within the financial group under a single entity – ČP INVEST investiční společnost a.s. The primary goal of this integration is to leverage all the advantages and synergies inherent in larger asset volumes and to offer fund investors a greater degree of service comfort and increased efficiency in generating returns on their investments. This goal also relates to the PPF Group strategy of offering services to retail clients under the Česká pojišťovna brand, which focuses on the retail segment.

After Security Commission consent was obtained in March 2002, the management of assets of PPF investiční společnost's funds was transferred to ČP INVEST, which offers unitholders new investment opportunities through its Family of Funds. After PPF funds were open-ended, unitholders gained the ability to transfer assets between funds within the Family in order to adapt their investment strategy to changing needs and market conditions.

In 2002, PPF a.s. did not have any research and development expenditures, did not acquire any treasury shares or shares of its Controlling Entity, nor has it established any foreign organizational units.

Future Development of PPF Group

The number-one goal of PPF Group's activities is to generate returns on its investments in the most efficient manner possible. PPF Group is always on the lookout for new investment opportunities and invests its funds in promising companies. In addition, it endeavors to strengthen as much as possible the market positions of its existing investments. Therefore, PPF management actively support the development of individual Group companies in order to take advantage of all possible synergies. In this way modern joint financial products are being successfully created throughout the Group, which provide for comprehensive client service and maximum satisfaction of client needs. The most important of these are attractive products in the ČP Finance program – ČP úvěrová karta and ČP kreditní karta (types of credit cards) and the YES card, which Home Credit issues in cooperation with eBanka, a.s.

PPF Group's principal investments will continue to flow into companies that are active in retail, municipal finance and receivables management. The plan for our retail market investments is to offer comprehensive financial services for the general public under the Česká pojišťovna brand.

During its 12 years in business, PPF Group has stabilized its position in the Czech market, where it has become one of the leading financial groups. PPF Group will continue to position itself as a private Czech investor that develops its existing activities inside the borders of the Czech Republic and beyond them as well. The launch of Home Credit consumer credit services and the sale of Česká pojišťovna life assurance in the Russian Federation in mid-2002 marked the beginning of PPF Group's expansion into the region of Eastern Europe. This region, in which PPF Group sees substantial potential for further developing its businesses abroad, will be a key area of interest and investment for PPF Group in the future as well.

PPF Group is a Czech financial investor that effectively and successfully manages and increases the value of private assets and grows its own capital through new investments and by supporting existing investments. The plans of PPF Group are based on a long-term vision and strategy of developing the company's capital in the Czech Republic. As of 2002, the Group is also focusing on countries in the region of Central and especially Eastern Europe.

As an investor, PPF Group is primarily concerned with the acquisition process, i.e. purchasing, financially restructuring and selling companies, all with a long-term vision of generating returns on capital. In addition to acquisitions, PPF also successfully develops its own projects. These include, for example, the Home Credit project. PPF Group directs the strategic development of the investments in its portfolio with the aim of taking advantage of all possible synergies. Within the companies we manage, this leads to the creation of modern, joint products that provide for comprehensive client service and maximum satisfaction of client needs. The actual effective functioning and development of individual investments is the responsibility of the management teams of the individual companies themselves, and they are structured so as to ensure that the companies are managed in a highly specialized, professional and successful manner.

PPF Group's largest strategic investment is Česká pojišťovna a.s. PPF first bought into the company in 1996. Subsequently, we initiated a process of internal restructuring that resulted in the financial consolidation of the entire Česká pojišťovna Group, an expansion of its range of insurance products, and increased service quality. During this time, the company has retained its position as the biggest domestic insurer with a market share in excess of 37%. PPF's intention is to transform Česká pojišťovna into a modern financial institution of European calibre that offers a wide range of *bancassurance* products and services. The insurer's successful development is confirmed by sustained earnings growth and expansion in foreign markets – Slovakia and, lately, Russia. The company's financial strength is also appreciated by leading rating agencies, which have given Česká pojišťovna one of the highest ratings ever awarded to a Czech financial institution.

In terms of PPF Group's investments, 2003 marked not only a strengthening of their positions in the Czech and Slovak markets, but also brought development and expansion in foreign markets, especially in the region of Central & Eastern Europe. In the middle of last year PPF Group expanded its consumer credit and life assurance services, through Česká pojišťovna and Home Credit, to the Russian Federation. Further steps bolstering the position of PPF Group's investments were made with the acquisitions of Commercial Union Penzijní Fond a.s. and První městská banka, a.s. One accomplishment of the successful management of our investments is the obtaining of a rating from CRA Agency a.s. for Home Credit Slovakia a.s., an entity with above-average capability to meet its financial obligations.

From the very beginning of 2002, PPF Group's portfolio has grown with the addition of new investments. Last June, PPF Group bought into the private television station NOVA, which is currently run by NOVA HOLDING, a.s., in which PPF Group holds a 50% stake. PPF Group is a medium term strategic investor in TV NOVA and we consider our entry into the television broadcasting sector to be an attractive investment opportunity. The long-term steady 45% share of the Czech television market and consolidated earnings result of TV NOVA group, which was up 32% last year, confirm the success of PPF Group's financial restructuring and stabilizing of this group.

PPF Group is respected for its activities in the world of finance and also for its role as a long-term partner of high-quality projects in the area of culture, which bring lasting value and benefit to society as a whole. In advanced societies, strong and successful companies play an active role, thereby taking upon themselves a share of the responsibility for cultural advancement. As a leading player in the Czech economy we, too, recognize and accept our responsibility for Czech society. Through our support we want to clearly show our relationship to the society of which we are a necessary part.

The commitment to culture springs from our company's tradition, its position and the history of our activities in the Czech Republic. As partners of Czech culture, through the projects we support, we have the opportunity to more actively communicate the values of our corporate philosophy and our own approach and position with regard to Czech culture. Our support is very active especially in Czech theatre and Czech photography, in which we invest tens of millions of crowns each year. Thus, we are making a considerable contribution to the development of cultural life in the Czech Republic. However, we never behave as passive supporters whose contributions to projects are only monetary in nature. We are always an active and long-term partner of Czech culture, a partner that develops projects and endeavors to build up lasting traditions around them. We come forward with our own thoughts and ideas on how to enrich our cultural surroundings. In this way, for example, a new Josef Sudek Studio was built in Prague's Újezd district. Through this approach, it is also our aim to be exceptional supporters of the arts. We at PPF have always been convinced that investment in the arts is investment in the future. Therefore, we decided to support projects that give rise to events of major social and cultural importance.

Summer Shakespeare Celebration

The core project in our support for Czech theatre is the Summer Shakespeare Celebration. We are pleased that the quality and positive response of this festival are growing and that thanks to our long-term support it has become a leading cultural event of the year. This major theatre festival with a nearly 10-year tradition takes place in the summer months at Prague Castle. The unique idea for presenting the ageless works of the playwright William Shakespeare met with a huge positive response from the Czech public. With the support of PPF, the celebration has become a prestigious display of high-quality Czech theatre, which is annually visited by approximately 40,000 people in Prague and Brno. In 2002, the festival went international with the addition of performances in Bratislava. This year, the festival will be all about the premiere of Hamlet. Also on the program will be King Lear featuring Jan Tříska, whose come-back after 27 years was the cultural event of the year last year in the Czech Republic and was welcomed by many drama critics.

Josef Sudek Studio

The victory of man and his skills over the ephemerality of time – that, with a little exaggeration, could sum up the renewal of a monument to a man who exerted a great influence over entire generations of Czech photographers. PPF initiated and financed the renewal of Josef Sudek's studio in the Újezd district of Prague. By this act, PPF recognized the artistic heritage of this great Czech photographer. The Josef Sudek Studio has become a major gallery with its own special place in Prague cultural life. Since September 2000, when the renewed Studio was opened, it has been a place where the works of Czech photographic artists past and present are shown. The care we dedicate to this gallery has a firm link to our own activity as an art collector. For a long time now, we have been building up our private collection entitled "Photographer in Garden", which contains the works of a number of major Czech photographers such as Josef Sudek, František Drtikol and Jaroslav Rössler, whose works accompany this Annual Report.

Jára Cimrman Theatre in Žižkov

The mystifying, poetic art of the Jára Cimrman Theatre in Žižkov is an undeniably unique phenomenon of Czech theatre. For 35 years now, the creations of Mr. Smoljak and Mr. Svěrák connected with this theatre have won the hearts of many admirers and their numbers are still growing. It is not by chance that the Czech company, PPF, has been supporting this unique Czech theatre project for four years now.

INOUT

In the second half of July 2003, central Prague will play host to the first annual festival of digital art, entitled INOUT. As its principal organizer, PPF intends to liven up the vacation period cultural scene and offer Praguers and all visitors to the city an attractive feast to the eyes. Invitations to the festival have been accepted by over a hundred artists from all over the world. This will be the first Festival of Digital Photography ever in Prague, and it will take place in very attractive locations including open spaces in Old Town Square. The festival also offers an interesting accompanying program including, for example, seminars, discussions with the artists, etc. "Metropolis" was chosen as the theme of this year's festival in view of the event's focus on technology and urban life.

PIPAN

PPF's corporate culture is not limited to support for the arts, however. It also extends to charity work. Ever since 1998, we have been supporting a bilingual nursery school, PIPAN, for hearing-impaired children. PIPAN is a one-of-a-kind institution here in the Czech Republic and, indeed, in Central Europe. The school's basic idea is to allow small children with severe hearing impairments to enjoy spontaneous psychological development using the Czech language as well as sign language. Thanks to long-term support from PPF, PIPAN has succeeded in expanding and improving the quality of the care it provides.

We will continue to actively support projects in the area of theatre and Czech photography, contributing to their long-term development and thereby taking an active part in improving the quality of cultural life in the Czech Republic.

PPF burzovní společnost a.s.

The company is one of the biggest securities brokerages and financial asset managers in the Czech market and is a member of the Prague Stock Exchange.

Area of business:	Asset management for institutional investors, securities brokerage
Date of inception:	23 December 1993
Address:	Na Pankráci 1658/121, 140 21 Prague 4, Czech Republic
Registered capital:	CZK 55 million
Activity permit:	License issued by Securities Commission
Relicensed:	23 June 1999
Memberships:	Member and shareholder, Prague Stock Exchange Special customer, RM-System (on-line)
Assets under management:	CZK 91 billion
Auditor for 2002:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Bohuslav Samec – Member
Supervisory Board:	Vladimír Dvořák – Chairman Martin Pavlík – Member Aleš Holcman – Member
Company management:	Bohuslav Samec – Member of the Board of Directors
Principal businesses:	trading in domestic and foreign securities management of assets and client portfolios, particularly for institutional investors

In 2002, PPF burzovní společnost a.s. continued to focus on improving and expanding services provided to institutional investors through its financial service relating to asset management, trading in domestic and foreign securities, and financial consulting. Specific services in these areas included bond issue services, liquidity management, as well as corporate and municipal finance.

In June 2002, the company received a license from the Securities Commission to provide services in the area of asset management, as required under an amendment of the Securities Act. The new license confirmed the existing license and expanded it to cover new services in this area. In 2002, PPF burzovní společnost a.s. also became a market-maker for the most liquid Czech government bond issues.

Last June, PPF burzovní společnost a.s. became the lead manager of a CZK 10 billion bond issue by Česká konsolidační agentura. The issue is part of the Česká konsolidační agentura Issue Program, which comprises a total of CZK 20 billion. The issue was the second so far in the Česká konsolidační agentura Issue Program and, at CZK 10 billion, the largest. It was also the biggest non-government bond issue in the Czech Republic in 2002. PPF burzovní společnost a.s. was the sole subscriber of the issue.

Growth in Assets Under Management

During past years, PPF burzovní společnost a.s. positioned itself as a successful asset manager for institutional clients. The company's solid performance to-date in asset management led in 2002 to further growth in the number of clients and assets under management also increased, from CZK 86 billion at year-end 2001 to CZK 91 billion at the end of 2002. This makes PPF burzovní společnost a.s. one of the largest asset managers in the Czech Republic.

Solid Returns on Portfolios

Money entrusted to the company for management was invested particularly in highly liquid and secure instruments. Mainly fixed-income securities were purchased – government bonds, bonds of multinational corporations, and corporate bonds of high-credit issuers. These were supplemented by equity instruments, mainly Czech shares which, unlike shares elsewhere in the world, saw growth in 2002. Emphasis was placed on qualitative portfolio diversification. The return on client portfolios last year was 5.1 – 6.2% p.a. for money market portfolios, 10.3 – 14.2% p.a. for bond portfolios, 1.4 – 7.8% p.a. for equities and 4.2 – 11.1% p.a. for mixed portfolios. Compared with performance figures for comparable financial instruments, these values are well above average.

These solid returns were achieved by the company primarily thanks to our prudent investment policies, optimum choice of investment instruments, and careful monitoring and management of the risks in individual portfolios.

Sustained Growth in Trading Volume

PPF burzovní společnost a.s. saw its trading volumes grow substantially in 2002. The company concluded trades in a total volume of CZK 352 billion, which represents an increase of 42% compared to 2001's figure of CZK 248 billion. The CZK 104 billion growth in trading volume was caused in particular by increased bond trading activity. Bond trades were up CZK 118 billion for the year. Equity trading, on the other hand, was down (by CZK 12 billion), as was trading in unit certificates of mutual funds (by CZK 2 billion).

Trading in bonds and similar debt instruments totaled CZK 334.7 billion and comprised 95% of all trades. Of this amount, trading in domestic bonds accounted for CZK 311.8 billion and foreign bonds totaled CZK 22.9 billion. The remaining trading volume consisted of domestic and foreign equities (CZK 16.9 billion) and unit certificates (CZK 0.4 billion). In the Czech market, the company concluded trading transactions worth CZK 319.3 billion (91% of trading volume) and another CZK 32.7 billion was concluded on advanced foreign markets, mainly those of OECD countries and the USA.

One of the factors that caused the increased activity of PPF burzovní společnost a.s. in the Czech bond market last year was the fact that the company became a market-maker for Czech government bonds and a direct participant in government bond auctions organized by the Czech National Bank (CNB). These activities, combined with the attractiveness of bonds last year, thanks to falling interest rates and the security of bonds as an investment instrument, contributed to the high year-on-year growth in bond trading volume on the PSE.

In terms of trading volume in 2002, PPF burzovní společnost a.s. ranks among the biggest securities brokerages in the Czech Republic.

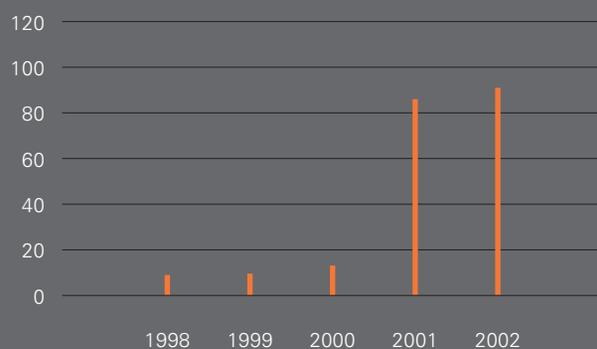
Positive Earnings

PPF burzovní společnost a.s. posted a 2002 profit of CZK 75 million, thereby continuing in the positive earnings trend established in past years. This result was achieved in particular thanks to the sustained growth in assets under management and our prudent investment policies. The company's registered capital is CZK 55 million and its shareholders' equity at 31 December 2002 totaled CZK 278.3 million.

Assets under management rose by CZK 5 billion during 2002, from CZK 86 billion to CZK 91 billion. This performance is attributable mainly to the long-term stable and high performance of the company's portfolios. Management of assets entrusted to the company in 2002 was focused primarily on investments in secure, liquid securities. These included mainly debt instruments – government bonds and bonds of high-credit issuers. The objective in all cases was to ensure solid, long-term, stable returns on client portfolios.

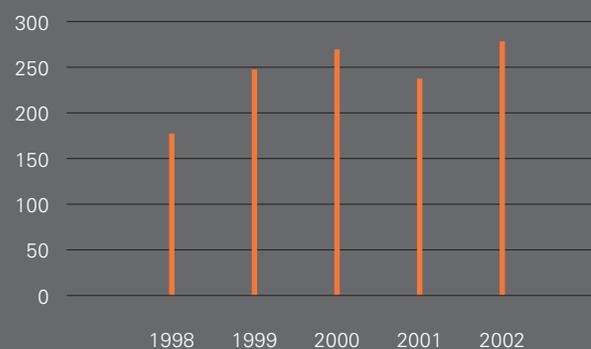
Assets Under Management

1998 – 2002 (CZK billions)



Shareholders' Equity

1998 – 2002 (CZK millions)



Note:

The Company paid a CZK 143 million dividend in 2001.

Securities Trading

in 2002 (CZK)

PSE for own account	150,605,459,331
PSE for clients' accounts	150,994,069,676
PSE total	301,599,529,007
RM-System for own account	4,795,921,992
RM-System for clients' accounts	1,836,565,940
RM-System total	6,632,487,932
Trading in foreign securities for own account – equities	7,089,538,108
Trading in foreign securities for clients' accounts	2,715,348,558
Trading in foreign securities total	9,804,886,666
OTC trading for own account – equities	23,651,012
OTC trading for own account – bonds	2,575,879,376
OTC trading for clients' accounts – equities	1,435,515,194
OTC trading for clients' accounts – bonds	29,847,061,543
OTC trading total	33,882,107,125
Total trading volume	351,919,010,730

PPF Capital Management a.s.

Area of business:	management of PPF Group's strategic investments
Date of inception:	3 August 1995
Address:	Na Pankráci 1658/121, 140 21 Prague 4, Czech Republic
Registered capital:	CZK 178.3 million
Assets under management:	CZK 2.3 billion
Auditor for 2002:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Zbyněk Štěrba – Chairman Karel Pražák – Member Milan Včeliš – Member
Supervisory Board:	Ladislav Chvátal – Chairman Michal Stiebal – Member Václav Šrajec, MBA – Member
Company management:	Zbyněk Štěrba – Executive Director
Principal businesses:	administration and management of equity interests, especially strategic holdings investment consulting for a venture capital fund seeking out quality investment opportunities

In 2002, PPF Capital Management a.s. continued in its business activities in the same direction established in 2001, when it became the management company of a venture capital fund. The company developed projects for investing in telecommunications (Vegacom a.s.) and the automotive aftermarket (originally Českomoravská investorská, now Temposervis, a.s.). During the past year, these were joined by the new projects InWay and Linnet in the area of modern Internet technologies. PPF Capital Management a.s. regularly evaluates the state of all the investments, including analyzing earnings performance and investment of capital in individual projects, and then, based on the current evaluation and anticipated market conditions, it submits recommendations for further development. The company's active search for new investment opportunities and its efforts to effectively manage existing investments are fully in line with the shareholders' intent to achieve a return on their investments over the medium-to-long term. Assets under management in 2002 exceeded CZK 2.3 billion.

However, last year the conditions for the use of venture capital in the Czech economy remained unchanged. Larger-scale use of this method of financing investments was hindered both by the still-underperforming capital market and imperfect legal environment, as well as multiple taxation of returns, insufficiently motivating legislation governing manager options, and other obstacles. For these and other reasons, most funds are based off-shore, in territories with more favorable tax regimes.

Similar to previous years, for most of the year the bulk of the company's assets was in interest-bearing securities with above-average rates. A substantial volume of securities held by the company was denominated in Slovak Crowns, with the associated currency risk hedged by forward sales of the Slovak currency. At the same time, these assets continued to be financed by bonds issued in 1999. In September 2002, the company made a regular CZK 99.6 million coupon payment in accordance with the issue terms. As a result of a meeting of bond holders, the entire CZK 2 billion bond issue together with accrued interest was repaid early on 2 December 2002. All obligations ensuing from this measure were settled in full as of that date.

In 2003, the company will continue to provide high-quality and comprehensive consulting services relating to its current investments and possible future investment opportunities.

PPF majetková a.s.

	The company is one of largest private entities in the Czech Republic that is involved in comprehensive real property management.
Area of business:	management and development of real property
Date of inception:	8 June 1995
Address:	Na Klikovce 367/7, 140 00 Prague 4, Czech Republic
Registered capital:	CZK 1.27 million
Assets under management:	CZK 8.5 billion
Auditor for 2002:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Petr Javůrek – Chairman Taťána Panýrová – Member Marta Horáková – Member
Supervisory Board:	Milan Maděryč – Chairman František Tlustoš – Member Aleš Minx – Member
Company management:	Petr Javůrek – Executive Director
Principal businesses:	management and development of real property seeking out profitable investment and development projects, management and realization of same

PPF majetková a.s. is responsible for all real estate projects in PPF Group in the same scope as the term “management and development of real estate funds” is understood in developed foreign markets. PPF majetková a.s. provides realty services, construction project management, economic analyses, and property management for all the commercial properties in the company’s portfolio in the domestic market. These properties represent a value exceeding CZK 8.5 billion. Despite a highly competitive business environment, the company’s professional expertise and know-how have made it one of the largest and most qualified players in its segment of the Czech market. With the addition of real property management at a nationwide level starting in October 2002, PPF majetková a.s. reinforced this position even more.

In the area of management and development of real estate funds, the company offers its clients primarily management of real estate portfolios owned by the clients themselves. Further, the company works on clients’ behalf to seek out projects that have the potential to generate the desired returns, and then goes on to manage and realize these projects. PPF majetková’s biggest client in this area is Česká pojišťovna; other clients include eBanka, a.s., ČP INVEST, investiční společnost, a.s. and Vegacom a.s.

Comprehensive Real Property Management

The basic service offering of PPF majetková a.s. encompasses all activities related to the management and development of real estate funds. The company’s principal activities in this area include: real estate market research and analysis, seeking out investment opportunities and evaluating them in terms of economic, legal and construction/engineering considerations, assessing investment plans and rates of return of various properties in clients’ portfolios.

Long-term Stable Income

Income generated from leases of the real estate funds under management was stable in 2002. Measures implemented based on an evaluation of the rates of return on individual properties are leading to more effective property utilization and management, thereby further increasing the value of the real estate portfolio as a whole.

Construction and Development Projects

All projects currently in the implementation phase are continuing successfully. As a result of a reassessment of the utilization of space in multifunction buildings in Prague 1, Vladislavova and Spálená Streets, revisions were made to the project that will make the style of the interiors more universal, thereby ensuring their ability to be let.

In 2002, all planned subprojects for unifying Česká pojišťovna teller areas were completed in 2002. The standardized design of interiors, furniture and fittings at the branches is contributing to increased client comfort and is underlining the importance and position of Česká pojišťovna a.s. in the Czech market. In 2003, building renovations will be completed in Žatec, Valašské Meziříčí and Ústí nad Labem.

The successful acquisition of leased office space for Česká pojišťovna a.s. in a building in Prague 4, at 9 Turkova Street, previously known as Prague Gate, was one of the biggest deals of its kind in Central Europe last year. The prestigious space in this modern building of European quality will contribute very positively to developing the client's image.

Active Portfolio Diversification

In diversifying clients' real property portfolios, PPF majetková focuses on steadily increasing returns. A model example of this is the transformation, orchestrated by the company, of Sanatorie Klimkovice into a respected spa facility with returns exceeding the original plan.

PPF majetková a.s. continues to develop its real property management activities with the clear aim of increasing rates of return on properties entrusted to the company. The company is prepared to take on additional clients and provide them its services and know-how in this area of business in order to build its position in the Czech Republic market.

CM - CREDIT a.s.

	The company is one of the five biggest private receivables management companies in the Czech Republic.
Area of business:	receivables management, corporate balance sheet restructuring
Date of inception:	31 October 1996
Address:	Kříženeckého náměstí 1079/5b, 150 00, Prague 5, Czech Republic
Registered capital:	CZK 2 million
Assets under management:	CZK 8.2 billion
Auditor for 2002:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Milan Krob – Chairman Karel Pražák – Member Vladimír Libich – Member
Supervisory Board:	Zbyněk Štěrba – Chairman Jan Blaško, MBA – Member Milan Včeliš – Member
Company management:	Milan Krob – Director
Principal businesses:	receivables management balance sheet restructuring services auction preparation and organization activities

Thanks to our specialized company CM - CREDIT a.s., another area in which PPF Group was very active last year was receivables management. PPF Group has years of experience in activities related to management of accounts receivable, and we have really put these to work in the past two years, a time of considerable growth in the Czech Republic receivables market. A very important factor that impacted the situation in the receivables market was a tender organized by Česká konsolidační agentura, for sale of a package of receivables. The package offered for sale in the tender was one of the biggest ever, with an aggregate face value in excess of CZK 39 billion. This attracted a large number of new investors, even from abroad. Despite growing competition in this area, CM - CREDIT a.s. has maintained its position as one of the five biggest private companies in the Czech Republic that offer comprehensive receivables management services. The company focuses primarily on managing and trading in receivables under loan agreements where the debtors have defaulted on their repayment obligations.

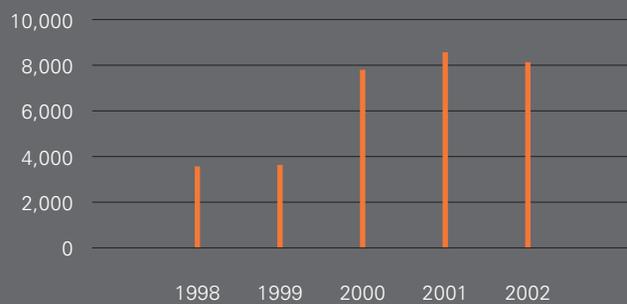
Comprehensive Receivables Management

CM - CREDIT a.s. offers a truly comprehensive service range in the area of receivables management. The range covers everything from taking over and analyzing individual cases through arranging for legal services all the way to organizing active collection efforts to ensure cash is received as quickly as possible for the benefit of the company's clients. In addition to managing large portfolios of receivables, the company manages receivables on behalf of smaller clients as well. This type of management is used especially for consumer credit and leasing companies. Thus, CM - CREDIT a.s. is successfully positioning itself as a leader in the area of managing "trade receivables", which are those that arise from providing consumer credit. The company then goes on to provide for the commercial exploitation of these receivables. The provision of comprehensive receivables management services is made possible by the company's considerable expertise, know-how and high-quality team of specialists in the field.

In the area of managing and selling bank receivables, several tenders took place in 2002. CM - CREDIT a.s. bid in some of them and won the right to purchase the debt portfolio of UNIVERSAL BANKA, a.s. and, together with HZ Praha, spol. s r.o., we won a tender organized by the City of Prague for management of trade receivables. Furthermore, the company succeeded in acquiring the last package of receivables from the bankruptcy administrator of Kreditní banka Plzeň, a.s., with an aggregate face value in excess of CZK 200 million. The tender for receivables in respect of Agrobanka Praha, a.s. will be repeated this year and CM - CREDIT a.s. is confident of success. Thanks to our success in tenders as well as acquisitions of individual receivables from domestic financial institutions, PPF Group substantially strengthened its position in the receivables market.

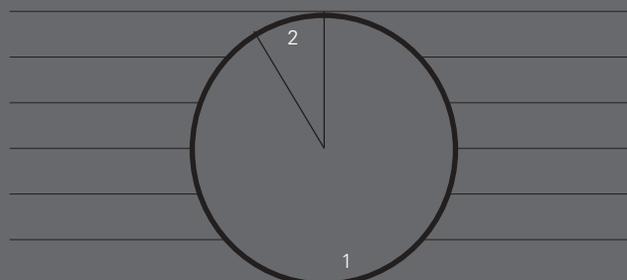
Receivables Under Management

1998 – 2002 (CZK millions)



Structure of Receivables

at 31 December 2002



- 1 Loan receivables
- 2 Leasing receivables

Another important activity of the company is providing financial advice on restructuring the balance sheets of legal entities that have been under defective financial management in the past and that are in need of systemic changes in their business behavior. CM - CREDIT a.s. can take over a company's administration, analyze its legal and financial situation, formulate specific operational goals and, in cooperation with other specialists, implement all the steps necessary to put the company back on its feet. Through its website, www.cmcredit.cz, the company provides generalized financial advice for the company's existing and future clients. The web application will also provide detailed information on portfolios under management. The company expects this application to accelerate the debt collection process even more.

Successful Receivables Management

CM - CREDIT a.s. currently manages a portfolio of receivables valued at over CZK 8 billion. The vast majority (92%) are receivables that arose under loan agreements, while the remainder consists of receivables from leasing companies. Last year, the company managed to increase collection in absolute terms while the volume of the assets under management remained roughly the same. While in 2001 the company collected CZK 169 million for its clients, in 2002 it collected CZK 184 million. In several cases, like the City of Prague, the company exceeded clients' expectations in terms of return. These commercial successes were reflected in the company's revenues and had a positive impact on its earnings in 2002.

Activities in 2003

This year, CM - CREDIT a.s. will endeavor to build on the successful trends established in past years, actively managing its clients' portfolios of receivables and diversifying them with the aim of achieving a commensurate rate of collection. Thanks to an upswing in offers for sale of receivables, the year 2003 is bringing new opportunities in the company's core business area. PPF Group is planning to participate in several tenders and we are confident of our success. Thanks to the company AB - REAL Plzeň, a. s., which is part of the Group, PPF entered a tender to purchase Česká konsolidační agentura receivables with an aggregate face value of CZK 62 billion and won the tender by submitting the best bid.

PPF (CYPRUS) LIMITED, PPF FINANCIAL SERVICES LIMITED

Area of business:	asset management and securities brokerage
Date of inception:	9 February 1998
License obtained:	1998 (from Central Bank of Cyprus)
Registered office:	Nicosia, Cyprus
Registered capital:	USD 75.736 thousand
Assets under management:	USD 98 million
Auditor for 2002:	KPMG Cyprus
Memberships:	CIFSA – Cyprus International Financial Services Association
Board of Directors:	Miroslav Horský – Chairman Arlin Nahikian – Member Spyroulla Papaeracleous – Member Georgios Syrimis – Member Athinodoros Athinodorou – Member
Company management:	Miroslav Horský – Executive Director
Principal businesses:	providing financial services associated with asset management and securities trading

PPF (CYPRUS) LIMITED is a 100% subsidiary of PPF a.s. and all its operations are located abroad. The company was established in early 1998. Like the other members of PPF Group, it offers financial services relating to asset management and management of third-party portfolios in accordance with the laws of Cyprus. In 1998 the company obtained a license from the Central Bank of Cyprus to provide asset management services.

PPF FINANCIAL SERVICES LIMITED is a sister company of PPF (CYPRUS) LIMITED. It has also obtained a license from the Central Bank of Cyprus to provide financial services. As a securities brokerage, the company provides its clients services related to trading in securities, either acting as an intermediary or trading directly.

PPF FINANCIAL SERVICES LIMITED is a member of CIFSA – Cyprus International Financial Services Association, an organization with strict disclosure requirements, thanks to which its members are highly regulated and transparent players in the Cyprus market.

Both companies provide financial services to foreign investors who are interested in gaining exposure to and investing in the Czech capital market. Subsequently it provides for all aspects of managing their investments in the Czech Republic. The principal aim is to offer foreign clients high-quality, professional management of their assets and ensure effective generation of returns on their investments over the desired time span. Assets under management of both Cyprus-based members of PPF Group total 98 million U.S. dollars.

Specialized Companies of PPF Group

PPF Asset Management a.s.

Area of business:	securities brokerage
Date of inception:	3 December 1997
Address:	Na Pankráci 1658/121, 140 21 Prague 4, Czech Republic
Registered capital:	CZK 52 million
Auditor for 2002:	Haarmann, Hemmelrath & Partner Audit s.r.o.
Board of Directors:	Petr Milev – Chairman
Supervisory Board:	Jan Blaško, MBA – Chairman Petr Polenda – Member Leoš Pýtr – Member
Company management:	Petr Milev – Executive Director
Principal businesses:	securities brokerage investment management and investment consulting investment services relating to the management and administration of investment instruments for institutional investors

PPF Asset Management a.s. was created in May of this year by the renaming of Baader Securities a.s., which PPF acquired in December 2002. This acquisition is related to the Group's new strategy based on keeping asset management activities separate from securities trading. Elsewhere in the world it is common for these functions to be kept purposely separate. Another reason is to enable the greater and deeper specialization of the company in its designated area, which will lead to an expanded array of services with improved quality.

In accordance with the new strategy, PPF Asset Management a.s. is set to become the Investment Center for the entire financial group and will deal with concentrations of surplus cash and make treasury management decisions on a centralized basis. Further, it will specialize in carrying out hedging transactions against interest rate and foreign exchange risks and provide services relating to investment consulting and management of investment instruments (asset management) for individual Group companies, especially those which are financial institutions in their own right. In addition to active trading in securities, the company will also provide for custody and related services for foreign securities as well as other securities deposit and administration services.

PPF CONSULTING a.s.

Area of business:	management of portfolio investments – consulting
Date of inception:	18 November 1996
Address:	Na Pankráci 1658/121, 140 21 Prague 4, Czech Republic
Registered capital:	CZK 1 million
Assets under management:	CZK 240 million
Auditor for 2002:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Petr Kellner – Chairman (until 13 March 2003) Aleš Minx – Member Petr Chajda, MBA – Member
Supervisory Board:	Lubomír Král – Chairman (since 13 March 2003) František Tlustoš – Member Lenka Šafránková – Member
Company management:	Pavel Tomšů – Project Manager
Principal businesses:	advising solutions for selected equity holdings having the character of portfolio investments providing recommendations for effective exercise and protection of basic shareholder rights

Portfolio investments are another component of PPF Group's portfolio. Their management is the responsibility of PPF CONSULTING a.s. The company's basic areas of activity are active protection of shareholder rights and qualified consulting for selected equity participations that have the character of portfolio investments. The company currently manages approximately CZK 240 million in assets.

Effective Exercise of Shareholder Rights

The aim of PPF CONSULTING a.s. is to provide legal protection to those of its clients who find themselves in the role of minority shareholders in corporations. The company also acts on behalf of its clients to effectively exercise their shareholders' rights and defend their interests in corporations. Last year, the largest companies in clients' portfolios included nkt cables, a.s., Český porcelán, akciová společnost, České aerolinie a.s., Všeobecná stavební spořitelna Komerční banky, a.s. and TESLA Jihlava, a.s.

Qualified Consulting

Based on a detailed analysis of individual equity participations that takes into account both the macro and micro environments of selected corporations, PPF CONSULTING a.s. proposes solutions for its clients aiming to ensure the most effective possible returns on their equity participations. The result is the recommendation of further steps, including a specific description of how to proceed. The company also offers clients the option of having PPF CONSULTING a.s. organize all aspects of dealing with their equity participations. Last year this included organizing activities associated with purchasing shares in eBanka, a.s.

Effective Generation of Investment Returns

It is in the company's interests to ensure for its clients the maximum possible return on their minority participations, especially through their sale at more advantageous terms than otherwise available on the public securities markets. This can be achieved, for example, by acting in concert with other shareholders or by teaming up with a strategic investor, or through other forms of sale. PPF CONSULTING a.s. made a very positive impact on client portfolios – as well as its own bottom line – for example, by selling shares of nkt cables, a.s. In addition to selling equity participations, another potential way to generate a return on an investment is by increasing a shareholder's position in the company in question or by working with other shareholders to develop the target companies, as is the case, for example, with Český porcelán, akciová společnost.

During the 2002 accounting period, the Supervisory Board of PPF a.s. operated in a three-member configuration and discharged the tasks given to it by applicable law and the company's Articles of Association.

The Supervisory Board supervised the exercise of powers by the Board of Directors and the implementation of the company's business activities. The Supervisory Board determined whether the company's business activity is being carried out in accordance with applicable law, the company's Articles of Association, and resolutions of the company's General Meetings.

At its meetings, the Supervisory Board discussed the company's financial performance, its investment policy and the fulfillment of long-term goals by the company's business operations.

In its oversight over the exercise of authority by the Board of Directors, the Supervisory Board found no shortcomings and it hereby states that, in its opinion, the Board of Directors exercised its authority fully in accordance with applicable law, the company's Articles of Association, and resolutions of the company's General Meetings; furthermore, in particular, that the company's accounting records were maintained in a proper, complete fashion and that the company's year-end financial statements were compiled in accordance with applicable law and other accounting regulations.

The Supervisory Board also reviewed the "Report on Relations among Affiliated Entities" prepared in accordance with Section 66a Commercial Code. The Supervisory Board did not find this report to contain any incorrect or incomplete information, nor did it find that any information was withheld. The Supervisory Board agrees with the conclusions of the company's Board of Directors set forth in said report.

Prague, May 2003



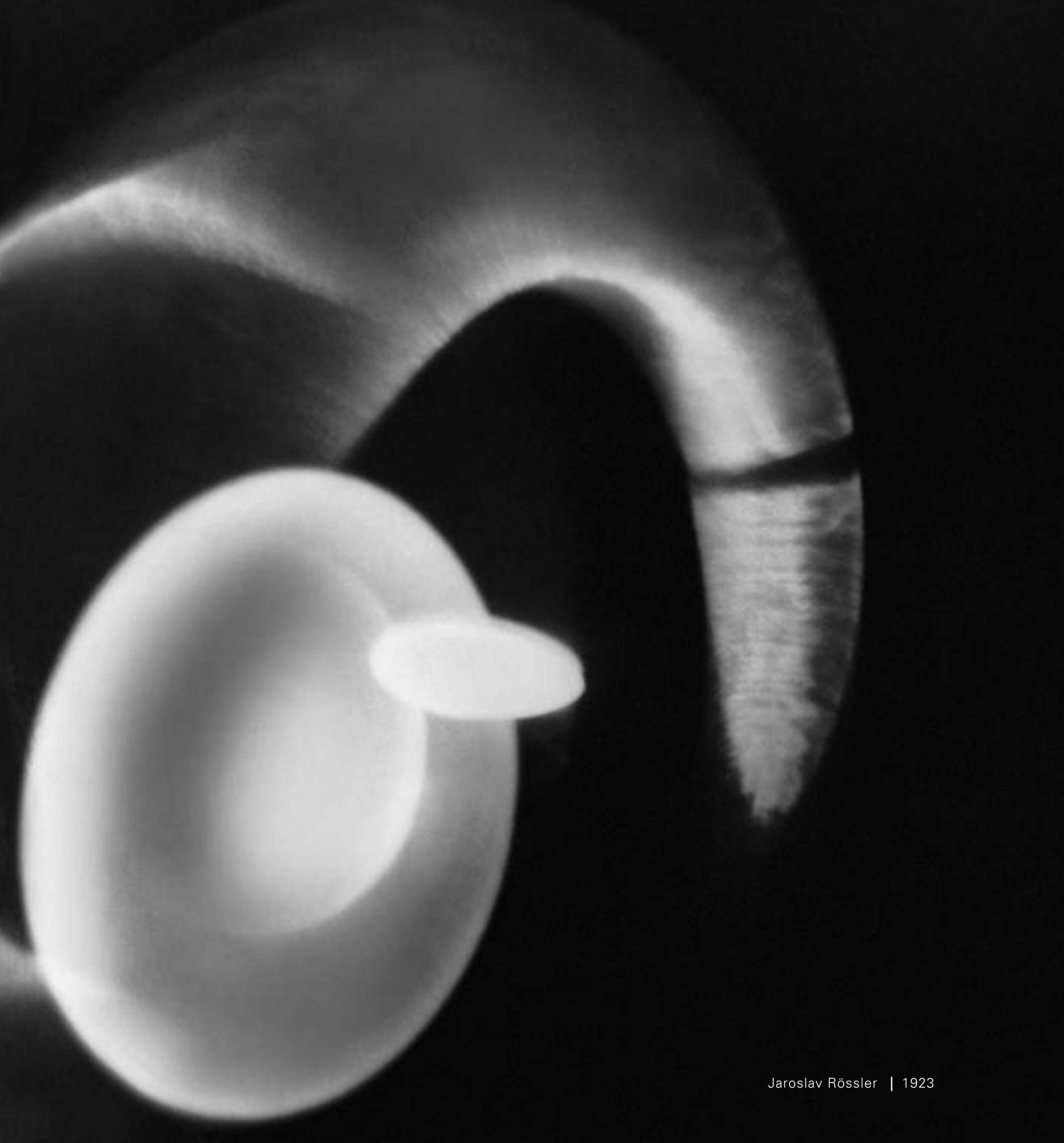
Štěpán Popovič
Chairman of the Supervisory Board













Companies Managed by PPF – Senior Management of Česká pojišťovna Group



Ladislav Bartoníček, MBA – CEO, Česká pojišťovna a.s.

- 1 | Born in 1964; a graduate of the Czech Technical University in Prague, Faculty of Electrical Engineering. Joined PPF investiční společnost a.s. in 1991 as executive director and was awarded an MBA by the Rochester Institute of Technology, Rochester, New York, in 1993. Since 1996, Bartoníček has been CEO and Vice Chairman of the Board of Directors of Česká pojišťovna. He has been Chairman of the Board of Directors of Česká pojišťovna a.s. since June 2000.

Pavel Plachký – CEO, Home Credit Finance a.s.

- 2 | Born in 1966; a graduate of the Brno Technical University, where he majored in telecommunications. After graduation he commenced his career at ČESKÝ TELECOM, a.s. In 1994 – 1998 he worked in various positions from head of operations department up to deputy branch director at Evrobanka, and later Union Banka. He joined Home Credit Finance a.s. in 1998 as director of sales and became CEO in 2000.

Radomír Lašák, MBA – CEO, eBanka, a.s.

- 3 | Born in 1965; a graduate of the University of Economics, Prague. In 1991 – 2002 he worked for Komerční banka, a.s., first as director of the Investment Banking division and later as the member of the bank's Board of Directors responsible for sales and further he acted as deputy CEO of the bank. In 2002, he joined eBanka, a.s., first as executive director in charge of sales. In the autumn of 2002, he was elected by eBanka's board to the position of Chairman of the Board of Directors and also became the bank's CEO.

Ivo Foltýn, MBA – CEO, Penzijní fond České pojišťovny, a.s.

- 4 | Born in 1970; a graduate of Brno Technical University's Mechanical Engineering Faculty. He began his career in 1994 as a capital markets analyst with PPF investiční společnost a.s. In 1995 – 1998 he was Project and Portfolio Manager at PPF Capital Management a.s. Since 1997 he has been Chairman of the Board of Directors and CEO of Penzijní fond České pojišťovny, a.s. Since 2001 he has also been serving as Deputy CEO of České pojišťovny a.s. for life assurance. He was awarded an MBA by the University of Chicago's Graduate School of Business.

Martin Sankot – CEO, ČP INVEST investiční společnost, a.s.

- 5 | Born in 1967; a graduate of the Ostrava Mining University. After completing studies, Sankot worked at Wüstenrot – stavební spořitelna a.s. as a regional director and starting in 1999 he served as director of the sales department at Raiffeisen stavební spořitelna a.s. He also had a hand in the establishment of the company Raiffeisen finanční poradenství (Raiffeisen Financial Consulting). In 2001 he completed a doctorate in Economics. He was appointed CEO of ČP INVEST investiční společnost, a.s. in February 2001.

Companies Managed by PPF – Senior Management of Česká pojišťovna Group



Miloš Stibor – CEO, ČP Leasing, a.s.

- 1 | Born in 1964; a graduate of Brno Technical University with a major in heavy industry economics and management. Later he worked as an economist with TOS Kuřim, a.s. In 1992 he was appointed branch director at Evrobanka in Brno. He was part of the team that founded ČP Leasing, a.s., where he went on to serve as director of the Brno branch. He was appointed CEO in 2000.

Antonín Nekvinda – CEO, Česká pojišťovna – Slovensko, a.s.

- 2 | Born in 1966; graduated from Brno Technical University and, in 1991, joined the Brno branch of Česká pojišťovna a.s. There he worked in various operational and financial management positions in insurance for industry and business. Since March 1999 he has been a member of the Board of Directors of Česká pojišťovna – Slovensko, a.s. and in June 2000 he became CEO and Vice Chairman of the Board of Directors.

Zbyněk Babor – CEO, První městská banka, a.s.

- 3 | Born in 1966, a graduate of the University of Economics, Prague. In 1991 – 1992 he worked for ČSOB's dealing department as a dealer and then spent eight years in corporate investment banking with CREDIT LYONNAIS BANK PRAHA, a.s. In 1997 – 2000 he was a member of that bank's Board of Directors. After that he worked for Celestis Finance, s.r.o. and PPF burzovní společnost a.s. Currently he is Chairman of the Board of Directors and CEO of První městská banka, a.s.

Tomáš Kala – CEO, ČP DIRECT, a.s.

- 4 | Born in 1966, Kala studied at the University of Economics, Prague, where he majored in automated control systems. Starting in 1994 he worked as Managing Director for a private IT company, and in 1995 he became director of Expandia Holding's IT division. In 1998 he joined eBanka, a.s. (then Expandia Banka) as director of the Strategy and Development Division. He has been CEO of ČP DIRECT, a.s. since 2001.

Přemysl Gistr – CEO, Česká pojišťovna ZDRAVÍ a.s.

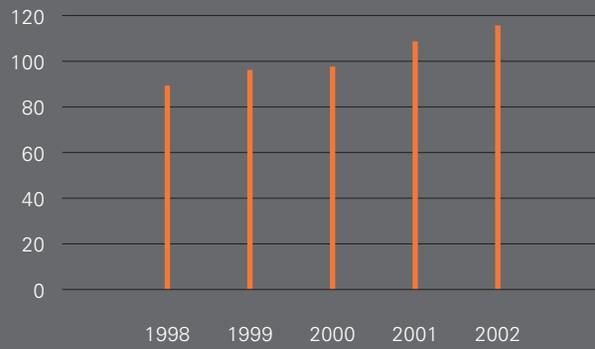
- 5 | Born in 1970; a graduate of the University of Economics, Prague, and the Brno Technical University. After completing studies, in 1993 – 1996 he worked for Bankovní dům SKALA, a.s. as head of the capital markets research department. In subsequent years, from 1996 – 2002 he worked first at BAŤA, akciová společnost and later at Effective Finance, s.r.o. He was also a member of the Board of Directors of UNEX Uničov a.s. and in 1998 – 1999 he was Finance Director and Member of the Board of Directors of TRANSPORTA Chrudim a.s. He was named CEO of Česká pojišťovna ZDRAVÍ a.s. in 2002.

Česká pojišťovna a.s.

	<p>The largest domestic insurance company with a market share exceeding 37%, Česká pojišťovna offers a wide range of insurance products, both life and non-life. It is the oldest Czech insurance company backed by a long and rich tradition. The company's roots stretch back to the year 1827 and last year it celebrated its 175th jubilee.</p>
<p>Area of business:</p> <p>Date of inception:</p> <p>Registered capital:</p> <p>Shareholders' equity:</p> <p>Assets:</p>	<p>insurance</p> <p>1 May 1992</p> <p>CZK 3.41 billion</p> <p>CZK 15.68 billion</p> <p>CZK 115.56 billion</p>
Board of Directors:	<p>Ladislav Bartoníček, MBA – Chairman</p> <p>Milan Maděryč – Vice Chairman</p> <p>Jan Blaško, MBA – Vice Chairman</p> <p>Jan Ježdík – Member</p> <p>Ladislav Chvátal – Member (since 17 June 2002)</p>
Supervisory Board:	<p>Ivan Kočárník – Chairman</p> <p>Aleš Minx – Vice Chairman</p> <p>Petr Kellner – Member</p> <p>Jaromír Prokš, MBA – Member</p> <p>Eva Dytrychová – Member (since 25 February 2003)</p> <p>Marie Kortová – Member (since 25 February 2003)</p>
Company management:	<p>Ladislav Bartoníček, MBA – CEO</p> <p>Jan Blaško, MBA – Executive Board Member for Investment</p> <p>Jan Ježdík – Executive Board Member for Non-life Insurance</p> <p>Ivo Foltýn, MBA – Executive Board Member for Life Assurance</p> <p>Roman Stupka, MBA – Executive Board Member for Sales and Marketing</p> <p>Lubomír Bušek, MBA – Executive Board Member for Finance Management and Human Resources</p> <p>Jiří Huml, MBA – Executive Board Member for Operations and IT</p> <p>Miroslav Matocha – Executive Board Member for Underwriting and Reinsurance</p>
Principal businesses:	<p>providing life and non-life insurance services to private individuals as well as to small, mid-sized and large corporations</p>

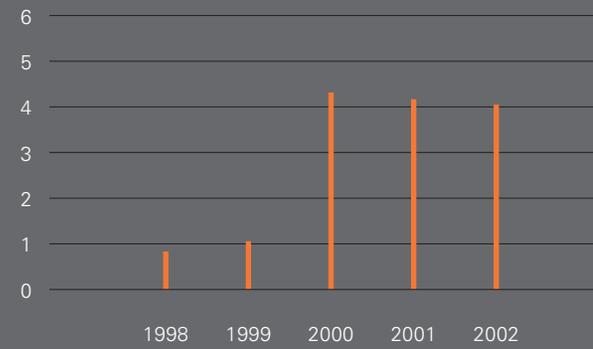
Total Assets

1998 – 2002 (CZK billions)



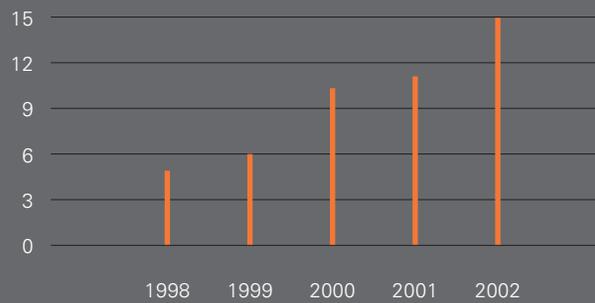
Net Earnings

1998 – 2002 (CZK billions)



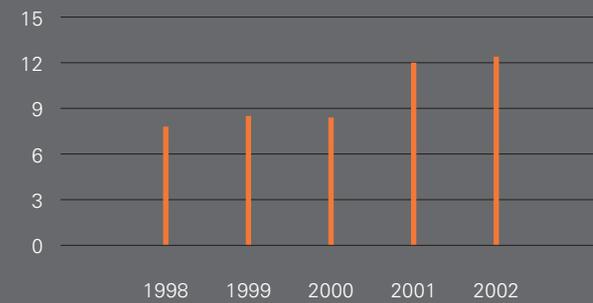
Shareholders' Equity

1998 – 2002 (CZK billions)



Life Assurance Gross Premiums Written

1998 – 2002 (CZK billions)



Česká pojišťovna a.s. represents a long-term strategic investment for PPF. PPF owns Česká pojišťovna a.s. through its Dutch subsidiary, Cespo B.V., which holds 84.08% of the insurer's registered capital. Thanks to its active approach to satisfying client needs, the company has held on to its position as the largest domestic insurer in the Czech Republic with a market share of over 37%, despite growing competition. Česká pojišťovna's products and services cover the entire range of life and non-life insurance. It provides services to private individuals as well as to small, medium and large corporations. In addition, its wide range of life assurance is supplemented by attractive products in the ČP Finance program – ČP Spoření (ČP Savings), ČP úvěrová karta and ČP kreditní karta (types of credit cards). Non-life insurance services are complemented by attractive co-insurance products that combine motor third party liability (MTPL) insurance with motor damage insurance in a single policy.

The company focuses on retail clientele in personal lines insurance and on medium to large clients in insurance for industry and business. Česká pojišťovna a.s. has been the Czech market leader for a long time now, and its ability to maintain its dominant market position in both life and non-life has not gone unnoticed by the rating agencies Fitch, Standard & Poor's (which regularly evaluate the company's financial strength) and, most recently, by Moody's as well. On 20 November 2002, Standard & Poor's gave Česká pojišťovna a.s. a long-term financial strength rating and credit rating of BBB- and gave these ratings a stable outlook. On 23 December 2002, Fitch awarded Česká pojišťovna a.s. a financial strength rating of BBB+ and a long-term rating of BBB with stable outlook. In addition to the company's position as market leader, both agencies also made reference to the good operating performance, profitability, and excellent liquidity of Česká pojišťovna.

Ever since its inception, Česká pojišťovna a.s. has been the biggest insurance company in the Czech Republic in terms of premiums written. In 2002, its market share in terms of premiums written reached 37.2%, 36.2% in life assurance and 37.8% in non-life insurance. Česká pojišťovna's premiums written grew 7% to CZK 33.3 billion, of which non-life accounts for CZK 20.9 billion and life assurance CZK 12.4 billion. The company's profit before tax totaled CZK 4.3 billion. Net earnings were CZK 3.2 billion. Thus, Česká pojišťovna a.s. remains one of the most profitable companies in the Czech Republic, a position it has held for a long time now. During 2002, the company's total assets grew from CZK 108.6 billion to just under CZK 116 billion. The number of insurance policies administered by Česká pojišťovna a.s. exceeds 11 million.

Coordination of the business activities of Česká pojišťovna's subsidiaries is provided by ČP finanční servis a.s. The objective of this coordination is to ensure comprehensive customer services for retail clientele under the brand name Česká pojišťovna a.s.

Česká pojišťovna a.s. will focus on further developing its financial group with the aim of offering a complete range of financial services in the framework of *bancassurance*, of which Česká pojišťovna is the pioneer in the Czech market. In 2003, Česká pojišťovna a.s. expects to maintain the current rate of growth and post another increase in premiums written, which should exceed CZK 23 billion in non-life insurance and reach CZK 13 billion in life assurance.

In 2002, Česká pojišťovna a.s. expanded into the Russian market, which became the third region (after the Czech Republic and Slovakia) where the company offers its insurance services. Česká pojišťovna Russia obtained an insurance license in June of last year and starting in September 2002 it is offering its first product – mixed life assurance. At the same time, it began intensively rolling out its sales network.

The most important strategic goals for 2003 include successful implementation of internal organization changes whose objective is to build a modern and efficient insurance company after the Western European model. The company will continue to focus on maintaining its market position and managing its financial group with the aim of offering a comprehensive range of financial services. The company's principal activities in the Russian Federation this year will focus on launching new products – with the aim of increasing the attractiveness of the current offering for clients – and on continuing to build the sales network.

Home Credit Finance a.s.

	Home Credit Group is one of the largest company in the consumer credit services (installment plans) market in the Czech Republic and Slovakia. In 2002, it successfully expanded its business into the Russian Federation as well.
Area of business:	consumer credit installment plans
Date of inception:	5 February 1997
Registered capital:	CZK 300 million
Shareholders' equity:	CZK 183 million
Assets:	CZK 7.37 billion
Board of Directors:	Pavel Plachký – Chairman (since 23 October 2002) Robert Potáček – Vice Chairman (since 23 October 2002) Pavel Teplý – Member (since 23 October 2002)
Supervisory Board:	Ladislav Chvátal – Chairman (since 23 October 2002) František Tlustoš – Member (since 23 October 2002) Pavel Pfauser – Member (since 23 October 2002)
Company management:	Pavel Plachký – CEO Martin Vetýška – Deputy Director Sales Oldřich Drápal – Deputy Director Marketing and PR Milan Mačica – Deputy Director IT Milan Dočkal – Deputy Director Finance Karla Henčlová – Deputy Director Active Trade Management Pavel Teplý – Deputy Director Research (since 1 March 2003)
Principal businesses:	provision of services associated with sale of consumer goods on credit (installment plans) using consumer loans and revolving loans

Home Credit in the Czech Republic

Home Credit Group has been a part of the Czech Republic's consumer credit market since 1997, when the company Home Credit a.s. began to provide finance leases of household consumer goods. In 2002, Home Credit Finance a.s. successfully withstood growing competitive pressures in the consumer credit segment. Not only did the number of market players increase, banks increased their offerings of consumer loans as well. In terms of commercial commodities, the year saw a partial shift in interest from electronics to appliances, furniture, and other household items. Last September, Home Credit a.s. and Home Credit Finance a.s. were merged in the logical next step of Home Credit Group's rapid development in the Czech Republic.

In 2002, Home Credit Finance a.s. placed greater emphasis on developing quality than on quantity. This new emphasis was reflected in restructured distribution channels, the implementation of new methods for entering into credit agreements, and improvements in the existing sales network. In addition to its standard activities, Home Credit Finance a.s. paid increased attention to developing a number of new projects, whose aim is to create the best possible conditions for satisfying the credit needs of both existing and potential clients (purchases of consumer goods and cash advances).

Without exaggeration, 2002 can be called the year of the revolving credit. Since 2000, consumers can get a revolving credit in the form of the YES international credit card, which is a permanent financial reserve that can be used at all locations where Maestro-type cards are accepted. In addition, holders of YES card can get cash advances at ATM machines both at home and abroad. In 2002, YES was one of the most popular credit cards in the Czech Republic. Home Credit has issued over 350,000 YES cards, thereby taking the lead position in terms of the number of credit cards issued in the Czech Republic. The number of vendor locations that accept YES cards grew to 5,000. In conjunction with the ČP finance program, within the ČP group, 2002 saw continued acquisition of clients through the project "ČP úvěrová karta" (ČP credit card), which is similar to the YES card. This collaboration has already brought in 73,000 active clients who hold this card.

2002 was a year of rapid expansion of client services as Home Credit brought new products to market. Late in the year the company launched the flexible product KOMBI, whose aim is to adapt to the client's financial situation. Further, co-branded cards were issued in cooperation with ASKO – NÁBYTEK, spol. s r.o. At the very end of the year the company opened a new distribution channel, Czech Post, which alone added 3,400 new sales outlets to the Home Credit network. The expansion was also associated with the launch of a new product – non-purpose-bound cash loans. The company's turnover totaled CZK 3.7 billion.

In 2003, Home Credit Finance a.s. is expecting to see further development of its collaboration with vendors based on provision of client services associated with financing purchases of all types of consumer goods, from consumer electronics through, e.g., sporting goods to hobby and garden needs. One of the fundamental pillars in the future will be the development of universal products, especially cash products, which give clients more freedom of choice and greater access to cash thanks to the company's extensive network of contact locations.

Home Credit in Slovakia

Home Credit Slovakia a.s. has been providing consumer credit in Slovakia since 1999 and revolving loans since 2001. For Home Credit Slovakia a.s., the year 2002 was characterized by stabilizing of the sales network. One very successful step was the launch of the Home Credit Card, which accounted for 30% of overall consumer credit turnover in 2002. As early as 2001, Home Credit Slovakia's commercial performance put it in the number-one position in the Slovak consumer credit market. The company defended this position in 2002, with total commercial turnover of SKK 2.5 billion, up 46% from the previous year. In 2002, the company entered into 171,000 credit agreements. One of the factors contributing to the positive performance was utilization of a new distribution channel – the Česká pojišťovna network.

Home Credit Slovakia a.s. was awarded a positive rating from CRA Rating Agency, a.s., which represents Moody's. The result is that Home Credit Slovakia a.s. is now certified as an entity with above-average capability to meet its financial obligations.

The objective of Home Credit Slovakia a.s. is to maintain its number-one position in the consumer credit market and to continue to grow market share. The company's task for 2003 is to diversify individual products, increase utilization of the YES card, increase product accessibility throughout Slovakia and expand the portfolio of services and financial commodities.

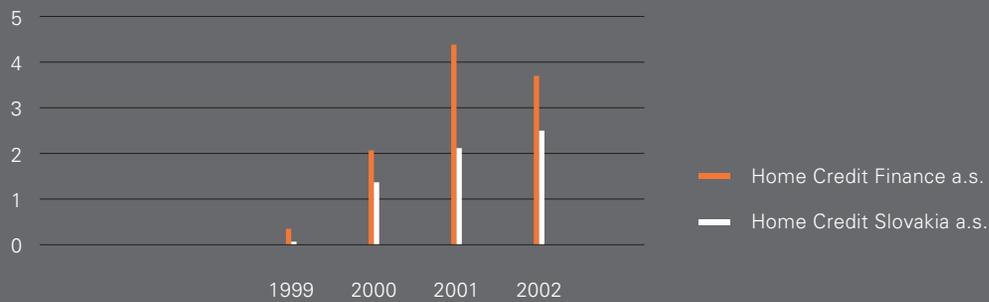
Home Credit in Russia

Home Credit entered the Russian market in early 2002. There it is offering consumer credit services through the company Home Credit & Finance Bank Llc. The company commenced its business activity in Moscow and surrounding areas in July 2002. Within record time, the company expanded its activities to other areas of Russia (Nižnyj Novgorod and Samara). To finance the needs of Russian households, Home Credit & Finance Bank Llc. chose to use short-term purpose-bound loans for the purchase of consumer goods, especially electronics and furniture, but construction materials as well. Late in the year the company unveiled a new product called CREDIT LINE, which enables gradual draw-down of the loan at multiple vendors. Currently the company offers consumer loans at over 1,500 sales locations.

In the Russian Federation, the company will focus on developing the Home Credit brand as the brand of a strong player in the Russian financial market. Further activities in 2003 will be connected with expanding service to further areas of the Russian Federation such as Kazan, Ufa, St. Petersburg, Tomsk, and Rostov-on-Don.

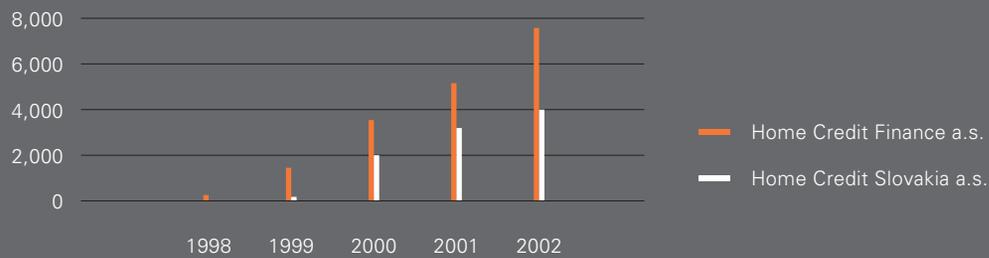
Turnover

1999 – 2002 (CZK, SKK billions)



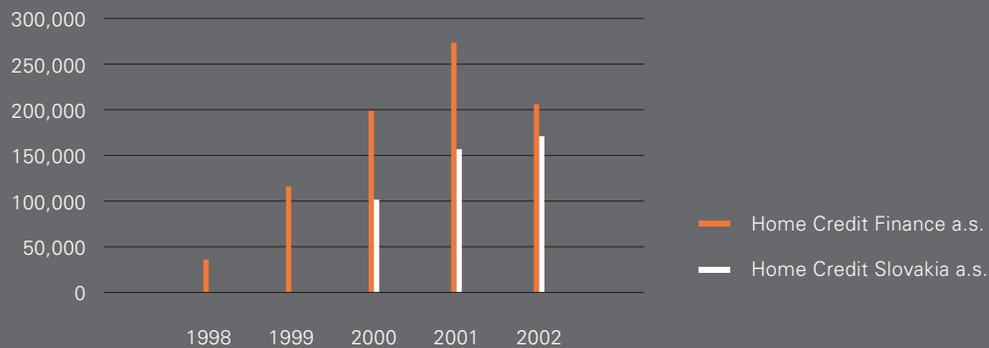
Number of Outlets

1998 – 2002



Number of New Contracts

1998 – 2002



eBanka, a.s.

The leader in the Czech Republic direct banking market, where it was the first to launch Internet banking (in 1998), eBanka was also the third bank in the world to launch GSM banking services.

Area of business:	banking services
Date of inception:	29 December 1990 (as Zemská banka, a.s.)
Market launch:	4 May 1998
Registered capital:	CZK 1,042 million
Shareholders' equity:	CZK 967 million
Total assets:	CZK 19.83 billion
Board of Directors:	Radomír Lašák, MBA – Chairman Peter Hollovič – Vice Chairman Vlastimil Nigrin – Member Alexandr Borecký – Member Luboš Černý – Member
Supervisory Board:	Petr Dvořák, MBA – Chairman Jan Přebyl – Vice Chairman Ladislav Bartoníček, MBA – Member Ladislav Chvátal – Member Pavla Pešková – Member (since 9 April 2002) Zdeněk Janoško – Member
Company management:	Radomír Lašák, MBA – CEO Peter Hollovič – Executive Director IT Vlastimil Nigrin – Executive Director Operations Alexandr Borecký – Executive Director Risk Luboš Černý – Executive Director Finance Petr Pištělák – Executive Director Marketing and Products (since 1 April 2003)
Principal businesses:	provision of universal banking services

eBanka, a.s. entered the banking market five years ago, in May 1998, under the name Expandia Banka, a.s. At that time, it was the only bank with a comprehensive offering of direct banking services.

A turning point came in 1999 with the signing of an agreement on the sale of 50.1% of the bank's shares between Expandia Group and Česká pojišťovna. Over the years that followed, the shareholding was consolidated up to 99.7% and the name Expandia Banka, a.s. was changed to eBanka, a.s. in 2001. eBanka, a.s. obtained a strong strategic partner in Česká pojišťovna and began its transformation into a fully universal bank with a broader branch network and a comprehensive product portfolio.

Even today, eBanka, a.s. is the only bank in the Czech financial market that offers comprehensive direct banking services. Clients can access and manage the wide spectrum of banking products available to them through the Internet, as well as by telephone, mobile phone, and WAP. These direct channels are supplemented by standard means of communication such as fax, postal mail and in-person visits to the bank's client centers.

In 2002, eBanka, a.s. saw its client base expand by 30%. At year end, the bank served over 300,000 clients. Over 70,000 utilize eBanka, a.s. Company and Personal Accounts, and of those, over 35,000 clients also use the GSM Banking service. 73,000 clients hold products offered within the ČP finance program and over 147,000 clients are active users of the YES credit card. A prominent characteristic feature of eBanka's clients is their high degree of loyalty, which is reflected, among other factors, in the fact that approximately 30% of new clients come to eBanka, a.s. on the basis of recommendations and references from existing clients.

eBanka's plan for the future is to position itself in the Czech market as a mid-sized universal bank offering comprehensive solutions for managing personal and company finances using the latest advances in information and telecommunications technologies.

Outlook for 2003

Private Individuals

eBanka, a.s. plans a very significant increase in its market share in 2003. It intends to reach this goal primarily by addressing the target groups it has not yet focused on, but which compose over 80% of the market. Another objective is to create a perception of eBanka, a.s. as a mid-sized bank whose services are capable of satisfying all types of clients.

eBanka, a.s. will not operate like a bank that assigns clients to various segments and then offers service packages to those segments. Instead, it will divide the target market up by life roles of individuals and make a targeted individual offering of products and services on that basis.

In addition to the above mentioned acquisition activity, eBanka, a.s. will place great emphasis on active business relations with its portfolio of existing clients. The bank will monitor client life cycles and focus sales initiatives on individual target groups. In addition to eBanka, a.s. products, these initiatives will feature products from throughout the Česká pojišťovna Group. The initiative will be designed to ensure that eBanka, a.s. succeeds in reflecting as much as possible the needs of clients and satisfying them within the Group.

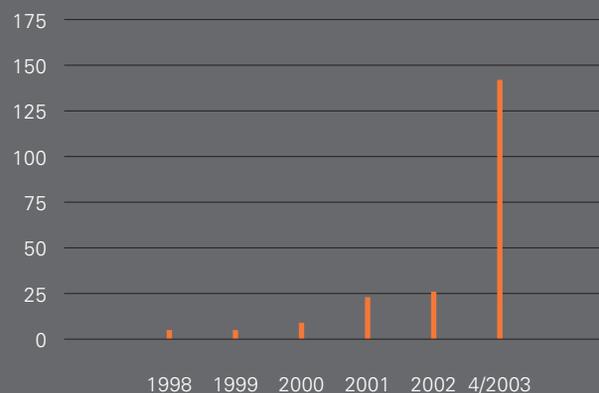
Small and Mid-sized Businesses

eBanka's activities in 2003 will be similar to those focused on private individuals. The bank will begin to adapt its corporate offering to make it more comprehensive and ensure that it better addresses the needs of corporate clients in terms of financing, doing business with foreign partners, and trade finance services. This year, eBanka, a.s. will actively focus on service quality. One of the first steps toward improving service – expanding the team of corporate bankers – is already being taken. The fundamental indicator the bank is using to determine companies' needs is annual turnover. Other important criteria are the company's business sector and whether it trades with foreign partners.

From the definitions of the target groups set forth above, it is obvious that eBanka, a.s. must address entities that already utilize the services of another bank. Thus, the basic question was where to look for potential clients in the target segments. By a process of analysis, optimum sources were identified in each segment, using which it will be possible to achieve the planned growth figures. Each such combination of source and target group is called a "source path", and determines which potential clients in the various target groups the bank must concentrate on and offer the appropriate services to. Success, defined as achieving the growth targets, will be a function of both correctly addressing the potential clients and quality reporting. Regular monitoring and evaluation of individual activities is the only way for eBanka, a.s. to gradually and most efficiently reach its goals and targets.

Number of Locations

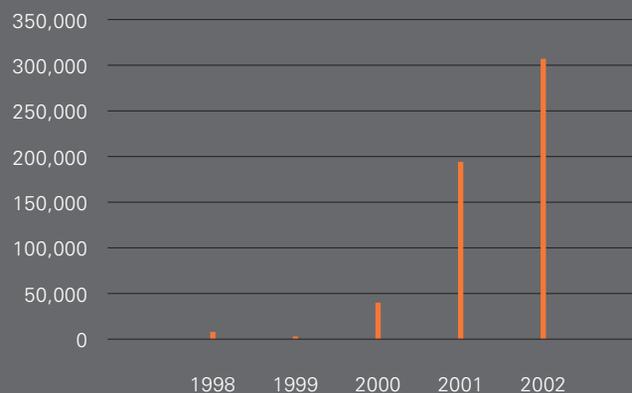
1998 – 2002



The growth in the number of outlets (to a total of 142) was achieved by expanding teller services for eBanka, a.s. clients to include Česká pojišťovna a.s. sales locations. Thus, at present eBanka, a.s. clients can take advantage of 23 client centers, 9 client centers for corporate and private clientele, which are primarily for corporate clients, and 110 eBanka, a.s. tellers at selected Česká pojišťovna a.s. outlets.

Number of Clients

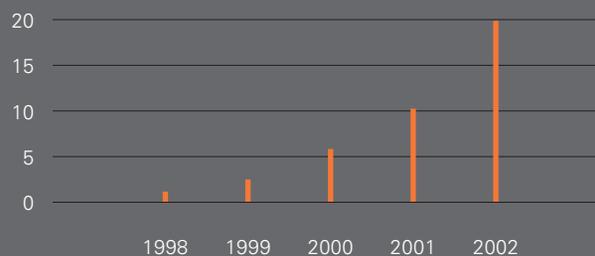
1998 – 2002



As of the end of April 2003, the number of clients reached 320,000. Nearly 83,000 clients use eBanka Company and Personal Accounts, and of those over 46,000 clients also use the GSM Banking service. 73,000 clients are cardholders in the ČP finance program and over 147,000 clients hold YES credit cards.

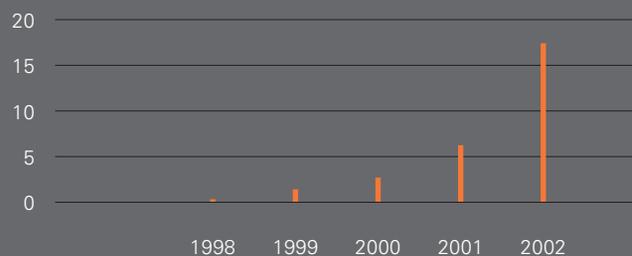
Total Assets

1998 – 2002 (CZK billions)



Primary Deposits

1998 – 2002 (CZK billions)

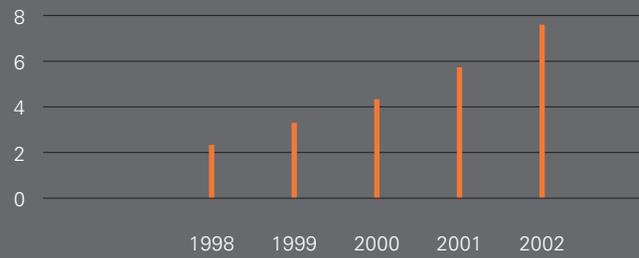


Penzijní fond České pojišťovny, a.s.

	Penzijní fond České pojišťovny a.s. is one of the biggest pension funds in the Czech Republic.
Area of business:	supplementary pension insurance in accordance with Act 42/1994 Sb. on Supplementary Pension Insurance with State Contribution, as amended
Date of inception:	19 September 1994
Registered capital:	CZK 210 million
Shareholders' equity:	CZK 640.8 million
Total assets:	CZK 7.6 billion
Board of Directors:	Ivo Foltýn, MBA – Chairman Tomáš Matoušek – Vice Chairman Radek Peřina – Vice Chairman Václav Šrajer, MBA – Member Roman Stupka, MBA – Member
Supervisory Board:	Darina Kocsisová, Ph.D. – Chairman Bohuslava Vohradská – Member Vít Šroller – Member Josef Kessler – Member Marek Mastník – Member Helena Lazosová – Member
Company management:	Ivo Foltýn, MBA – CEO Tomáš Matoušek – Executive Director Radek Peřina – Director Strategic Marketing Section (until 16 February 2003) Daniel Hýzl – Director Strategic Marketing Section (since 17 February 2003) Miloš Longin – Director Client Service Section (until 30 November 2002) Jiří Dalešický – Head of IT Department
Principal businesses:	providing supplementary pension insurance

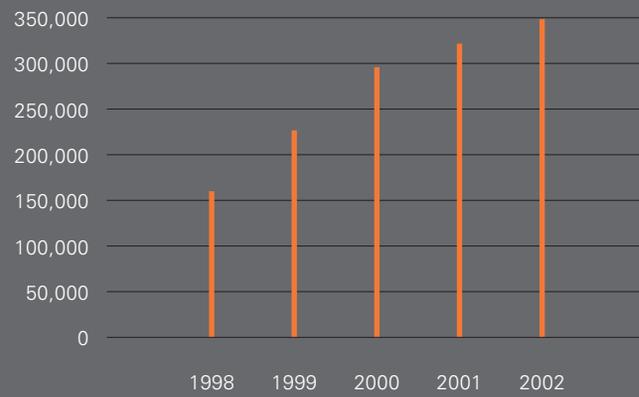
Total Assets

1998 – 2002 (CZK billions)



Number of Clients

1998 – 2002



Penzijní fond České pojišťovny, a.s. is one of the largest and financially strongest pension funds in the Czech Republic, with a market share of 13.5%. Its assets at 31 December 2002 totaled CZK 7.6 billion, up 32.2% over the previous year. By March 2003 total assets had passed CZK 8 billion. In 2002 the fund acquired over 65,000 new clients, bringing its client base to over 348,000 by the end of the year, making it one of the biggest pension funds in the Czech market. Today, the fund has over 355,000 clients and their number continues to grow at a rapid pace. In 2002 the fund posted a record net profit of CZK 201 million.

Penzijní fond České pojišťovny, a.s. offers supplementary pension insurance with State contribution for all types of pensions, including old-age pensions, earned pensions, disability pensions, and pensions for survivors of deceased beneficiaries. In cooperation with Česká pojišťovna, it also offers advantageous risk insurance as an attractive supplement to the savings function of pension insurance, thereby providing clients comprehensive coverage even in the event of sudden unexpected situations in life.

For corporate clientele, the fund has created an offering entitled the ČP Employee Benefits Program, which contains supplementary pension insurance with State contribution, life assurance or retirement insurance, bank products, employee savings and a Personal Credit Line. In addition to savings on staff costs, this program gives employers a useful incentive tool for motivating employees, who also receive tax advantages. Based on an individualized approach, comprehensive service, and individualized advice, the company provides employers with a professional, "one-stop shopping" service. The introduction and management of supplementary pension insurance are adapted to meet companies' specific needs and requirements. The number of client companies is now over 3,000.

In the autumn of last year, the Česká pojišťovna Group purchased a 100% equity stake in Commercial Union Penzijní fond a.s. and in early 2003 it began the process of merging the new acquisition into Penzijní fond České pojišťovny, a.s. After the merger is recorded in the Commercial Register, Penzijní fond České pojišťovny, a.s. will be the number-two pension fund in the Czech Republic, with 450,000 clients and manage assets of over CZK 10 billion in assets under management.

ČP INVEST investiční společnost, a.s.

	<p>ČP INVEST is the sixth biggest investment company in the domestic market with CZK 2.89 billion in assets under management.</p>
<p>Area of business: Date of inception: Registered capital: Shareholders' equity: Assets under management:</p>	<p>collective investment – management of mutual funds 19 November 1991 CZK 91 million CZK 170.26 million CZK 2.89 billion</p>
<p>Board of Directors:</p>	<p>Martin Sankot – Chairman Jana Doucková – Member Pavel Veselý – Member (since 15 May 2003)</p>
<p>Supervisory Board:</p>	<p>Daniel Kukačka – Member Martin Pecka – Member (since 30 April 2002)</p>
<p>Company management:</p>	<p>Martin Sankot – CEO, Acting Director Sales and Marketing Pavel Veselý – Director Finance and Asset Management</p>
<p>Principal businesses:</p>	<p>management of open-end mutual funds, offering of investment programs</p>

After the transfer of fund assets from PPF investiční společnost, a.s., ČP INVEST investiční společnost, a.s. became the sixth-largest investment company in the domestic market with CZK 2.89 billion in assets under management. The transfer of fund assets took place after a decision by PPF management to unite all activities in the financial group related to mutual fund management under a single entity – ČP INVEST investiční společnost, a.s.

ČP INVEST investiční společnost, a.s. offers the general public comprehensive services and products related to collective investment through its Family of Funds, consisting of ten open-end mutual funds (including sector-focused equity funds in addition to the customary fund types). Another attractive product for investors consists of investment programs that reflect varying degrees of risk, along with an individual investment program whose structure is determined exclusively by the client. Within the Family of Funds, investors may transfer between individual funds to adapt their investment strategy to their changing needs. The basic differences between the funds lie in their investment terms (i.e. the minimum period over which the investor should keep its investment in the fund), expected returns and approaches to investment risk.

ČP INVEST Family of Funds

Open-end Mutual Funds

Money Market Fund
 Government Bonds Fund
 Corporate Bonds Fund
 Mixed Fund
 Global Brands Fund
 Pharmaceuticals and Biotechnology Fund
 Petroleum and Energy Industry Fund
 New Economy Fund
 Český Fund
 Moravskoslezský Fund

Investment Programs

	Investment Program		
	Conservative	Balanced	Dynamic
Appropriate for investors	who prefer security to high returns	who are willing to bear a certain investment risk in return for a higher potential return	who demand a high return and who accept the risk of considerable fluctuations in unit price
Anticipated return	slightly above interest rates available from banks	medium	relatively high
Investment risk	low	medium	high
Recommended investment term	up to two years	2 – 5 years minimum	5 years minimum

Representation of Funds in Investment Programs

Representation of Funds in Programs	Conservative	Balanced	Dynamic
Money Market Fund	50%	10%	0%
Government Bonds Fund	30%	10%	5%
Corporate Bonds Fund	20%	10%	5%
Mixed Fund	0%	40%	30%
Global Brands Fund	0%	10%	30%
New Economy Fund	0%	5%	10%
Petroleum and Energy Industry Fund	0%	10%	10%
Pharmaceuticals and Biotechnology Fund	0%	5%	10%

ČP Leasing, a.s.

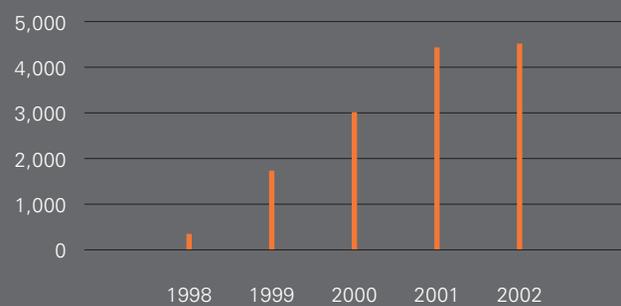
	ČP Leasing, a.s. is a universal leasing company that offers a comprehensive range of services in the area of leasing, focusing primarily on leasing of automobiles.
Area of business:	leasing services
Date of inception:	15 May 1997
Registered capital:	CZK 300 million
Shareholders' equity:	CZK 208.64 million
Total assets:	CZK 7.95 billion
Board of Directors:	Miloš Stibor – Chairman Luděk Keltyčka – Member Martin Hýbl – Member
Supervisory Board:	Ladislav Chvátal – Chairman Miroslav Chlumský – Member Jiří Vitouš – Member (since 24 April 2002)
Company management:	Miloš Stibor – CEO Luděk Keltyčka – Sales Director Martin Hýbl – Finance Director Tomáš Pilc – Director Risk Management Section Roman Pokorný – Director Administration Section
Principal businesses:	provision of operational and finance leasing services for automobiles, technologies and real estate

ČP Leasing, a.s. is a universal leasing company that provides finance and operating lease services with a focus on offering individualized conditions to meet customer needs. The company's product range is focused primarily on automobiles – cars, light trucks, heavy trucks, buses, and other transportation equipment. In 2002, the company did a total of CZK 4.5 billion of business, which represents year-on-year growth of 2%. With nearly 10,000 new lease contracts signed last year, the company took a leading position among leasing companies in the Czech Republic. Further development will focus mainly on the vehicles segment. The company is successfully developing its business in operating leases as well.

ČP Leasing, a.s. offers its services mainly through a network of vehicle dealers with whom it is constantly developing long-term and mutually beneficial relationships. This cooperation strengthens the company's sales performance and makes its operations more and more client-oriented.

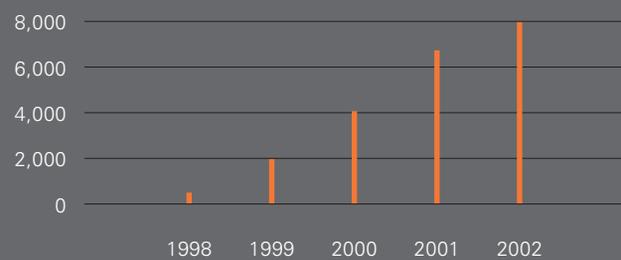
New Business

1998 – 2002 (CZK millions, net of VAT)



Total Assets

1998 – 2002 (CZK millions)



Česká poistovňa – Slovensko, a.s.

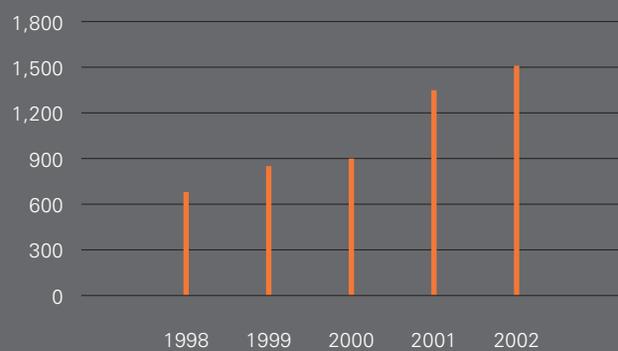
	Česká poistovňa – Slovensko, a.s. is a composite insurance company offering comprehensive life assurance and non-life insurance services in the Slovak market.
Area of business:	insurance services
Date of inception:	8 April 1993
Registered capital:	SKK 450 million
Shareholders' equity:	SKK 372.55 million
Total assets:	SKK 1.51 billion
Board of Directors:	Jan Ježdík – Chairman Antonín Nekvinda – Vice Chairman Jan Paleček – Member Lenka Pěňčíková – Member
Supervisory Board:	Ivan Kočárník – Chairman Vít Šroller – Member Pavel Východský – Member Slavomír Hatina – Member
Company management:	Antonín Nekvinda – CEO
Principal businesses:	provision of life and non-life insurance services to private individuals as well as small, mid-sized and large corporations

Česká pojišťovna a.s. is successfully developing its operations on the Slovak market through its subsidiary Česká poistovňa – Slovensko, a.s. Like its parent company Česká pojišťovna a.s. in the Czech market, it offers to the Slovak market comprehensive services in life assurance and non-life insurance for both private individuals and legal entities.

The company's premiums written grew in year-on-year terms by SKK 838 million to SKK 1.798 million, which represents growth of 87.4%. Non-life insurance accounted for 92.1% of overall premiums written by the company. Market share in this area was up 3% for the year, to nearly 8% of overall volume. The company's total assets grew by 12% last year to SKK 1.5 billion. In terms of the shares of individual classes of insurance in overall premiums written, the most significant insurance classes for the company were property insurance (40.6%), motor damage insurance (19.3%), motor third party liability (MTPL) insurance (14.4%) and life assurance (7.9%). The company offers its services through a network of 29 sales locations.

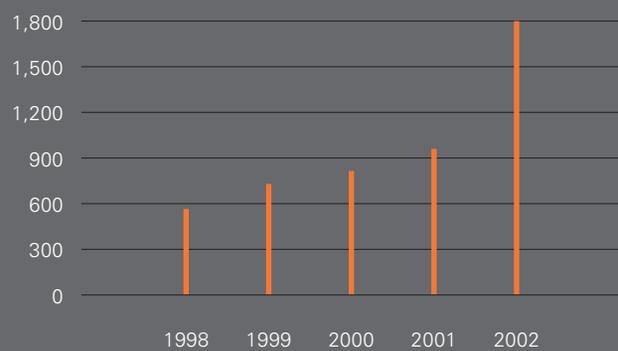
Total Assets

1998 – 2002 (SKK millions)



Premiums Written

1998 – 2002 (SKK millions)



První městská banka, a.s.

A specialized banking institution offering financial services tailored to the municipal sector.

Area of business:	banking services for the municipal sector
Date of inception:	31 January 1995
Registered capital:	CZK 500.02 million
Shareholders' equity:	CZK 571.57 million
Total assets:	CZK 10.7 billion
Board of Directors:	Zbyněk Babor – Chairman (since 21 May 2002) Leoš Pýtr – Vice Chairman (since 21 May 2002) Pavel Langr – Member (since 21 May 2002)
Supervisory Board:	Jan Blaško, MBA – Chairman Radovan Šteiner – Vice Chairman Jaroslav Melichar – Member Petr Milev – Member Tomáš Pekárek – Member Karel Pražák – Member
Management of the Bank:	Zbyněk Babor – Managing Director František Dombek – Sales Division Director Pavel Langr – Operations and IT Division Director Leoš Pýtr – Financial Markets Division Director Vladimír Gulla – Internal Support Division Director Petr Polenda – Risk Management Division Director
Principal businesses:	banking services, financial and consulting services for municipalities (cities and towns)

The acquisition of První městská banka, a.s. is part of the business strategy of Česká pojišťovna a.s. Becoming more involved in municipal and corporate banking is in the insurer's interests. It is a perfect match, since the insurance company, whose balance sheet is also long-term in character on the equity and liabilities side, is a natural investor in long-term financial instruments, which are a potential product of the bank's municipal deals.

První městská banka, a.s. is a specialized banking institution serving the City of Prague and other municipal entities. První městská banka, a.s. also offers financial services to other clients and its range encompasses all the basic products or services commonly provided by banks that serve large clients. První městská banka, a.s. is an institution that is so familiar with the specific problems of the municipal sector that it is capable not only of offering products and services tailored to the needs of cities, towns and municipal organizations, but also of reacting flexibly to special requests and needs of individual clients.

The year 2002 confirmed the upturn in the financial performance of První městská banka, a.s. that began in 2000, when the bank broke into the black. An increase in total assets (from CZK 10.15 billion to CZK 10.705 billion during the year) and an approximate doubling of profit compared to last year's result prove that the choice of a strategy of thorough specialization in financial and consulting services for the municipal sector was the right one.

První městská banka, a.s. will continue to focus on meeting the needs of clients in the municipal sector. Therefore, in 2003 the bank intends to concentrate in particular on further developing its financial and consulting services tailored to municipal clients with an emphasis on the City of Prague, on financing municipal projects and, last but not least, on providing selected services, quickly and in high quality, throughout the entire PPF Group and thereby complete the bank's effective integration into the financial group.

Česká pojišťovna ZDRAVÍ a.s.

	The company is a leader in the commercial health insurance market, with market share of 54%.
Area of business:	commercial health insurance
Date of inception:	22 December 1992
Registered capital:	CZK 100 million
Shareholders' equity:	CZK 102.07 million
Total assets:	CZK 273 million
Board of Directors:	Přemysl Gistr – Chairman (since 29 October 2002) Vladimír Dvořák – Member Ivana Majerechová – Member (since 22 April 2003)
Supervisory Board:	Pavel Východský – Chairman Václav Lorenc – Member (until 5 February 2003) Jaroslav Mareš – Member (since 1 February 2003) Miloslav Kubíček – Member (until 19 December 2002) Ladislav Metelka – Member elected by employees (since 10 March 2003)
Company management:	Přemysl Gistr – CEO (since 1 October 2002) Vladimír Dvořák – Director Health Insurance Development (until 16 May 2003) Miloslav Kubíček – Director of Operations (until 31 December 2002)
Principal businesses:	provision of commercial health insurance services, offering of supplemental health insurance products

Česká pojišťovna ZDRAVÍ a.s. was the first insurance company to provide private health insurance and related products in the Czech market – before that, they were simply unavailable. The company closely collaborates with other members of the Česká pojišťovna financial group to offer private health insurance bundled together with products provided by other members of the financial group.

The company's principal activities in 2002 were focused on stabilizing the policy base and increasing its profitability, while at the same time growing premiums written. The company's sales activities were characterized by efforts to increase performance and reduce costs. For this reason, the shareholder decided to transfer the company's sales team to ČP PARTNER, a.s.

In 2002, the company confirmed its role as the number-one player in the private health insurance market. In addition to defending its position as market leader, it also succeeded in maintaining its market share, which is approximately 54% of the aggregate private health insurance premiums written of all Czech Insurance Association member insurers. Česká pojišťovna ZDRAVÍ a.s. wrote CZK 182 million in private health insurance premiums in 2002. Also up were total premiums written, which reached CZK 197 million, or CZK 7 million more than in 2001. New business, at CZK 39 million, demonstrated the company's strength and capability to withstand increasing competitive pressures.

In 2002 Česká pojišťovna ZDRAVÍ a.s. increased its key indicator, net earned premiums, to CZK 143 million, which represents growth of 5.9% in comparison with 2001. Last year, insurance gained in importance within the joint offering, whose share in net earned premiums approached 10%. Over the past 3 years, the company has seen earned premiums rise by 37.9%, or 11.3% per year on average. In the past year, the company set aside net technical provisions of CZK 13.9 million, increasing overall provisions by 12.5% compared to their level at 31 December 2001. During the past three years technical provisions have nearly doubled (growth of CZK 59.7 million, or 90.9%).

ČP DIRECT, a.s.

ČP DIRECT, a.s. (formerly ČP DIREKT pojišťovna, a.s.) was established on 1 January 1998 as a 100% subsidiary of Česká pojišťovna a.s. with the aim of providing a client information service and selling insurance over the telephone. It was the first in the Czech market to begin providing a telephone information service, take in claims and conclude insurance policies by telephone. It was also one of the pioneers in the use of toll-free numbers. The company's operators made over 360,000 telephone calls in 2002.

Through the ČP DIRECT, a.s. client information services it is possible for the Česká pojišťovna financial group to conclude certain types of insurance policies, take in certain types of claims, and intermediate assistance services for clients of Česká pojišťovna a.s., not to mention a number of additional services. What is more, the service provides information on individual products and sales outlets of Česká pojišťovna a.s. and its subsidiaries.

In 2001, Česká pojišťovna a.s. as 100% shareholder of ČP DIRECT, a.s. decided, in accordance with the strategy for the future development of the entire financial group, to hold only a single insurance license for non-life insurance. Thus, in late 2001 ČP DIRECT, a.s. began the process of having its license withdrawn. A decision of the Ministry of Finance withdrawing the insurance license entered into force on 30 April 2002. In conjunction with this development, Česká pojišťovna a.s. decided to change the company's name (to ČP DIRECT, a.s.) and principal business.







Petr Dvořák, MBA – CEO, CET 21 spol. s r.o.

Born in 1964, Dvořák is a graduate of the Czech Technical University in Prague, Faculty of Electrical Engineering, where he majored in technical cybernetics. In 1999, he was awarded an MBA from the University of Chicago. He joined PPF Group in 1999, upon which he managed the MTPL Insurance 2000 project at Česká pojišťovna a.s. In 2000 – 2001 he was in charge of a new strategic project for the former Expandia Banka (now eBanka). As of 2002, he is responsible for the Group's media investments. He is a member of the Board of Directors of NOVA HOLDING, a.s., which runs the TV NOVA Group. Since May 2003, he is also CEO of CET 21 spol. s r.o., the company which holds the television broadcasting license.

Jiří Šmejc – CEO, Česká produkční 2000, a.s.

Born in 1971; a graduate of the Charles University, Prague, Faculty of Mathematics and Physics, major in economic mathematics. In 1992, he became an owner of the software firm BUNK a.s., and in 1993 he became Managing Director of PUPP Consulting s.r.o. In 1995, he held the position of sales director at Middle Europe Finance s.r.o., a securities brokerage with a focus on acquisitions. He joined TV NOVA in 1999 and has been CEO of Česká produkční 2000, a.s. since July 1999. He is also Chairman of the Board of Directors of NOVA HOLDING, a.s.

Petr Chajda, MBA – Executive Director, Česká produkční 2000, a.s.

Born in 1997; a graduate of University of Economics, Prague, where he majored in economics of foreign trade, and subsequently studied at the Diplomatic Academy in Madrid. He commenced his professional career at KPMG spol. s r.o. as a consultant. In 1995 – 2000 he led PPF's international commercial activities. Starting in 2001 he served in PPF a.s. as Director of Financial Strategy. He was awarded an MBA from the Michael Smurfit Business School, Dublin. He has been Executive Director of Česká produkční 2000, a.s., which is part of TV NOVA Group, since June 2003. He is also Chairman of the Supervisory Board of NOVA HOLDING, a.s.

Libuše Šmuclerová – Executive Director, CET 21 spol. s r.o.

Born in 1963; a graduate of the Charles University, Prague, Faculty of Journalism. After studies, she joined what was then Czechoslovak Television, where she worked as a dramaturge and moderator. In 1993, she went over to TV NOVA as dramaturge of news commentary programs, and later became Editor-in-chief of news commentary. In 1997 – 1998 she was Director of Programming and in 1999 she was appointed Deputy CEO Programming and Production. She has been Executive Director of TV NOVA since June 2003. During her tenure at TV NOVA she has also held positions in the ownership structures of CET 21 spol. s r.o.

David Bártík – Executive Director, MAG MEDIA 99, a.s.

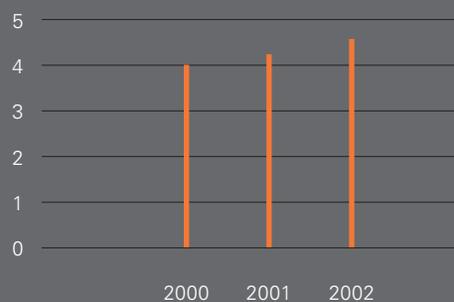
Born in 1974; graduated from the Secondary Industrial School of Mechanical Engineering, where he specialized in technology. In 1996, he joined the sales department of Premedia, a.s. Starting in 1999, he worked in the sales department of ČNTS. Later that same year, he was appointed director of Premedia, a.s. Since 2002 he has been director of MAG MEDIA 99, a.s., which is part of the TV NOVA Group.

NOVA HOLDING, a.s.

	<p>Company that represents the management structure of the entire TV NOVA Group. TV NOVA is the biggest domestic television station with 45% of the Czech market.</p>
<p>Date of inception: Address: Registered capital:</p>	<p>17 September 1996 Na Příkopě 12, Prague 1, 110 00, Czech Republic CZK 31.25 million</p>
<p>Auditor for 2002:</p>	<p>HZ Praha, spol. s r.o.</p>
<p>Board of Directors:</p>	<p>Jiří Šmejč – Chairman Petr Dvořák, MBA – Member Aleš Minx – Member</p>
<p>Supervisory Board:</p>	<p>Petr Chajda, MBA – Chairman Jan Gerner – Member Vladimír Komár – Member</p>
<p>TV NOVA Management:</p>	<p>Petr Dvořák, MBA – CEO, CET 21 spol. s r.o. Jiří Šmejč – CEO, Česká produkční 2000, a.s. Petr Chajda, MBA – Executive Director, Česká produkční 2000, a.s. Libuše Šmuclerová – Executive Director, CET 21 spol. s r.o. David Bártík – Executive Director, MAG MEDIA 99, a.s.</p>
<p>Principal activities:</p>	<p>Management and strategic development of TV NOVA Group</p>

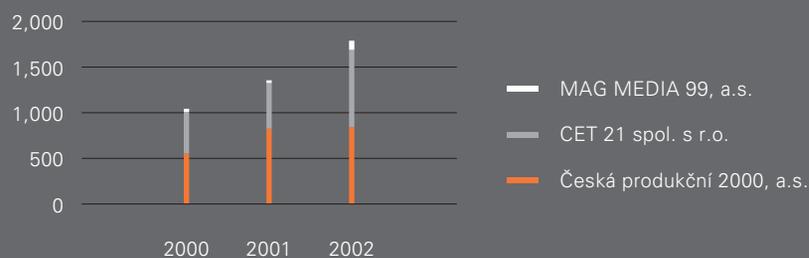
TV NOVA Group Revenues

2000 – 2002 (CZK billions)

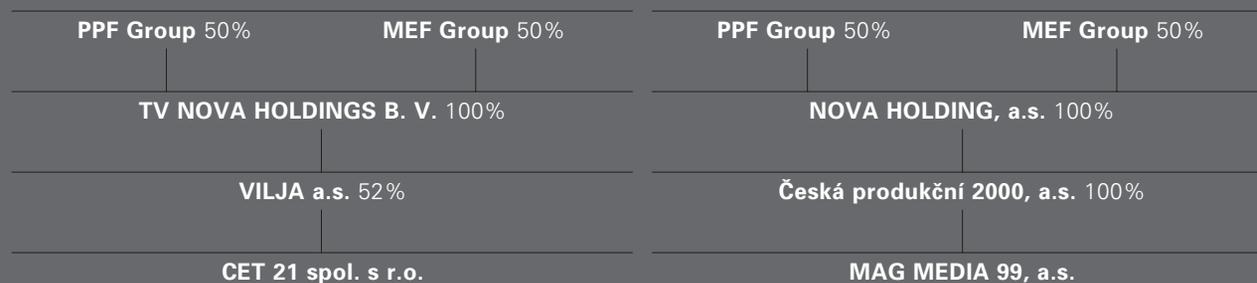


TV NOVA Group Earnings

2000 – 2002 (CZK millions)



Structure of TV NOVA Group

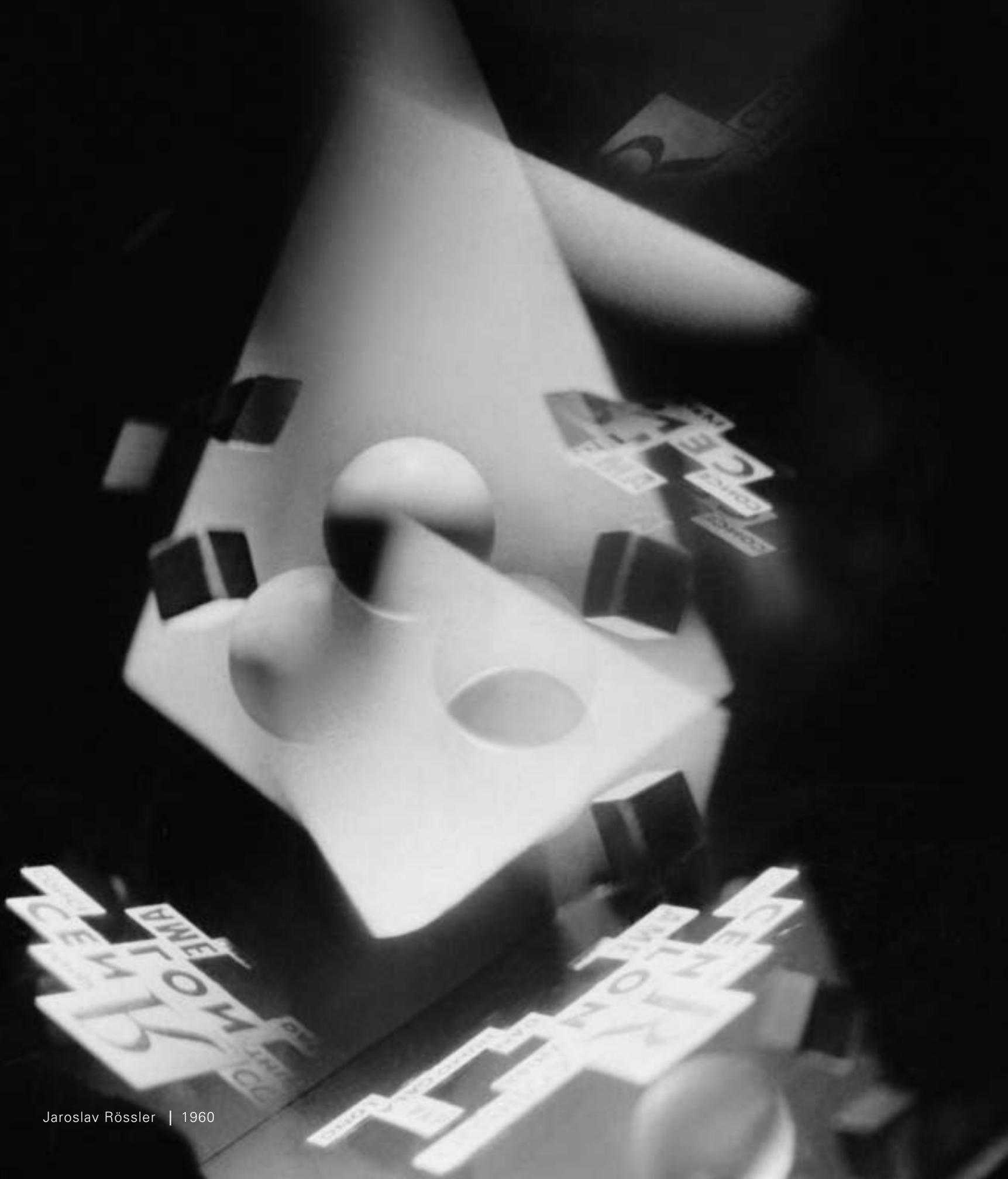


NOVA HOLDING, a.s. is the management company of the entire TV NOVA Group. It was created by a name change from MEF Holding a.s. in February of this year. The company's name change was related to the creation of a new management and organization structure. The aim of creating the television holding was to simplify the entire system and make the ownership structure of the entire TV NOVA Group more effective and transparent. The Group consists primarily of CET 21 spol. s r.o., which owns the television broadcasting license, the service company Česká produkční 2000, a.s., which produces television programs, and MAG MEDIA 99, a.s. The latter deals in the sale of advertising time on TV NOVA. The Group also includes VILJA a.s. and the Slovak television station JOJ, in which NOVA HOLDING, a.s. owns a 50% stake.

TV NOVA Group posted consolidated profit of CZK 1.8 billion in 2002, up 32% from the previous year. Sales revenues rose by CZK 336 million in 2002 to nearly CZK 4.6 billion. The consolidation includes the results of MAG MEDIA 99, a.s., CET 21 spol. s r.o. and Česká produkční 2000, a.s. The company CET 21 spol. s r.o., which holds the broadcasting license, doubled its profits last year to CZK 540 million. These positive performance results create room for further strategic development of the television station and its broadcasting.

TV NOVA is managed in parity by the PPF and MEF Groups. PPF Group is responsible for financial management and preparing the entire system for sale to a foreign strategic investor. MEF Group takes care of the operational management of the television station itself.

In the future, it is anticipated that TV NOVA HOLDINGS B.V. will become the management unit of the entire television holding structure.



Jaroslav Rössler | 1960



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Auditors' Report to the Shareholders of PPF a.s.

On the basis of our audit, on 15 April 2003 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of PPF a.s. for the year ended 31 December 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and the auditing standards of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, equity and financial position of PPF a.s. as of 31 December 2002 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

On the basis of our audit, on 12 April 2002 we issued an auditors' report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of PPF a.s. for the year ended 31 December 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and the auditing standards of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, equity and financial position of PPF a.s. as of 31 December 2001 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

On the basis of our audit, on 26 March 2001 we issued an auditors' report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of PPF a.s. for the year ended 31 December 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and the auditing standards of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities and equity of PPF a.s. as of 31 December 2000 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

We have also reviewed other financial information in the annual report for consistency with the audited financial statements. In our opinion, the information is consistent in all material respects with the audited financial statements.

The management of the Company is responsible for the completeness and accuracy of the report on relations between related parties. Our responsibility is to review the accuracy of the information included in the report. During our review nothing came to our attention that would cause us to believe that the information contained in the report is materially inaccurate.

In Prague, 30 June 2003



KPMG Česká republika Audit, spol. s r.o.
Licence number 71



Pavel Závitkovský
Licence number 69

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	525,981	502,987	585,351
A. Receivables for subscribed capital	-	-	-
B. Fixed assets	31,448	27,205	564,334
B.I. Intangible fixed assets	4,340	4,833	5,373
B.I.1. Incorporation expenses	-	-	-
2. Research and development	-	-	-
3. Software	3,841	4,287	4,703
4. Royalties	499	546	670
5. Other intangible fixed assets	-	-	-
6. Intangible fixed assets under construction	-	-	-
7. Advance payments for intangible fixed assets	-	-	-
B.II. Tangible fixed assets	13,910	11,409	11,127
B.II.1. Land	-	-	-
2. Buildings, halls and structures	-	-	-
3. Property, plant and equipment	13,863	8,330	11,080
4. Cultivated areas	-	-	-
5. Livestock	-	-	-
6. Other tangible fixed assets	47	47	47
7. Tangible fixed assets under construction	-	3,032	-
8. Advance payments for tangible fixed assets	-	-	-
9. Adjustments to acquired fixed assets	-	-	-
B.III. Long-term investments	13,198	10,963	547,834
B.III.1. Investments in group undertakings	9,984	7,765	544,292
2. Investments in associated companies	-	-	3,542
3. Other long-term securities and ownership interests	3,214	3,198	-
4. Intercompany loans	-	-	-
5. Other long-term investments	-	-	-
6. Long-term investments (provisional value)	-	-	-
7. Advance payments for long-term investments	-	-	-

Balance Sheet as at 31 December 2002 (CZK '000)

		2002	2001	2000
C.	Current assets	478,919	474,677	20,119
C.I.	Inventories	680	-	-
C.I.1.	Raw materials	-	-	-
2.	Work-in-progress and semi-finished products	-	-	-
3.	Finished goods	-	-	-
4.	Livestock	-	-	-
5.	Goods for resale	680	-	-
6.	Prepayments for inventory	-	-	-
C.II.	Long-term receivables	422,538	-	250
C.II.1.	Trade receivables	-	-	-
2.	Receivables from shareholders/owners and alliance partners	-	-	-
3.	Receivables from group undertakings	-	-	-
4.	Receivables from associated companies	-	-	-
5.	Other receivables	422,538	-	250
C.III.	Short-term receivables	49,158	453,856	14,418
C.III.1.	Trade receivables	40,843	15,085	8,963
2.	Receivables from shareholders/owners and alliance partners	-	-	-
3.	Social security	-	-	-
4.	Tax receivables and state subsidies receivable	510	1,067	2,155
5.	Receivables from group undertakings	885	-	3,300
6.	Receivables from associated companies	-	-	-
7.	Other receivables	6,920	437,704	-
C.IV.	Financial assets	6,543	20,821	5,451
C.IV.1.	Cash	309	177	215
2.	Bank accounts	6,234	20,644	5,236
3.	Short-term investments	-	-	-
4.	Short-term investments (provisional value)	-	-	-
D.	Other assets – temporary asset accounts	15,614	1,105	898
D.I.	Accruals and deferrals	15,606	1,090	898
D.I.1.	Prepaid expenses	433	571	375
2.	Accrued revenue	15,173	174	523
3.	Unrealised foreign exchange losses	-	345	-
D.II.	Estimated receivables	8	15	-

Balance Sheet as at 31 December 2002 (CZK '000)

		2002	2001	2000
	TOTAL LIABILITIES AND EQUITY	525,981	502,987	585,351
A.	Equity	497,972	484,385	487,401
A.I.	Registered capital	420,000	420,000	420,000
A.I.1.	Registered capital	420,000	420,000	420,000
2.	Own shares held	-	-	-
3.	Changes in registered capital	-	-	-
A.II.	Capital contributions	35,363	35,691	35,691
A.II.1.	Share premium	35,691	35,691	35,691
2.	Other capital contributions	-	-	-
3.	Revaluation of assets and liabilities	(328)	-	-
4.	Revaluation reserve on transformations	-	-	-
A.III.	Reserve funds	5,670	5,670	5,283
A.III.1.	Statutory reserve fund	5,670	5,670	5,283
2.	Undistributable reserves	-	-	-
3.	Statutory and other reserves	-	-	-
A.IV.	Retained earnings	23,024	26,040	18,700
A.IV.1.	Retained profits	23,024	26,040	18,700
2.	Accumulated losses	-	-	-
A.V.	Profit/(loss) for the current period	13,915	(3,016)	7,727

Balance Sheet as at 31 December 2002 (CZK '000)

		2002	2001	2000
B.	Liabilities	27,700	16,969	91,556
B.I.	Provisions	-	2,170	2,174
B.I.1.	Tax-deductible provisions	-	-	-
2.	Provision for foreign exchange losses	-	345	-
3.	Income tax provision	-	-	-
4.	Non-deductible provisions	-	-	-
5.	Deferred tax liability (asset)	-	1,825	2,174
B.II.	Long-term liabilities	-	-	70,900
B.II.1.	Liabilities to group undertakings	-	-	-
2.	Liabilities to associated companies	-	-	-
3.	Long-term advances received	-	-	-
4.	Debentures and bonds issued	-	-	-
5.	Long-term bills of exchange payable	-	-	-
6.	Other long-term payables	-	-	70,900
B.III.	Short-term liabilities	27,700	14,799	18,482
B.III.1.	Trade payables	20,908	10,518	15,620
2.	Liabilities to shareholders/owners and alliance partners	-	-	-
3.	Payables to employees	2,598	1,894	1,335
4.	Payables to social security	2,015	1,436	1,043
5.	Tax liabilities	950	641	474
6.	Liabilities to group undertakings	-	-	-
7.	Liabilities to associated companies	-	300	-
8.	Other payables	1,229	10	10
B.IV.	Bank loans and overdrafts	-	-	-
B.IV.1.	Long-term bank loans	-	-	-
2.	Short-term bank loans and overdrafts	-	-	-
3.	Short-term financial liability	-	-	-
C.	Other liabilities – temporary liability accounts	309	1,633	6,394
C.I.	Accruals and deferrals	143	806	6,394
C.I.1.	Accrued expenses	143	806	6,394
2.	Deferred revenues	-	-	-
3.	Unrealised foreign exchange gains	-	-	-
C.II.	Estimated payables	166	827	-

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
I.	Revenue from goods	216	-	-
A.	Cost of goods sold	216	-	-
+	Gross margin	-	-	-
II.	Revenue from production	132,411	101,217	82,035
II.1.	Revenue from own products and services	132,411	101,217	82,035
II.2.	Change in inventory of own production	-	-	-
II.3.	Own work capitalized	-	-	-
B.	Cost of sales	59,663	54,514	42,015
B.1.	Materials and consumables	3,254	3,115	2,078
B.2.	Services	56,409	51,399	39,937
+	Added value	72,748	46,703	40,020
C.	Personnel expenses	75,232	53,587	38,024
C.1.	Wages and salaries	54,935	39,310	27,855
C.2.	Remuneration of board members	309	-	-
C.3.	Social security expenses	19,251	13,728	9,745
C.4.	Social expenses	737	549	424
D.	Taxes and charges	174	56	47
E.	Depreciation of intangible and tangible fixed assets	9,555	8,638	7,118
III.	Proceeds from disposals of fixed assets and raw material	2,736	1,284	677
F.	Net book value of fixed assets and raw material sold	2,908	1,204	413
IV.	Release of provisions and accruals to operating revenues	-	-	-
G.	Additions to provisions and accruals to operating expenses	-	-	-
V.	Release of adjustments to operating income	-	-	-
H.	Additions to adjustments to operating expenses	16	-	-
VI.	Other operating revenues	1,847	3,844	839
I.	Other operating expenses	69	150	5
VII.	Adjustments to operating revenues	-	-	-
J.	Adjustments to operating expenses	-	-	-
*	Operating profit/(loss)	(10,623)	(11,804)	(4,071)

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
VIII.	Proceeds from sale of securities and ownership interests	16,922	5 685,513	1,900
K.	Securities and ownership interests sold	16,947	5 741,478	1,900
IX.	Revenue from long-term investments	17,000	17,000	19,299
IX.1.	Revenue from intercompany securities and ownership interests	17,000	17,000	19,299
IX.2.	Revenue from other securities and ownership interests	-	-	-
IX.3.	Revenue from other long-term investments	-	-	-
X.	Revenue from short-term financial investments	245	-	-
L.	Financial assets expenses	-	-	-
XI.	Revenue from revaluation of equity securities	-	-	-
M.	Expenses for revaluation of equity securities	-	-	-
XII.	Release of provisions to financial revenues	345	-	1
N.	Additions to provisions to financial expenses	-	345	-
XIII.	Release of adjustments to financial revenues	-	50,000	-
O.	Additions to adjustments to financial expenses	-	-	1,000
XIV.	Interest revenue	17,503	2,498	167
P.	Interest expense	2,914	2,540	5,040
XV.	Other financial revenue	9	24	3
Q.	Other financial expenses	9,814	2,273	1,355
XVI.	Adjustments to financial revenues	-	-	-
R.	Adjustments to financial expenses	-	-	-
*	Profit/(loss) from financial operations	22,349	8,399	12,075
S.	Income tax on ordinary profit/(loss)	(1,825)	(349)	414
S.1.	- current	-	-	13
S.2.	- deferred	(1,825)	(349)	401
**	Profit/(loss) on ordinary activities after taxation	13,551	(3,056)	7,590
XVII.	Extraordinary revenue	368	621	157
T.	Extraordinary expenses	4	581	20
U.	Income tax on extraordinary profit/(loss)	-	-	-
U.1.	- current	-	-	-
U.2.	- deferred	-	-	-
*	Extraordinary profit/(loss)	364	40	137
W.	Transfer of profit or loss to partners	-	-	-
***	Profit/(loss) for the accounting period	13,915	(3,016)	7,727
	Profit/(loss) before tax	12,090	(3,365)	8,141

Cash Flow Statement, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
P.	Cash and cash equivalents, beginning of year	20,821	5,451	9,248
	Net operating cash flow			
Z:	Operating profit (loss)	(10,623)	(11,804)	(4,071)
A.1.	Non-cash transactions	9,752	9,385	4,563
A.1.1.	Depreciation of fixed assets	9,555	8,638	7,118
A.1.2.	Change in:	16	344	(2,291)
A.1.2.1.	adjustments to acquired assets	-	-	-
A.1.2.2.	provisions and adjustments	16	344	-
A.1.3.	Profit(-)/Loss(+) on sale of fixed assets	181	403	(264)
A.*	Net operating cash flow before taxation, changes in working capital and extraordinary items	(871)	(2,419)	492
A.2.	Current assets	(22,722)	(447,839)	(6,254)
A.2.1.	Change in receivables and other temporary assets	(33,619)	(439,395)	(11,741)
A.2.2.	Change in short-term liabilities and other temporary liabilities	11,577	(8,444)	5,487
A.2.3.	Change in inventory	(680)	-	-
A.2.4.	Change in short term financial assets	-	-	-
A.**	Net operating cash flow before financial balances, taxation and extraordinary items	(23,593)	(450,258)	(5,762)
A.3.	Interest paid excluding amounts capitalised	(2,914)	(2,540)	(5,040)
A.4.	Interest received	17,748	2,498	167
A.5.	Income tax paid on ordinary income	911	-	(13)
A.6.	Receipts and disbursement from extraordinary items	364	40	137
A.7.	Other financial receipts and disbursement	(9,890)	(2,249)	(1,352)
A.8.	Dividends received and profit shares	17,000	17,000	19,299
A.***	Net operating cash flow	(374)	(435,509)	7,436
	Investment activity			
B.1.	Acquisition of fixed assets	(22,575)	(5,165,018)	(13,810)
B.1.1.	Acquisition of tangible fixed assets	(11,957)	(7,913)	(6,020)
B.1.2.	Acquisition of intangible fixed assets	(2,524)	(2,154)	(1,648)
B.1.3.	Acquisition of long-term investments	(8,094)	(5,154,951)	(6,142)
B.2.	Proceeds from sales of fixed assets	8,671	5,686,797	2,577
B.2.1.	Proceeds from sales of tangible and intangible fixed assets	2,736	1,284	677
B.2.2.	Proceeds from sale of long-term investments	5,935	5,685,513	1,900
B.3.	Advances and loans to related persons	-	-	-
B.***	Net cash flow from investment activity	(13,904)	521,779	(11,233)
	Financial activity			
C.1.	Change in long-term liabilities and bank loans	-	(70,900)	-
C.2.	Increase and decrease in equity from specified transactions	-	-	-
C.2.1.	Subscription of shares and investments	-	-	-
C.2.2.	Equity paid to shareholders	-	-	-
C.2.3.	Other cash contributions from partners and shareholders	-	-	-
C.2.4.	Loss settlement from partners	-	-	-
C.2.5.	Payments from funds created from net profit	-	-	-
C.2.6.	Dividends paid and profit shares including paid withholding tax	-	-	-
C.***	Net cash flow from financial activity	-	(70,900)	-
F.	Net increase or decrease in cash balance	(14,278)	15,370	(3,797)
R.	Cash and cash equivalents, end of period	6,543	20,821	5,451

1 | Description and Principal Activities

Foundation and description of the Company

PPF a.s. (the "Company") was established by a Founders' Agreement dated 18 November 1996, pursuant to Act 513/1991 Sb. and was recorded in the Commercial Register on 13 January 1997. The Company's principal business is coordination activities and functions within the PPF Group holding structure.

Company owners

The Company's owner, with a qualified majority, is PPF Group N.V. (99.99%)

Company seat

PPF a.s.
Na Pankráci 1658
140 21 Praha 4
Czech Republic

Members of the Board of Directors and Supervisory Board as of 31 December 2002:

Members of the Board of Directors

Petr Kellner (Chairman)
Ladislav Bartoníček, MBA (Vice Chairman)
Milan Maděryč (Vice Chairman)
Jan Blaško, MBA
Ladislav Chvátal

Members of the Supervisory Board

Štěpán Popovič (Chairman)
Jaromír Prokš, MBA
František Tlustoš

Organization structure

The Company's principal activities are run by the Board of Directors and Company management.

2 | Accounting Principles Used by the Company

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are carried at historical cost (acquisition cost). Tangible fixed assets with an acquisition cost of TCZK 40 and higher and a useful life of over one year and intangible fixed assets with an acquisition cost of TCZK 60 and higher and a useful life of over one year are carried in fixed assets accounts and, for accounting purposes, are depreciated according to the depreciation plan. Those tangible fixed assets that have an acquisition cost of TCZK 5 or higher, yet less than TCZK 40, and a useful life of over one year, are considered small tangible fixed assets. Those intangible fixed assets that have an acquisition cost of TCZK 20 or higher, yet less than TCZK 60, and a useful life of over one year, are considered small intangible fixed assets. Small tangible and intangible fixed assets are carried in fixed assets accounts and, for accounting purposes, are depreciated like other fixed assets according to the depreciation plan.

Other tangible assets, i.e., those with acquisition cost less than TCZK 5 and intangible assets with acquisition cost less than TCZK 20 are charged to expenses in the month when they are acquired.

The following table shows the depreciation methods and depreciation periods used for the various asset categories:

Asset Category	Method	Depreciation Period
Machines and equipment	Straight-line	4 years
Vehicles	Straight-line	4 years
Furniture and fittings	Straight-line	6 years
Software	Straight-line	4 years

(b) Long-term investments

Long-term investments are composed of equity interests, available-for-sale securities, and debt securities held to maturity. Long-term investments are carried at historical cost (acquisition cost).

Available-for-sale securities and equity interests are restated at fair value as of the balance sheet date. Gains/losses from this restatement do not influence the Company's earnings until they are realized. As of the balance sheet date, these unrealized gains/losses are recorded as a change in "Revaluation of assets and liabilities" in the Company's equity.

Equity interests are carried at historical cost (acquisition cost). In the event of a diminution in value, adjustments are made or the book value is reduced using a one-time charge for permanent reduction in value. This is done individually for each security.

(c) Short-term investments

Short-term investments are composed of trading securities, held-to-maturity debt securities with less than one year to maturity, treasury shares, and the Company's own bonds. Short-term investments are carried at historical cost (acquisition cost). As of the balance sheet date, the Company restates short-term investments at their fair value. This restatement is recorded in the given period as revenues or costs relating to short-term investments.

(d) Inventories

Merchandise is carried at historical cost (acquisition cost), which includes the purchase price, customs duties, storage fees during transport, and shipping costs. Merchandise is valued using the FIFO method.

(e) How adjustments and provisions are determined

The Company creates adjustments using the gross method, i.e. adjustments from the past accounting period are charged to revenues and the creation of new adjustments is charged to expenses as of the balance sheet date.

Accounts receivable

The Company sets up adjustments to doubtful receivables based on management's analysis of the solvency of the Company's customers.

(f) Foreign currency translation

The Company translates foreign currency amounts into the Czech currency using Czech National Bank (CNB) exchange rates. During the year the Company recognizes only realized foreign exchange gains and losses.

Assets and liabilities denominated in foreign currencies are translated using the official CNB exchange rate as of the balance sheet date. Unrealized foreign exchange gains and losses are recorded in the profit and loss account.

(g) Leased assets

The Company accounts for leased assets by charging lease payments to the profit and loss account using the straight-line method over the lease term. When the lease ends and the option to purchase is exercised, the leased item is recorded at the purchase price.

(h) Income tax

Income tax for the period is composed of tax due and change in the balance of deferred tax. Tax due includes tax calculated from the tax base using the tax rate applicable in the current year, as well as all additional tax amounts and refunds from past years.

Deferred tax is based on all temporary differences between the accounting- and tax-purpose net book values of assets and liabilities, applying the tax rate anticipated to be in effect for the subsequent period.

A deferred tax asset is recorded only if there is no doubt that it will be realized in subsequent accounting periods.

(i) Change in accounting method**Long-term investments**

Until the end of 2001, long-term investments were carried at historical cost (acquisition cost) and, based on case-by-case analysis, adjustments were made in the amount of the difference between the book value and market value or the value of the equity interest in the event the market value could not be determined.

Effective 1 January 2002, available-for-sale securities and interests are restated at their fair value as of the balance sheet date. Gains/losses from this restatement do not affect the Company's earnings until they are realized. As of the balance sheet date, these gains/losses are recorded as a change in "Revaluation of assets and liabilities" in the Company's equity.

Equity interests are carried at historical cost (acquisition cost). In the event of a diminution in the value of equity interests, adjustments are made or their value is reduced by a one-off charge in the case of permanent diminutions in value. Such one-off charges are made individually for each security.

Short-term investments

Until the end of 2001, short-term investments were carried at historical cost (acquisition cost) and adjustments were made in the amount of the difference between book value and market value or the value of the equity interest in cases when the market value could not be determined. The adjustments were made on a case-by-case basis for each security.

Foreign exchange translation

Until the end of 2001, unrealized foreign exchange gains and losses were recorded in the balance sheet and a provision was made for unrealized foreign exchange losses in cases when the foreign exchange risk was not hedged.

As of 1 January 2002, assets and liabilities denominated in foreign currencies are translated using the official CNB exchange rates as of the balance sheet date. Unrealized foreign exchange gains and losses are recorded in the profit and loss account.

3 | Fixed Assets**(a) Intangible fixed assets**

	Software	Intellectual property	Total
Acquisition cost			
Balance at 1. 1. 2002	12,037	742	12,779
Additions	2,447	77	2,524
Disposals	-	-	-
Transfers	-	-	-
Balance at 31. 12. 2002	14,484	819	15,303
Accumulated depreciation			
Balance at 1. 1. 2002	7,750	196	7,946
Depreciation	2,893	124	3,017
Accumulated depreciation of disposals	-	-	-
Transfers	-	-	-
Balance at 31. 12. 2002	10,643	320	10,963
Net book value at 1. 1. 2002	4,287	546	4,833
Net book value at 31. 12. 2002	3,841	499	4,340

(b) Tangible fixed assets

	Works of art and collections	Machinery and equipment	Vehicles	Furniture and fittings	Other tangible fixed assets	Fixed assets in process	Total
Acquisition cost							
Balance at 1. 1. 2002	47	11,058	8,689	416	3,257	3,032	26,499
Additions	-	8,576	1,456	-	1,925	-	11,957
Disposals	-	63	3,913	-	415	-	4,391
Transfers	-	-	3,032	-	-	(3,032)	-
Balance at 31. 12. 2002	47	19,571	9,264	416	4,767	-	34,065
Accumulated depreciation							
Balance at 1. 1. 2002	-	5,880	5,778	175	3,257	-	15,090
Depreciation	-	3,709	1,724	66	1,039	-	6,538
Accumulated depreciation of disposals	-	60	1,007	-	406	-	1,473
Transfers	-	-	-	-	-	-	-
Balance at 31. 12. 2002	-	9,529	6,495	241	3,890	-	20,155
Net book value at 1. 1. 2002	47	5,178	2,911	241	-	3,032	11,409
Net book value at 31. 12. 2002	47	10,042	2,769	175	877	-	13,910

4 | Investments

Long-term investments

Equity	Number of shares	Face value	Equity interest (%)	2002 earnings	Acquisition cost	Value of equity interest	2001 book value
PPF majetková a.s.	12	100	100.00	17,310	318	66,406	318
	7	10					
PPF FINANCIAL SERVICES LIMITED	40,000	CY€ 1	100.00	1,885	2,634	8,249	2,634
PPF (CYPRUS) LIMITED	40,000	CY€ 1	100.00	3,116	2,813	11,309	2,813
ELINE a.s. in bankruptcy	10	100	100.00	bankruptcy	1,000	–	–
CAMCO a.s.	20	100	100.00	(412)	2,000	1,588	–
Public Picture & Marketing a.s.	10	100	100.00	(1,222)	1,000	2,254	1,000
PPF CONSULTING a.s.	100	10	100.00	2,933	1,219	4,152	–
Total					10,984	93,958	6,765

The Company has a 0.45% interest in ZETA OSTEUROPE HOLDING S.A. The book value of this interest is TCZK 3,214 and the acquisition cost is TCZK 3,198.

The long-term investment in ELINE a.s. is the subject of a TCZK 1,000 adjustment (2001: TCZK 1,000).

In 2002, the Company sold its interests in Homenet a.s. to PPF burzovní společnost a.s., and its interests in Ervine & Doll, a.s. and RAVIN HOLDING a.s. were sold to PPF (CYPRUS) LIMITED.

In 2002, the Company recorded TCZK 17,000 in revenues from long-term investments. This amount represents a dividend received from PPF majetková a.s.

5 | Trade Receivables and Payables

(a) **Short-term trade receivables** total TCZK 40,859 (2001: TCZK 15,085). Receivables more than 180 days overdue total TCZK 698 and they are the subject of a TCZK 16 adjustment (2001: TCZK 0).

(b) **Short-term trade payables** total TCZK 20,908 (2001: TCZK 10,518). Since the Company's generally accepted procedure is to settle payables on the invoice due date, none of the short-term trade payables are over 180 days overdue.

6 | Registered Capital

There was no change in the registered capital in 2002; it remained at TCZK 420,000. The registered capital consists of 100 registered shares with face value CZK 10,000, 9 registered shares with face value CZK 1,000,000 and 41 registered shares with face value CZK 10,000,000.

7 | Shareholders' Equity**(a) Summary of movements in shareholders' equity**

	Registered capital	Issue premium	Revaluation	Current period earnings	Retained earnings	Statutory reserve	Total
Balance at 1. 1. 2002	420,000	35,691	–	(3,016)	26,040	5,670	484,385
Revaluation	–	–	(328)	–	–	–	(328)
Settlement of past losses	–	–	–	3,016	(3,016)	–	–
Year 2002 profit	–	–	–	13,915	–	–	13,915
Balance at 31. 12. 2002	420,000	35,691	(328)	13,915	23,024	5,670	497,972

(b) Planned allocation of current period earnings

The Company's General Meeting will decide on the allocation of 2002 profit, which will be carried out in accordance with the Company's Articles of Association and applicable law.

8 | Provisions

	Foreign exchange loss provision	Total
Balance at 1. 1. 2002	345	345
New provisioning	–	–
Release of provisions	345	345
Balance at 31. 12. 2002	–	–

In accordance with the change in accounting for foreign exchange differences, the provision set up in 2001 was released and unrealized foreign exchange gains and losses were charged to earnings.

9 | Employees and Executives

Average numbers of employees and executives and staff costs for 2002 and 2001:

2002	Number of employees	Wages & salaries	Social security & health insurance	Benefits costs
Employees	54	26,639	9,254	501
Executives	17	28,296	9,997	236
Total	71	54,935	19,251	737

2001	Number of employees	Wages & salaries	Social security & health insurance	Benefits costs
Employees	45	20,165	7,027	393
Executives	11	19,145	6,701	156
Total	56	39,310	13,728	549

10 | Information on Related Entities**(a) Assets and liabilities in respect of group companies**

	Assets at 31. 12.		Liabilities at 31. 12.	
	2002	2001	2002	2001
Board Show, a.s.	92	14	-	-
CAMCO a.s.	10	-	-	-
CESPO B.V.	135,961	140,841	-	-
CET 21 spol. s r.o.	343	-	-	-
CM - CREDIT a.s.	12,738	-	-	25
Česká pojišťovna a.s.	6,168	1,845	3,802	261
ČP finanční servis a.s.	77	100	-	-
ČP finanční služby a.s.	114	-	-	-
ČP INVEST investiční společnost, a.s.	871	934	-	-
ČP Leasing, a.s.	1,017	149	36	45
Česká poisťovňa – Slovensko, a.s.	41	-	-	-
eBanka, a.s.	123	-	-	-
Ervine & Doll, a.s.	8	-	-	-
EURONEWS, a.s.	47	-	1,586	-
Home Credit Finance a.s.	914	2,927	-	-
Home Credit International a.s.	330	1,376	-	18
Home Credit Slovakia, a.s.	119	431	-	-
Homenet a.s.	30	18	-	-
IMPROMAT – COMPUTER s.r.o.	822	-	599	-
InWay a.s.	-	-	127	-
MEF Holding, akciová společnost (NOVA HOLDING, a.s.)	7,203	-	-	-
Penzijní fond České pojišťovny, a.s.	325	98	-	-
PPF Group N.V.	301,761	293,685	-	-
PPF (CYPRUS) LIMITED	875	163	-	-
PPF burzovní společnost a.s.	1,666	492	-	144
PPF majetková a.s.	679	402	275	308
PPF investiční společnost, a.s. in liquidation	223	387	-	-
PPF Capital Management a.s.	769	344	-	-
PPF investiční holding a.s.	226	69	-	-
PPF CONSULTING a.s.	454	4	-	-
První městská banka, a.s.	141	-	-	-
Public Picture & Marketing a.s.	1,031	80	-	-
RAVIN HOLDING a.s.	8	-	-	-
SB Holding a.s. (Open Gate a.s.)	16	2	-	-
Teinvest a.s.	-	39	-	-
Temposervis a.s.	72	162	-	-
Univerzální správa majetku a.s.	87	136	60	-
Total	475,361	444,698	6,485	801

Notes to Financial Statements as at 31 December 2002 (CZK '000)

(b) Revenues and expenses in relation to group companies

	Revenues at 31. 12.		Costs at 31. 12.	
	2002	2001	2002	2001
Board Show, a.s.	259	44	22	-
CAMCO a.s.	9	-	-	-
CESPO B.V.	14,739	5,766	-	-
CESPO HOLDINGS B.V.	-	3,699	-	-
CET 21 spol. s r.o.	1,027	-	-	-
CM - CREDIT a.s.	14,486	2,105	-	-
Česká pojišťovna a.s.	20,231	10,206	13,163	12,981
ČP INVEST investiční společnost, a.s.	9,147	5,409	-	-
ČP Leasing, a.s.	1,880	3,588	5,120	4,744
ČP finanční servis a.s.	681	1,098	1,529	-
ČP finanční služby a.s.	8,109	-	-	-
Česká poistovňa – Slovensko, a.s.	494	-	-	-
eBanka, a.s.	292	-	25	-
ELINE a.s. in bankruptcy	-	15	-	-
Ervine & Doll, a.s.	68	16	-	-
EURONEWS, a.s.	501	-	451	-
Home Credit Slovakia, a.s.	3,291	3,692	-	-
Home Credit International a.s.	3,877	1,600	678	-
Home Credit Finance a.s.	10,474	11,223	-	6
Homenet a.s.	63	17	-	-
IMPROMAT – COMPUTER s.r.o.	783	-	-	-
InWay, a.s.	-	-	246	-
Lajdáček s.r.o.	15	-	-	-
Penzijní fond České pojišťovny, a.s.	1,470	1,086	-	-
PPF burzovní společnost a.s.	23,472	11,982	12,073	370
PPF Capital Management a.s.	8,425	8,182	-	1
PPF CONSULTING a.s.	782	184	-	-
PPF (CYPRUS) LIMITED	4,875	-	4,879	-
PPF investiční holding a.s.	5,956	7,256	-	-
PPF investiční společnost, a.s. in liquidation	7,456	13,764	8	-
PPF majetková a.s.	29,732	9,916	237	307
PPF Group N.V.	8,076	-	-	-
První městská banka, a.s.	958	-	1,488	-
Public Picture & Marketing a.s.	2,493	1,700	533	1,600
RAVIN HOLDING a.s.	8	-	-	-
SB Holding a.s. (Open Gate a.s.)	148	-	-	-
Teinvest a.s.	88	-	-	-
Temposervis a.s.	620	-	-	-
Univerzální správa majetku a.s.	394	1,959	(26)	-
Zábavní a výstavní park a.s.	32	-	-	-
Total	185,411	104,534	40,426	20,009

(c) Remuneration and loans to members of statutory and supervisory boards

In 2002, members of the Board of Directors and Supervisory Board received aggregate remuneration of TCZK 309 (2001: TCZK 0) and no loans were provided to them.

11 | Income Tax**(a) Tax due**

Because the tax base was nil, the tax due in 2002 was also nil (2001: nil).

(b) Deferred tax

The following table presents a summary of movements in temporary differences:

	Deferred tax asset		Deferred tax liability		Difference	
	2002	2001	2002	2001	2002	2001
Tangible and intangible fixed assets	–	–	(1,249)	(1,825)	(1,249)	(1,825)
Long-term investments	–	–	(102)	–	(102)	–
Losses from past years	19,931	–	–	–	19,931	–
Deferred tax asset/liability	19,931	–	(1,351)	(1,825)	18,580	(1,825)
Off-set of related deferred tax assets and liabilities	(1,351)	–	1,351	–	–	–
Deferred tax asset/liability	18,580	–	–	(1,825)	18,580	(1,825)

In accordance with the accounting policies set forth in Note 2 (h), a tax rate of 31% was used to calculate deferred tax.

The deferred tax asset determined as of 31 December 2002 was reflected and compensated only up to the amount of the deferred tax liability. As a matter of caution, the remainder of the deferred tax asset was not recognized.

12 | Finance Leases

The Company is obligated to pay lease payments for vehicles as follows:

2002	Total lease payments	Paid at 31. 12.	Due within 1 year	Due in following years
Passenger cars	21,771	11,417	5,065	5,289
Total	21,771	11,417	5,065	5,289

2001	Total lease payments	Paid at 31. 12.	Due within 1 year	Due in following years
Passenger cars	13,528	7,478	2,856	3,194
Total	13,528	7,478	2,856	3,194

13 | Cash and Cash Equivalents (for Purposes of the Cash Flow Statement)

For the purposes of compiling the statement of cash flows, cash and cash equivalents are defined as cash on hand, cash en route, cash at bank and other financial assets whose valuation can be reliably determined and which can be easily converted into cash.

The balances of cash and cash equivalents at the end of the accounting periods 2002 and 2001 are as follows:

	Balance at 31. 12. 2002	Balance at 31. 12. 2001
Cash on hand	309	177
Cash at bank	6,234	20,644
Total	6,543	20,821

14 | Off-balance-sheet Liabilities

Under a Declaration of Guarantee between the Company and Citibank (Slovakia) a.s. dated 6 December 2001, the Company agreed to guarantee amounts owed by Home Credit Slovakia, a.s. (the "Debtor") under a Term Loan Agreement dated 6 December 2001, in accordance with which SKK 500 million in cash was provided to the Debtor. On 9 December 2002 this Declaration of Guarantee was amended by Amendment No. 1 to the Loan Agreement, under which the Debtor was lent another SKK 225 million.

The balance owed by the Debtor to Citibank (Slovakia) a.s. as of the date the Company was audited was SKK 173 million.

As Controlling Entity, the Company entered into control agreements with the companies PPF majetková a.s., PPF CONSULTING a.s., Home Credit International a.s., PPF Capital Management a.s., CM - CREDIT a.s., Public Picture & Marketing a.s. and ČP finanční servis a.s. (the "Controlled Entities"). All the agreements were entered into for an indefinite period. Should any Controlled Entity post a loss according to audited financial statements approved by the General Meeting, PPF a.s. is obligated to settle this loss if it cannot be settled out of the statutory reserve or other disposable funds of the Controlled Entity.

In the opinion of Company management, it is unlikely that any of these off-balance-sheet liabilities will be realized.

1 | Description and Principal Activities**Foundation and description of the Company**

PPF a.s. (the "Company") was established by a Founders' Agreement dated 18 November 1996, pursuant to Act 513/1991 Sb., and was recorded in the Commercial Register on 13 January 1997. The Company's principal business is coordinating activities and functions within the PPF Group holding structure.

Company owners

The Company's owner, with a qualified majority, is PPF Group N.V. (64.3%).

Company seat

PPF a.s.
Na Pankráci 121
140 21 Praha 4
Czech Republic

Members of the Board of Directors and Supervisory Board as at 31 December 2001:*Members of the Board of Directors*

Petr Kellner
Jan Blaško, MBA
Ladislav Bartoníček, MBA

Members of Supervisory Board

Štěpán Popovič
Jaromír Prokš, MBA
František Tlustoš

Organization structure

The Company's principal activities are run by the Board of Directors and by Company management.

2 | Accounting Principles Used by the Company**(a) Tangible and intangible fixed assets**

Tangible and intangible fixed assets are recorded at acquisition cost. Tangible fixed assets with an acquisition cost of up to TCZK 40 and intangible fixed assets with an acquisition cost of up to TCZK 60 are carried in the balance sheet and charged to expenses in the month of acquisition.

The following table shows the depreciation methods and depreciation periods used for the various asset categories:

Asset Category	Method	Depreciation Period
Machines and equipment	Straight-line	4 years
Vehicles	Straight-line	4 years
Furniture and fittings	Straight-line	6 years
Software	Straight-line	4 years

(b) Long-term investments

Long-term investments in group companies are carried at acquisition cost. If the market value of any of these assets is permanently lower than the acquisition cost, the book value is lowered to the market value. In cases of a temporary reduction in value, an adjustment is made.

Other long-term securities are valued at acquisition cost or at acquisition cost less an adjustment in the case of a temporary diminution in value. Income generated by these assets is included in revenues from long-term investments.

(c) Short-term investments

Short-term investments are valued at acquisition cost or at acquisition cost less an adjustment in the case of a temporary diminution in value. Income generated by these assets is included in revenues from short-term investments.

(d) How adjustments and provisions are determined

The Company creates adjustments using the gross method, i.e. adjustments from the past accounting period are charged to revenues and the creation of new adjustments as at the balance sheet date is charged to expenses.

Accounts receivable

The Company sets up adjustments to doubtful receivables based on in-house analysis of the solvency of its customers.

Securities and other investments

The Company creates adjustments for both long-term and short-term investments, in the amount of the difference between the book value and the market price or the value of the participating interest in cases when the market price cannot be determined. The market price is the price reached on the respective public securities exchange as of the last business day of the accounting period, or a price set by qualified estimate.

(e) Foreign currency translation

The Company uses Czech National Bank (CNB) exchange rates for foreign currency translation. During the year the Company recognizes only realized foreign exchange gains and losses.

Assets and liabilities denominated in foreign currencies are translated using the office CNB exchange rate as of the balance sheet date. Unrealized foreign exchange gains and losses are reported in the balance sheet and a provision is made for unrealized foreign exchange losses.

(f) Leases

The Company accounts for leased assets by charging lease installments to the profit and loss account on a regular basis throughout the lease term. When the lease ends and the option to purchase is exercised, the leased item is recorded at the purchase price.

(g) Income tax

Income tax for a given period consists of income tax due and any change in the balance of deferred tax. Income tax due includes tax calculated from the tax base using the tax rate applicable in the current year, as well as all additional levies or refunds from past years.

Deferred tax is based on all temporary differences between the net book value of assets and liabilities for accounting purposes and for tax purposes, applying the tax rate anticipated to be in effect for the subsequent accounting period.

A deferred tax receivable is recorded only if there is no doubt that it will be claimed in subsequent accounting periods.

3 | Fixed Assets**(a) Intangible fixed assets**

	Software	Intellectual property	Total
Acquisition cost			
Balance at 1. 1. 2001	8,954	742	9,696
Additions	2,031	–	2,031
Disposals	–	–	–
Transfers	–	–	–
Balance at 31. 12. 2001	10,985	742	11,727
Accumulated depreciation			
Balance at 1. 1. 2001	4,251	72	4,323
Depreciation	2,447	124	2,571
Accumulated depreciation of disposals	–	–	–
Transfers	–	–	–
Balance at 31. 12. 2001	6,698	196	6,894
Net book value at 1. 1. 2001	4,703	670	5,373
Net book value at 31. 12. 2001	4,287	546	4,833

(b) Tangible fixed assets

	Works of art and collections	Machines and equipment	Vehicles	Furniture and fittings	Fixed assets in process	Total
Acquisition cost						
Balance at 1. 1. 2001	47	8,689	10,165	416	–	19,317
Additions	–	2,655	1,146	–	3,032	6,833
Disposals	–	(286)	(2,622)	–	–	(2,908)
Transfers	–	–	–	–	–	–
Balance at 31. 12. 2001	47	11,058	8,689	416	3,032	23,242
Accumulated depreciation						
Balance at 1. 1. 2001	–	3,665	4,416	109	–	8,190
Depreciation	–	2,501	2,297	66	–	4,864
Accumulated depreciation of disposals	–	(286)	(935)	–	–	(1,221)
Transfers	–	–	–	–	–	–
Balance at 31. 12. 2001	–	5,880	5,778	175	–	11,833
Net book value at 1. 1. 2001	47	5,024	5,749	307	–	11,127
Net book value at 31. 12. 2001	47	5,178	2,911	241	3,032	11,409

4 | Small Tangible and Intangible Fixed Assets

In accordance with the accounting procedures described in Note 2(a), the Company charged small tangible and intangible fixed assets to the profit and loss account in the month of acquisition. The total cumulative acquisition cost of small tangible and intangible fixed assets that are still in use is as follows:

	Balance at 31 December 2001	Balance at 31 December 2000
Small tangible fixed assets	3,257	2,551
Small intangible fixed assets (software)	1,052	929
Total	4,309	3,480

Additions to small tangible fixed assets fully written off in 2001 totaled TCZK 1,080 (2000: TCZK 369), while disposals of small tangible fixed assets totaled TCZK 374 (2000: TCZK 47).

Additions to small intangible fixed assets fully written off in 2001 totaled TCZK 123 (2000: TCZK 409), while disposals of small intangible fixed assets totaled nil (2000: nil).

5 | Investments

(a) Long-term investments

	Ownership participation (%)	Acquisition cost
PPF majetková a.s.	100.00	318
PPF Financial Services Ltd.	100.00	2,634
PPF (Cyprus) Ltd.	100.00	2,813
Homenet a.s.	100.00	1,000
ELINE a.s.	100.00	1,000
Public Picture & Marketing a.s.	100.00	1,000
ZETA Holding S.A.	0.45	3,198
Total		11,963

An adjustment of TCZK 1,000 (2000: TCZK 1,000) was created to the long-term investment in ELINE a.s.

In 2001, the Company sold its equity stakes in the companies PPF burzovní společnost a.s. and PPF investiční společnost a.s.

In 2001, the Company had TCZK 17,000 of income from long-term investments; this amount consisted of dividend income from PPF majetková a.s.

6 | Trade Receivables and Payables

(a) **Short-term trade receivables** totaled TCZK 15,085 (2000: TCZK 8,963).

(b) **Short-term trade payables** totaled TCZK 10,518 (2000: TCZK 15,620). The Company's established procedure is to settle accounts payable on the due date of the respective invoice, and therefore none of the payables are over 180 days overdue.

7 | Registered Capital

There was no change in the registered capital in 2001; it remained at TCZK 420,000. The registered capital consists of 100 registered shares of nominal value CZK 10,000, 9 registered shares of nominal value CZK 1,000,000 and 41 registered shares with nominal value CZK 10,000,000.

8 | Shareholders' Equity**(a) Summary of movements in shareholders' equity**

	Registered capital	Share issue premium	Current period profit/loss	Losses carried forward	Retained earnings	Statutory reserve	Total
Balance at 1. 1. 2001	420,000	35,691	7,727	–	18,700	5,283	487,401
Allocated to reserves	–	–	(387)	–	–	387	–
Drawn from reserves	–	–	–	–	–	–	–
Settlement of past losses	–	–	–	–	–	–	–
Transferred to retained earnings	–	–	(7,340)	–	7,340	–	–
Loss for 2001	–	–	(3,016)	–	–	–	(3,016)
Balance at 31. 12. 2001	420,000	35,691	(3,016)	–	26,040	5,670	484,385

(b) Planned allocation of current period earnings

The Company's General Meeting will decide on the settlement of the 2001 loss, which will be carried out in accordance with the Company's Articles of Association and applicable law.

9 | Provisions

	Foreign exchange loss provision	Total
Balance at 1. 1. 2001	–	–
Creation of provisions	345	345
Release of provisions	–	–
Balance at 31. 12. 2001	345	345

10 | Employees and Executives

Average numbers of employees and executives and personnel costs for 2001 and 2000:

2001	Number of employees	Wages & salaries	Social security & health insurance	Benefits costs
Employees	45	20,165	7,027	393
Executives	11	19,145	6,701	156
Total	56	39,310	13,728	549

2000	Number of employees	Wages & salaries	Social security & health insurance	Benefits costs
Employees	35	15,701	5,491	330
Executives	10	12,154	4,254	94
Total	45	27,855	9,745	424

11 | Information on Related Entities

(a) Assets, liabilities and equity relating to group companies

	Assets at 31. 12.		Liabilities and equity at 31. 12.	
	2001	2000	2001	2000
PPF Group N.V.	293,685	–	–	–
PPF (CYPRUS) LIMITED	163	–	–	–
PPF burzovní společnost a.s.	492	550	144	129
PPF majetková a.s.	402	480	308	–
PPF investiční společnost a.s.	387	416	–	–
PPF Capital Management a.s.	344	69	–	184
PPF investiční holding a.s.	69	20	–	–
PPF CONSULTING a.s.	4	961	–	–
Public Picture & Marketing a.s.	80	553	–	–
Cespo B.V.	140,841	–	–	–
CM - CREDIT a.s.	–	328	25	–
Home Credit International a.s.	1,376	–	18	–
Home Credit Slovakia a.s.	431	–	–	–
Česká pojišťovna a.s.	1,845	1,631	261	168
ČP Leasing, a.s.	149	307	45	–
ČP finanční servis a.s.	100	–	–	–
Total	440,368	5,315	801	481

Notes to Financial Statements as at 31 December 2001 (CZK '000)

(b) Revenues and expenses relating to group companies

	Revenues at 31. 12.		Expenses at 31. 12.	
	2001	2000	2001	2000
PPF burzovní společnost a.s.	11,982	12,588	370	-
PPF majetková a.s.	9,916	13,027	307	-
PPF investiční společnost a.s.	13,764	13,683	-	31
PPF Capital Management a.s.	8,182	11,109	1	-
PPF investiční holding a.s.	7,256	3,260	-	-
PPF CONSULTING a.s.	184	1,214	-	-
Public Picture & Marketing a.s.	1,700	778	1,600	600
CESPO B.V.	5,766	-	-	-
CESPO HOLDINGS B.V.	3,699	-	-	-
CM - CREDIT a.s.	2,105	6,214	-	-
Home Credit Slovakia a.s.	3,692	-	-	-
Home Credit International a.s.	1,600	-	-	-
Home Credit a.s.	1,854	4,242	6	-
Home Credit Finance a.s.	9,369	-	-	-
Board Show, a.s.	44	-	-	-
ELINE a.s.	15	-	-	-
Ervine & Doll, a.s.	16	-	-	-
Univerzální správa majetku a.s.	1,959	-	-	-
Homenet a.s.	17	151	-	27
Česká pojišťovna a.s.	10,206	11,196	12,981	10,090
ČP INVEST investiční společnost, a.s.	5,409	-	-	-
Penzijní fond České pojišťovny, a.s.	1,086	-	-	-
ČP Leasing, a.s.	3,588	1,261	4,744	2,514
ČP finanční servis a.s.	1,098	-	-	-
Total	104,534	78,723	20,009	13,262

(c) Income and expenses on sales/purchases of securities and ownership participations

	Income at 31. 12.		Purchases at 31. 12.	
	2001	2000	2001	2000
PPF Group N.V.	413,685	-	23,145	-
CESPO B.V.	5,150,528	-	5,150,528	-
Home Credit B.V.	2,026	-	1,720	-
ČP finanční holding a.s.	116,000	-	562,810	-
Total	5,682,239	-	5,738,203	-

(d) Remuneration and loans to statutory and supervisory board members

In 2001 and 2000 the members of the Board of Directors and Supervisory Board did not receive any remuneration nor were they provided with any loans.

12 | Income Taxes**(a) Due**

Due to the net loss for tax purposes, income taxes due in 2001 were nil (2000: TCZK 13).

(b) Deferred

The following table presents a summary of movements in temporary differences:

	Intangible fixed assets	Tangible fixed assets	Total	Tax rate (%)	Deferred tax liability
Balance at 1. 1. 2001	3,278	3,735	7,013	31	2,174
Change in 2001	(864)	(262)	(1,126)	31	(349)
Balance at 31. 12. 2001	2,414	3,473	5,887	31	1,825

13 | Leases**(a) Finance leases**

The Company is obligated to pay installments on vehicle finance leases as follows:

2001	Total finance lease installments	Paid at 31. 12.	Due within 1 year	Due in later years
Passenger cars	13,528	7,478	2,856	3,194
Total	13,528	7,478	2,856	3,194

2000	Total finance lease installments	Paid at 31. 12.	Due within 1 year	Due in later years
Passenger cars	8,324	3,135	2,786	2,403
Total	8,324	3,135	2,786	2,403

14 | Contingent Liabilities

Czech business and tax laws have been amended at there is some uncertainty over their interpretation in a number of areas. The consequences of these uncertainties cannot be foreseen with any degree of accuracy and can be assessed only in light of future practice or if an official interpretation becomes available.

15 | Cash and Cash Equivalents (for Purposes of the Cash Flow Statement)

For the purposes of compiling the statement of cash flows, cash and cash equivalents are defined as cash on hand, cash en route, cash in bank accounts and other financial assets whose valuation can be reliably determined and which can be easily converted into cash. The balances of cash and cash equivalents at the end of the accounting periods 2001 and 2000 are as follows:

	Balance at 31. 12. 2001	Balance at 31. 12. 2000
Cash	177	215
Bank accounts	20,644	5,236
Total	20,821	5,451

1 | Description and Principal Activities**Foundation and description of the Company**

PPF a.s. (the "Company") was established by a Founders' Agreement dated 18 November 1996, pursuant to Act 513/1991 Sb. and was recorded in the Commercial Register on 13 January 1997. The Company's principal activity is coordinating activities and functions within the PPF Group holding structure.

Company owners

The Company's owner, with a qualified majority, is Mr. Petr Kellner.

Company seat

PPF a.s.
Na Pankráci 121
140 21 Prague 4
Czech Republic

Members of the Board of Directors and Supervisory Board as at 31 December 2000:*Members of the Board of Directors*

Petr Kellner
Ladislav Bartoníček, MBA
Milan Maděryč
Štěpán Popovič

Members of the Supervisory Board

František Tlustoš
Martin Dindoš
Lenka Šafránková

Organization structure

The Company's principal activities are run by the Board of Directors and by Company management.

2 | Accounting Principles Used by the Company**(a) Tangible and intangible fixed assets**

Tangible and intangible fixed assets are recorded at acquisition cost. Tangible fixed assets with an acquisition cost of up to TCZK 40 and intangible fixed assets with an acquisition cost of up to TCZK 60 are carried in the balance sheet and charged to expenses in the month of acquisition.

The following table shows the depreciation methods and depreciation periods used for the various asset categories:

Asset Category	Method	Depreciation Period
Machines and equipment	Straight-line	4 years
Vehicles	Straight-line	4 years
Furniture and fittings	Straight-line	6 years
Software	Straight-line	4 years

(b) Long-term investments

Long-term investments in group companies are carried at acquisition cost. If the market value of any of these investments is permanently lower than the acquisition cost, the book value is lowered to the market value. In cases of a temporary diminution in value, a value adjustment is made.

Other investment securities are valued at acquisition cost or at acquisition cost less a adjustment in case of a temporary diminution in value. Dividends from these investments are included in revenues from investments.

(c) Short-term investments

Short-term investments are carried at acquisition cost or at acquisition cost less an adjustment in case of temporary diminution in value. Dividends from these investments are included in revenues from short-term investments.

(d) How adjustments are determined

The Company creates adjustments using the gross method, i.e. adjustments from the past accounting period are charged to revenues and the creation of new adjustments is included in costs as of the balance sheet date.

Accounts receivable

The Company sets up adjustments to doubtful receivables based on in-house analysis of the solvency of its customers.

Securities and other investments

The Company creates adjustments both for long- and short-term investments, in the amount of the difference between the book value and the market price or the value of the participating interest in cases when the market price cannot be determined. The market price is the price reached on the respective public securities market as of the last business day of the accounting period, or a price set by a qualified estimate.

(e) Foreign currency translation

The Company uses Czech National Bank (CNB) exchange rates for foreign currency translation. During the year the Company recognizes only realized foreign exchange gains and losses. Assets and liabilities denominated in foreign currencies are translated using the official CNB exchange rate as of the balance sheet date. Unrealized foreign exchange gains and losses are included in the balance sheet and a provision is made for unrealized foreign exchange losses.

(f) Leases

The Company accounts for leased assets by charging lease payments to expenses using the straight-line method over the lease term. When the lease ends and the option to purchase is exercised, the leased item is recorded at the purchase price.

(g) Income tax

Income tax for the period consists of income tax due and any change in the balance of deferred tax. Income tax due includes tax calculated from the tax base using the tax rate applicable in the current year, as well as all additional tax and/or tax refunds from past years.

Deferred tax is based on temporary differences between the tax- and accounting-purpose net book values of fixed assets, applying the tax rate anticipated to be in effect in the subsequent accounting period.

3 | Fixed Assets**(a) Intangible fixed assets**

	Software	Intellectual property	Total
Acquisition cost			
Balance at 1. 1. 2000	8,457	–	8,457
Additions	497	742	1,239
Disposals	–	–	–
Transfers	–	–	–
Balance at 31. 12. 2000	8,954	742	9,696
Accumulated depreciation			
Balance at 1. 1. 2000	2,130	–	2,130
Depreciation	2,120	72	2,192
Accumulated depreciation of disposals	–	–	–
Transfers	–	–	–
Balance at 31. 12. 2000	4,251	72	4,323
Net book value at 1. 1. 2000	6,327	–	6,327
Net book value at 31. 12. 2000	4,703	670	5,373

(b) Tangible fixed assets

	Works of art, collections	Machinery and equipment	Vehicles	Furniture and fittings	Total
Acquisition cost					
Balance at 1. 1. 2000	47	5,975	7,916	416	14,354
Additions	–	2,897	2,754	–	5,651
Disposals	–	(183)	(505)	–	(688)
Transfers	–	–	–	–	–
Balance at 31. 12. 2000	47	8,689	10,165	416	19,317
Accumulated depreciation					
Balance at 1. 1. 2000	–	2,002	2,273	43	4,318
Depreciation	–	1,698	2,384	66	4,148
Accumulated depreciation of disposals	–	(35)	(241)	–	(276)
Transfers	–	–	–	–	–
Balance at 31. 12. 2000	–	3,665	4,416	109	8,190
Net book value at 1. 1. 2000	47	3,973	5,643	373	10,036
Net book value at 31. 12. 2000	47	5,024	5,749	307	11,127

4 | Small Tangible and Intangible Fixed Assets

In accordance with the accounting procedures described in Note 2(a), the Company charged small tangible and intangible fixed assets to the profit and loss account in the month of acquisition. The aggregate total acquisition cost of small tangible and intangible fixed assets that are still in use is as follows:

	Balance at 31. 12. 2000	Balance at 31. 12. 1999
Small tangibles	2,551	2,229
Small intangibles (software)	929	520
Total	3,480	2,749

Additions to small tangible fixed assets fully written off in 2000 totaled TCZK 369 (1999: TCZK 339), while disposals of small tangible fixed assets totaled TCZK 47 (1999: TCZK 46). Additions to small intangible fixed assets in 2000 totaled TCZK 409 (1999: TCZK 143), while disposals of small intangible fixed assets totaled nil (1999: TCZK 33).

5 | Investments**Long-term investments**

	Ownership participation (%)	Acquisition cost
PPF Servis a.s.	100.00	1,382,214
PPF burzovní společnost a.s.	100.00	23,145,000
PPF majetková a.s.	100.00	317,500
PPF investiční společnost a.s.	79.75	562,300,000
PPF FINANCIAL SERVICES LIMITED	100.00	2,634,249
PPF (CYPRUS) LIMITED	100.00	2,813,115
Home Net a.s.	100.00	1,000,000
ELINE a.s.	100.00	1,000,000
Public Picture & Marketing a.s.	70	700,000
WFOE ZH S.A.	50	3,542,000
Total		598,834,078

An adjustment of TCZK 50,000 (1999: TCZK 50,000) was made to the investment in PPF investiční společnost a.s.

An adjustment of TCZK 1,000 (1999: nil) was made to the investment in ELINE a.s.

In 2000, the Company had TCZK 19,299 of income from dividends generated by long-term investments; this amount consisted of TCZK 17,000 from PPF majetková a.s., TCZK 1,491 from PPF investiční společnost a.s. and TCZK 808 from PPF Servis a.s.

6 | Trade Receivables and Payables

(a) Short-term trade receivables totaled TCZK 8,963 (1999: TCZK 2,927).

(b) Short-term trade payables totaled TCZK 15,620 (1999: TCZK 9,436). The Company's established procedure is to settle accounts payable on the due date of the respective invoice, and therefore none of the payables are over 180 days overdue.

7 | Registered Capital

There was no change in the registered capital in 2000; its total is TCZK 420,000. The registered capital consists of 100 registered shares with face value CZK 10,000, 9 registered shares with face value CZK 1,000,000 and 41 registered shares with face value CZK 10,000,000.

8 | Shareholders' Equity

(a) Summary of movements in shareholders' equity

	Registered capital	Share issue premium	Current period profit/loss	Losses carried forward	Profits carried forward	Statutory reserve	Total
Balance at 1. 1. 2000	420,000	70,000	19,685	(34,309)	–	4,298	479,674
Allocated to reserves	–	–	(985)	–	–	985	–
Settlement of past losses	–	(34,309)	–	34,309	–	–	–
Transferred to profits carried forward	–	–	(18,700)	–	18,700	–	–
Profit for 2000	–	–	7,727	–	–	–	7,727
Balance at 31. 12. 2000	420,000	35,691	7,727	–	18,700	5,283	487,401

(b) Planned allocation of current period earnings

The Company's General Meeting will decide on the allocation of the 2000 profit, which will be carried out in accordance with the Company's Articles of Association and applicable law.

9 | Employees and Executives

The average number of employees and executives and staff costs in 2000 and 1999:

2000	Number of employees	Wages & salaries	Social security & health insurance	Benefits costs
Employees	35	15,701	5,491	330
Executives	10	12,154	4,254	94
Total	45	27,855	9,745	424

1999	Number of employees	Wages & salaries	Social security & health insurance	Benefits costs
Employees	29	12,293	4,300	163
Executives	7	8,813	3,086	39
Total	36	21,106	7,386	202

10 | Related Party Information**(a) Trade receivables and payables**

The trade receivables and payables described in Note 6, above, contain the following balances with related parties, *inter alia*:

	Receivables at 31. 12.		Payables at 31. 12.	
	2000	1999	2000	1999
PPF burzovní společnost a.s.	550	1	129	72
PPF majetková a.s.	480	260	–	–
PPF investiční společnost a.s.	416	360	–	7
PPF Capital Management a.s.	69	15	184	159
PPF investiční holding a.s.	20	1	–	–
Public Picture & Marketing a.s.	553	–	–	–
CM - CREDIT a.s.	328	217	–	–
Českomoravská investorská a.s.	6	–	–	–
Total	2,422	854	313	238

(b) Long-term payables

	Long-term payables at 31. 12. 1999	Paid during 2000	Long-term payables at 31. 12. 2000	Interest costs in 2000
Real a.s.	70,900	–	70,900	4,963
Total	70,900	–	70,900	4,963

The item in question is an assigned payable relating to the purchase of shares of PPF investiční společnost a.s. The payable bears interest at 1.4 times the CNB discount rate. The payable's final due date is 31 December 2002.

(c) Sales and purchases

	Sales at 31. 12.		Purchases at 31. 12.	
	2000	1999	2000	1999
PPF burzovní společnost a.s.	12,588	17,239	–	–
PPF majetková a.s.	13,027	16,067	–	–
PPF investiční společnost a.s.	13,683	13,799	31	6,848
PPF Capital Management a.s.	11,109	12,174	–	–
CM - CREDIT a.s.	6,214	5,483	–	–
PPF investiční holding a.s.	3,260	3,275	–	–
Public Picture & Marketing a.s.	778	–	600	–
Českomoravská investorská a.s.	45	–	25	–
Total	60,704	68,037	656	6,848

(d) Remuneration and loans to statutory and supervisory board members

In 2000 and 1999 the members of the Board of Directors and Supervisory Board did not receive any remuneration nor were they provided with any loans.

11 | Income Tax**(a) Due**

Income tax due for the 2000 accounting period totals TCZK 13 (1999: TCZK 1,851) and consists of a clarification of the 1999 tax in the amount of TCZK 13.

(b) Deferred

The following table presents a summary of movements in temporary differences between the tax- and accounting-purpose net book values of fixed assets:

	Intangible fixed assets	Tangible fixed assets	Total	Tax rate (%)	Deferred tax
Balance at 1. 1. 2000	3,013	2,706	5,719	31	1,773
Change in 2000	265	1 029	1 294	31	401
Balance at 31. 12. 2000	3,278	3,735	7,013	31	2,174

12 | Leases**Finance leases**

The Company is obligated to pay installments on vehicle finance leases as follows:

2000	Total lease payments	Paid at 31. 12.	Due within 1 year	Due in years subsequent
Passenger cars	8,324	3,135	2,786	2,403
Total	8,324	3,135	2,786	2,403

1999	Total lease payments	Paid at 31. 12.	Due within 1 year	Due in years subsequent
Passenger cars	5,986	2,041	1,894	2,051
Total	5,986	2,041	1,894	2,051

13 | Material Subsequent Event

A transfer of shares of PPF burzovní společnost a.s. to a new owner was settled in January 2001.

Balance Sheet, as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	481,781	902,273	332,217
1. Cash in hand, balances with central banks	75	95	129
2. State couponless bills and other securities eligible for refinancing with the central bank	-	-	-
3. Receivables from banks and credit unions	41,973	326,630	150,259
4. Receivables from clients, credit union members	31,713	3,904	-
5. Debt securities	72,271	-	-
6. Shares, unit certificates and other equities	39,210	53,436	30,723
7. Interests in associated undertakings	-	-	-
8. Interests in group undertakings	93,619	91,607	91,607
9. Intangible assets	836	833	1,159
10. Tangible assets	4,174	4,526	2,261
11. Other assets	197,510	420,676	55,467
12. Receivables from shareholders	-	-	-
13. Prepayment and accrued income	400	566	612
TOTAL LIABILITIES AND EQUITY	481,781	902,273	332,217
1. Payables in respect of banks, credit unions	-	-	-
2. Payables in respect of clients, credit union members	-	-	-
3. Liabilities relating to debt securities	-	-	-
4. Other liabilities	201,338	698,165	62,058
5. Deferrals	2,178	474	487
6. Provisions	-	284	-
7. Subordinated debt	-	-	-
8. Registered capital	55,000	55,000	55,000
9. Treasury shares	-	-	-
10. Share issue premium	60,500	60,500	60,500
11. Capital reserves and other funds created from profit	11,000	11,000	11,000
12. Revaluation reserve	-	-	-
13. Capital funds	-	-	-
14. Revaluation surplus/deficit	-	-	-
15. Profit or loss carried forward	76,850	62	120,936
16. Profit or loss of the accounting period	74,915	76,788	22,236

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
1. Interest and similar income	4,574	4,790	6,978
2. Interest and similar expenses	2,156	1,574	–
3. Income from shares and equity interests	1,029	405	71
4. Fee and commission income	201,550	187,080	130,589
5. Fee and commission expenses	13,004	10,274	7,242
6. Net profit/(loss) from financing operations	19,550	(9,079)	(14,110)
7. Other operating income	718	2,716	371
8. Other operating expenses	6,052	470	5,410
9. Administrative expenses	99,455	66,936	63,540
10. Use of provisions and adjustments to tangible and intangible assets	–	–	–
11. Depreciation, amortization, provisioning and new adjustments to tangible and intangible assets	2,067	2,343	1,797
12. Use of adjustments and provisions to receivables and guarantees, income from assignment of receivables and income from receivables previously written off	–	–	–
13. Write-offs, new adjustments and provisioning to receivables and guarantees	20	–	–
14. Use of adjustments to interests in group and associated undertakings	–	–	–
15. New adjustments to interests in group and associated undertakings	6,148	–	–
16. Use of other provisions	–	–	–
17. New other provisioning	–	–	–
18. Use of other adjustments	5,971	6,204	–
19. Creation of new other adjustments	–	86	5,971
20. Profit/(loss) for the accounting period from ordinary activities, before tax	104,490	110,433	39,939
21. Extraordinary income	6,580	–	–
22. Extraordinary expenses	6,869	–	–
23. Profit/(loss) for the accounting period from extraordinary activities, before tax	(289)	–	–
24. Corporate income tax	29,286	33,645	17,703
25. Share in profits/(losses) of group and associated undertakings	–	–	–
26. Profit/(loss) for the accounting period, after tax	74,915	76,788	22,236

Balance Sheet, as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	213,326	2,609,043	2,276,743
A. Receivables for subscribed capital	-	-	-
B. Fixed assets	6,269	7,023	36,774
B.I. Intangible fixed assets	-	-	7
B.II. Tangible fixed assets	1,055	1,725	3,234
B.III. Long-term investments	5,214	5,298	33,533
B.III.1. Investments in group undertakings	2,000	2,000	29,350
C. Current assets	200,256	2,552,330	2,235,718
C.I. Inventories	-	-	-
C.II. Long-term receivables	-	148,600	2,127,132
C.III. Short-term receivables	196,306	2,367,612	65,727
C.IV. Financial assets	3,950	36,118	42,859
D. Other assets – temporary assets accounts	6,801	49,690	4,251

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	213,326	2,609,043	2,276,743
A. Equity	204,633	213,972	209,542
A.I. Registered capital	178,300	178,300	178,300
A.II. Capital contributions	(1,636)	-	-
A.III. Reserve funds	4,032	3,811	3,635
A.IV. Retained earnings	31,640	27,431	24,097
A.V. Profit/(loss) for the current period	(7,703)	4,430	3,510
B. Liabilities	8,565	2,324,784	2,008,131
B.I. Provisions	5,612	812	606
B.II. Long-term liabilities	-	2,000,000	2,000,000
B.III. Short-term liabilities	2,953	323,972	7,525
B.IV. Bank loans and overdrafts	-	-	-
B.IV.1. Long-term bank loans	-	-	-
C. Other liabilities – temporary liability accounts	128	70,287	59,070

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
I.+II.	Operating revenues	29,968	9,424	3,287
I.+II.1.	Revenues from sale of own goods and services	29,968	9,424	3,287
II.2.	Change in finished product inventories	-	-	-
II.3.	Capitalization	-	-	-
A.+B.	Cost of materials, energy and services	16,812	15,332	29,020
+	Gross margin (value added)	13,156	(5,908)	(25,733)
C.	Staff costs	11,952	9,815	10,902
E.	Depreciation of tangibles, amortization of intangibles	1,224	1,745	1,928
IV.+V.	Provisions, adjustments and accruals to operating income	97	-	3,926
G.+H.	Provisions, adjustments and accruals to operating expenses	21,917	5,500	38,677
III.+VI.+VII.	Other operating income	3,901	1,268	118,586
D.+F.+I.+J.	Other operating expenses	2,532	396	68,891
*	Operating profit/(loss)	(20,471)	(22,096)	(23,619)
XII.+XIII.	Provisions and adjustments to financial revenues	1,734	3,938	1,265
N.+O.	Provisions and adjustments to financial expenses	-	1,734	3,938
VIII.+IX.+X. +XI.+XIV. +XV.+XVI.	Other financing income	652 261	221,324	371,729
K.+P. +Q.+R.	Other financing expenses	636,246	194,297	339,874
*	Financing profit/(loss)	17,749	29,231	29,182
S.	Corporate income tax	5,216	2,866	772
**	Profit/(loss) on ordinary activity	(7,938)	4,269	4,791
XVII.	Extraordinary income	353	268	45
T.+U.	Extraordinary expenses	118	107	1,326
*	Extraordinary profit/(loss)	235	161	(1,281)
***	Profit/(loss) for the current period	(7,703)	4,430	3,510

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	74,474	74,735	66,981
A. Receivables for subscribed capital	-	-	-
B. Fixed assets	40,400	29,959	20,958
B.I. Intangible fixed assets	3,310	5,872	7,201
B.II. Tangible fixed assets	36,875	23,510	12,138
B.III. Long-term investments	215	577	1,619
B.III.1. Investments in group undertakings	115	477	819
C. Current assets	33,063	14,022	19,815
C.I. Inventories	-	-	-
C.II. Long-term receivables	-	-	-
C.III. Short-term receivables	28,941	7,731	9,949
C.IV. Financial assets	4,122	6,291	9,866
D. Other assets – temporary assets accounts	1,011	30,754	26,208

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	74,474	74,735	66,981
A. Equity	66,406	69,096	60,869
A.I. Registered capital	1,270	1,270	1,270
A.II. Capital contributions	-	-	-
A.III. Reserve funds	300	300	300
A.IV. Retained earnings	47,526	39,299	52,483
A.V. Profit/(loss) for the current period	17,310	28,227	6,816
B. Liabilities	6,846	5,323	4,958
B.I. Provisions	(721)	1,893	1,936
B.II. Long-term liabilities	-	-	-
B.III. Short-term liabilities	7,567	3,430	3,022
B.IV. Bank loans and overdrafts	-	-	-
B.IV.1. Long-term bank loans	-	-	-
C. Other liabilities – temporary liability accounts	1,222	316	1,154

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
I.+II.	Operating revenues	83,913	92,243	87,373
I.+II.1.	Revenues from sale of own goods and services	83,913	92,243	87,373
II.2.	Change in finished product inventories	-	-	-
II.3.	Capitalization	-	-	-
A.+B.	Cost of materials, energy and services	39,777	30,405	30,873
+	Gross margin (value added)	44,136	61,838	56,500
C.	Staff costs	25,572	18,226	16,193
E.	Depreciation of tangibles, amortization of intangibles	5,218	5,919	6,027
IV.+V.	Provisions, adjustments and accruals to operating income	-	-	-
G.+H.	Provisions, adjustments and accruals to operating expenses	-	1,037	19,737
III.+VI.+VII.	Other operating income	3,506	3,948	4,425
D.+F.+I.+J.	Other operating expenses	1,992	1,681	25
*	Operating profit/(loss)	14,860	38,923	18,943
XII.+XIII.	Provisions and adjustments to financial revenues	-	-	-
N.+O.	Provisions and adjustments to financial expenses	462	342	2,646
VIII.+IX.+X. +XI.+XIV. +XV.+XVI.	Other financing income	376	2,575	4,314
K.+P. +Q.+R.	Other financing expenses	104	886	2,517
*	Financing profit/(loss)	(190)	1,347	(849)
S.	Corporate income tax	(2,640)	12,773	11,275
**	Profit/loss on ordinary activity	17,310	27,497	6,819
XVII.	Extraordinary income	-	730	10
T.+U.	Extraordinary expenses	-	-	13
*	Extraordinary profit/(loss)	-	730	(3)
***	Profit/(loss) for the current period	17,310	28,227	6,816

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	157,100	91,248	113,898
A. Receivables for subscribed capital	-	-	-
B. Fixed assets	48,613	77,183	98,281
B.I. Intangible fixed assets	-	-	-
B.II. Tangible fixed assets	534	211	739
B.III. Long-term investments	48,079	76,972	97,542
B.III.1. Investments in group undertakings	-	75,110	97,500
C. Current assets	108,373	13,933	15,600
C.I. Inventories	-	-	-
C.II. Long-term receivables	-	-	-
C.III. Short-term receivables	86,764	8,472	12,554
C.IV. Financial assets	21,609	5,461	3,046
D. Other assets – temporary assets accounts	114	132	17

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	157,100	91,248	113,898
A. Equity	3,261	3,282	5,000
A.I. Registered capital	2,000	2,000	2,000
A.II. Capital contributions	(396)	-	-
A.III. Reserve funds	217	217	217
A.IV. Retained earnings	65	2,783	2,991
A.V. Profit/(loss) for the current period	1,375	(1,718)	(208)
B. Liabilities	146,771	85,635	107,502
B.I. Provisions	21	53	139
B.II. Long-term liabilities	60,948	81,012	96,150
B.III. Short-term liabilities	85,802	4,570	11,213
B.IV. Bank loans and overdrafts	-	-	-
B.IV.1. Long-term bank loans	-	-	-
C. Other liabilities – temporary liability accounts	7,068	2,331	1,396

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
I.+II.	Operating revenues	39,603	15,604	28,111
I.+II.1.	Revenues from sale of own goods and services	39,603	15,604	28,111
II.2.	Change in finished product inventories	-	-	-
II.3.	Capitalization	-	-	-
A.+B.	Cost of materials, energy and services	17,537	6,563	13,246
+	Gross margin (value added)	22,066	9,041	14,865
C.	Staff costs	9,357	7,256	10,401
E.	Depreciation of tangibles, amortization of intangibles	232	999	544
IV.+V.	Provisions, adjustments and accruals to operating income	329	262	198
G.+H.	Provisions, adjustments and accruals to operating expenses	-	524	1,714
III.+VI.+VII	Other operating income	22,100	665,481	97,728
D.+F.+I.+J.	Other operating expenses	16,573	664,759	98,167
*	Operating profit/(loss)	18,333	1,246	1,965
XII.+XIII.	Provisions and adjustments to financial revenues	-	-	-
N.+O.	Provisions and adjustments to financial expenses	-	-	-
VIII.+IX.+X. +XI.+XIV. +XV.+XVI.	Other financing income	33,820	28,872	30,905
K.+P. +Q.+R.	Other financing expenses	50,543	31,948	33,108
*	Financing profit/(loss)	(16,723)	(3,076)	(2,203)
S.	Corporate income tax	245	(86)	133
**	Profit/(loss) on ordinary activity	1,365	(1,744)	(371)
XVII.	Extraordinary income	10	26	236
T.+U.	Extraordinary expenses	-	-	73
*	Extraordinary profit/(loss)	10	26	163
***	Profit/(loss) for the current period	1,375	(1,718)	(208)

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	37,651	61,646	129,082
1. Cash in hand, balances with central banks	9	5	9
2. State couponless bills and other securities eligible for refinancing with the central bank	-	-	-
3. Receivables from banks and credit unions	33,966	34,391	106,490
4. Receivables from clients, credit union members	-	198	230
5. Debt securities	-	-	-
6. Shares, unit certificates and other equities	-	1,452	2,645
7. Interests in associated undertakings	-	-	-
8. Interests in group undertakings	-	-	-
9. Intangible assets	322	536	714
10. Tangible assets	1,321	2,062	2,798
11. Other assets	1,805	12,822	15,836
12. Receivables from shareholders	-	10,000	-
13. Prepayments and accrued income	228	180	360
TOTAL LIABILITIES AND EQUITY	37,651	61,646	129,082
1. Payables in respect of banks, credit unions	6	31	-
2. Payables in respect of clients, credit union members	-	244	104
3. Liabilities relating to debt securities	-	-	-
4. Other liabilities	523	7,461	68,798
5. Deferrals	-	20	23
6. Provisions	2,254	284	-
7. Subordinated debt	-	-	-
8. Registered capital	52,000	48,000	48,000
9. Treasury shares	-	-	-
10. Share issue premium	575	17,127	20,038
11. Capital reserves and other funds created from profit	16	15	15
12. Revaluation reserve	-	-	-
13. Capital funds	1,015	5,015	1,015
14. Revaluation surplus/deficit	-	-	-
15. Profit or loss carried forward	-	-	-
16. Profit or loss of the accounting period	(18,738)	(16,551)	(8,911)

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
1. Interest and similar income	952	1,286	1,647
2. Interest and similar expenses	542	107	1,770
3. Income from shares and equity interests	-	-	-
4. Fee and commission income	7,251	15,236	6,447
5. Fee and commission expenses	3,769	5,809	6,963
6. Net profit/loss from financing operations	(870)	(2,997)	21,878
7. Other operating income	1,317	1,630	382
8. Other operating expenses	779	655	404
9. Administrative expenses	19,331	23,810	29,401
10. Use of provisions and adjustments to tangible and intangible assets	-	-	-
11. Depreciation, amortization, provisioning and new adjustments to tangible and intangible assets	893	1,006	724
12. Use of adjustments and provisions to receivables and guarantees, income from assignment of receivables and income from receivables previously written off	5	-	-
13. Write-offs, new adjustments and provisioning to receivables and guarantees	105	35	8
14. Use of adjustments to interests in group and associated undertakings	-	-	-
15. New adjustments to interests in group and associated undertakings	-	-	-
16. Use of other provisions	284	-	-
17. New other provisioning	2,254	284	-
18. Use of other adjustments	-	-	-
19. Creation of new other adjustments	-	-	-
20. Profit/(loss) for the accounting period from ordinary activities, before tax	(18,734)	(16,551)	(8,916)
21. Extraordinary income	1	-	5
22. Extraordinary expenses	5	-	-
23. Profit/(loss) for the accounting period from extraordinary activities, before tax	(4)	-	5
24. Corporate income tax	-	-	-
25. Share in profits/(losses) of group and associated undertakings	-	-	-
26. Profit/(loss) for the accounting period, after tax	(18,738)	(16,551)	(8,911)

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	31,376	11,288	12,364
A. Receivables for subscribed capital	-	-	-
B. Fixed assets	-	10,512	301
B.I. Intangible fixed assets	-	-	-
B.II. Tangible fixed assets	-	8	299
B.III. Long-term investments	-	10,504	2
B.III.1. Investments in group undertakings	-	-	-
C. Current assets	31,292	776	12,060
C.I. Inventories	-	-	-
C.II. Long-term receivables	-	-	-
C.III. Short-term receivables	17,141	707	293
C.IV. Financial assets	14,151	69	11,767
D. Other assets – temporary assets accounts	84	-	3

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	31,376	11,288	12,364
A. Equity	4,152	8,109	8,424
A.I. Registered capital	1,000	1,000	1,000
A.II. Capital contributions	-	-	-
A.III. Reserve funds	219	219	219
A.IV. Retained earnings	-	7,205	333
A.V. Profit/(loss) for the current period	2,933	(315)	6,872
B. Liabilities	27,211	3,172	3,890
B.I. Provisions	1,332	-	-
B.II. Long-term liabilities	-	-	-
B.III. Short-term liabilities	13,647	106	3,890
B.IV. Bank loans and overdrafts	12,232	3,066	-
B.IV.1. Long-term bank loans	-	-	-
C. Other liabilities – temporary liability accounts	13	7	50

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
I.+II.	Operating revenues	19,400	1,745	4,897
I.+II.1.	Revenues from sale of own goods and services	19,400	1,745	4,897
II.2.	Change in finished product inventories	-	-	-
II.3.	Capitalization	-	-	-
A.+B.	Cost of materials, energy and services	19,107	917	2,286
+	Gross margin (value added)	293	828	2,611
C.	Staff costs	817	861	1,072
E.	Depreciation of tangibles, amortization of intangibles	8	141	138
IV.+V.	Provisions, adjustments and accruals to operating income	-	-	-
G.+H.	Provisions, adjustments and accruals to operating expenses	-	-	-
III.+VI.+VII.	Other operating income	370,000	227	26,693
D.+F.+I.+J.	Other operating expenses	370,000	185	26,664
*	Operating profit/(loss)	(532)	(132)	1,430
XII.+XIII.	Provisions and adjustments to financial revenues	-	-	48
N.+O.	Provisions and adjustments to financial expenses	-	232	-
VIII.+IX.+X. +XI.+XIV. +XV.+XVI.	Other financing income	91,576	177	1,064,458
K.+P. +Q.+R.	Other financing expenses	87,007	119	1,056,165
*	Financing profit/(loss)	4,569	(174)	8,341
S.	Corporate income tax	1,332	15	2,899
**	Profit/(loss) on ordinary activity	2,705	(321)	6,872
XVII.	Extraordinary income	234	6	-
T.+U.	Extraordinary expenses	6	-	-
*	Extraordinary profit/(loss)	228	6	-
***	Profit/(loss) for the current period	2,933	(315)	6,872

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	115,559,948	108,625,719	97,815,639
1. Intangible assets	66,518	155,947	254,151
2. Financial placements (investments)	102,627,258	93,027,435	83,074,708
3. Receivables	7,287,095	7,774,518	9,658,124
4. Other assets	4,386,912	5,486,975	2,838,002
5. Temporary asset accounts	1,192,165	2,180,844	1,990,654
6. Losses carried forward	-	-	-
7. Current period loss	-	-	-

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	115,559,948	108,625,719	97,815,639
1. Registered capital and funds	7,409,821	5,658,802	3,769,796
2. Registered capital	3,412,391	3,412,391	3,412,391
3. Technical provisions	87,854,280	81,054,934	75,163,143
4. Life assurance provision where risk is borne by the insured	147,008	100,818	39,460
5. Provisions for other risks and losses	212,583	705,346	659,602
6. Liabilities from advance payments received	3,663	3,987	4,660
7. Subordinated debt	-	-	-
8. Liabilities	9,817,845	12,776,492	9,567,309
9. Temporary liability accounts	1,840,288	2,875,856	2,055,502
10. Profits carried forward	4,226,970	1,269,297	2,241,572
11. Current period profit	4,047,490	4,180,187	4,314,595

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
I. Technical account for non-life insurance			
1. Gross premiums written	20,908,505	19,025,738	17,532,775
2. Earned premiums, net	18,259,954	17,228,916	16,430,307
3. Other technical income, net	794,599	1,084,101	262,050
4. Claims incurred	14,822,460	9,382,490	9,248,094
5. Claims incurred, net	11,689,538	10,450,866	10,568,603
6. Change in other technical provisions, net	186,071	711,252	586,911
7. Bonuses and rebates, net	214,858	162,824	19,021
8. Net operating expenses	4,852,030	4,976,032	4,671,443
9. Other technical expenses, net	1,769,941	1,437,304	908,420
10. Change in the equalization provision	248,845	523,907	14,404
11. Result for the technical account – non-life insurance	93,270	50,832	(76,445)
II. Technical account for life assurance			
1. Gross premiums written	12,371,482	12,009,548	9,377,556
2. Earned premiums, net	12,316,868	11,973,039	9,034,380
3. Income from financial placements	62,888,846	68,709,741	53,995,445
4. Unrealized gains in value of financial placements	3,207,155	–	–
5. Other technical income	17,585	–	–
6. Claims incurred	8,073,558	9,242,956	7,387,353
7. Claims incurred, net	7,877,576	9,373,569	6,784,169
8. Change in other technical provisions	4,245,807	2,829,405	3,284,800
9. Bonuses and rebates, net	–	–	–
10. Net operating expenses	2,463,497	2,164,653	1,806,904
11. Expenses connected with financial placements, total	60,864,668	62,350,795	51,007,088
12. Unrealized losses on financial placements	1,836,493	–	–
13. Other technical expenses, net	69,755	28,412	23,505
14. Transfer of income from financial placements to the non-technical account	–	–	–
15. Result of the technical account – life assurance	1,072,658	3,935,946	123,359
III. Non-technical account			
1. Result of the technical account – non-life insurance	93,270	50,832	(76,445)
2. Income from financial placements, total	23,566,144	25,825,049	8,855,870
3. Expenses connected with financial placements, total	(23,004,864)	24,869,865	7,195,827
4. Income from financial placements transferred to the technical account for life assurance	–	–	–
5. Other income	1,806,588	2,579,236	1,257,656
6. Other expenses	1,238,331	2,106,790	1,535,594
7. Income tax on ordinary activities	914,639	1,256,866	(2,719,524)
8. Earnings after tax	1,380,826	4,157,542	4,148,543
9. Extraordinary income	6,241,337	54,519	199,920
10. Extraordinary expenses	3,553,763	12,452	15,326
11. Extraordinary earnings result	2,687,574	42,067	184,594
12. Income tax on extraordinary earnings	–	–	–
13. Other taxes and fees	20,910	19,422	18,542
14. Result for the accounting period	4,047,490	4,180,187	4,314,595

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	7,366,846	4,536,160	1,595,748
A. Receivables for subscribed capital	50,000	–	–
B. Fixed assets	1,565,299	61,678	17,169
B.I. Intangible fixed assets	27,405	28,266	10,424
B.II. Tangible fixed assets	97,302	25,476	6,745
B.III. Long-term investments	1,440,592	7,936	–
B.III.1. Investments in group undertakings	340,328	–	–
C. Current assets	5,697,019	4,413,391	1,551,579
C.I. Inventories	3,610	2,823	1,444
C.II. Long-term receivables	1,661,624	–	–
C.III. Short-term receivables	3,513,320	4,064,744	1,259,405
C.IV. Financial assets	518,465	345,824	290,730
D. Other assets – temporary assets accounts	54,528	61,091	27,000

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	7,366,846	4,536,160	1,595,748
A. Equity	182,964	172,564	159,751
A.I. Registered capital	300,000	250,000	250,000
A.II. Capital contributions	(2,160)	–	–
A.III. Reserve funds	5,000	–	–
A.IV. Retained earnings	(150,716)	(90,249)	(42,202)
A.V. Profit/(loss) for the current period	30,840	12,813	(48,047)
B. Liabilities	6,952,477	4,249,316	1,417,202
B.I. Provisions	(23,264)	640	–
B.II. Long-term liabilities	5,646,394	3,435,230	728,449
B.III. Short-term liabilities	429,347	813,446	688,753
B.IV. Bank loans and overdrafts	900,000	–	–
B.IV.1. Long-term bank loans	–	–	–
C. Other liabilities – temporary liability accounts	231,405	114,280	18,795

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
I.+II.	Operating revenues	173,195	13,423	13,729
I.+II.1.	Revenues from sale of own goods and services	173,195	13,423	13,729
II.2.	Change in finished product inventories	-	-	-
II.3.	Capitalization	-	-	-
A.+B.	Cost of materials, energy and services	280,287	202,705	76,392
+	Gross margin (value added)	(107,092)	(189,282)	(62,663)
C.	Staff costs	73,991	53,709	31,763
E.	Depreciation of tangibles, amortization of intangibles	122,247	18,725	7,383
IV.+V.	Provisions, adjustments and accruals to operating income	-	-	-
G.+H.	Provisions, adjustments and accruals to operating expenses	205,350	217,350	69,301
III.+VI.+VII.	Other operating income	210,324	17,482	683
D.+F.+I.+J.	Other operating expenses	166,622	23,748	13,903
*	Operating profit/(loss)	(464,978)	(485,332)	(184,330)
XII.+XIII.	Surplus/deficit on revaluation of equity securities and release of provisions to financial revenues	1,675	-	-
N.+O.	Expenses related to investments and revaluation of equity securities	-	640	-
VIII.+IX.+X. +XI.+XIV. +XV.+XVI.	Other financing income	8,062,514	2,644,809	173,099
K.+P. +Q.+R.	Other financing expenses	7,445,069	2,042,728	42,609
*	Financing profit/(loss)	619,120	601,441	130,490
S.	Corporate income tax	123,302	103,780	(4,961)
**	Profit/(loss) on ordinary activity	30,840	12,329	(48,879)
XVII.	Extraordinary income	-	566	886
T.+U.	Extraordinary expenses	-	82	54
*	Extraordinary profit/(loss)	-	484	832
***	Profit/(loss) for the current period	30,840	12,813	(48,047)

Balance Sheet as at 31 December 2002 (SKK '000)

	2002	2001	2000
TOTAL ASSETS	2,557,901	1,636,102	917,062
A. Receivables for subscribed capital	-	-	-
B. Fixed assets	16,079	20,518	10,390
B.I. Intangible fixed assets	2,147	2,397	1,192
B.II. Tangible fixed assets	12,932	17,121	8,198
B.III. Long-term investments	1,000	1,000	1,000
B.III.1. Investments in group undertakings	1,000	1,000	1,000
C. Current assets	2,439,379	1,572,572	855,262
C.I. Inventories	87	200	29
C.II. Long-term receivables	1,384,880	662,825	278,147
C.III. Short-term receivables	886,351	663,341	484,051
C.IV. Financial assets	168,061	246,206	93,035
D. Other assets – temporary assets accounts	102,443	43,012	51,410

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	2,557,901	1,636,102	917,062
A. Equity	3,007	(29,407)	(36,878)
A.I. Registered capital	60,000	16,000	16,000
A.II. Capital contributions	-	-	-
A.III. Reserve funds	1,494	-	-
A.IV. Retained earnings	(46,901)	(52,878)	(8,185)
A.V. Profit/(loss) for the current period	(11,586)	7,471	(44,693)
B. Liabilities	2,525,393	1,657,205	950,493
B.I. Provisions	-	-	36,727
B.II. Long-term liabilities	1,418,355	1,362,702	899,099
B.III. Short-term liabilities	307,946	114,261	14,667
B.IV. Bank loans and overdrafts	799,092	180,242	-
B.IV.1. Long-term bank loans	-	90,000	-
C. Other liabilities – temporary liability accounts	29,501	8,304	3,447

Profit and Loss Account, Year Ended 31 December 2002 (SKK '000)

		2002	2001	2000
I.+II.	Operating revenues	536,901	338,171	112,679
I.+II.1.	Revenues from sale of own goods and services	536,901	338,171	112,679
II.2.	Change in finished product inventories	-	-	-
II.3.	Capitalization	-	-	-
A.+B.	Cost of materials, energy and services	185,537	113,223	47,314
+	Gross margin (value added)	351,364	224,948	65,365
C.	Staff costs	50,778	39,594	21,684
E.	Depreciation of tangibles, amortization of intangibles	13,532	12,528	7,478
IV.+V.	Provisions, adjustments and accruals to operating income	53,822	9,065	-
G.+H.	Provisions, adjustments and accruals to operating expenses	107,099	53,822	9,065
III.+VI.+VII.	Other operating income	27,439	1,578	145
D.+F.+I.+J.	Other operating expenses	64,406	1,772	289
*	Operating profit/(loss)	196,810	127,875	26,994
XI.+XII.	Surplus/deficit on revaluation of equity securities and release of provisions to financial revenues	-	36,727	-
L.+M.	Expenses related to investments and revaluation of equity securities	-	-	36,727
VIII.+IX.+X. +XIII.+XIV. +XV.	Other financing income	141,837	8,811	3,228
K.+N. +O.+P.	Other financing expenses	337,883	157,729	36,922
*	Financing profit/(loss)	(196,046)	(112,191)	(70,421)
R.	Corporate income tax	11,130	8,248	1,369
**	Profit/(loss) on ordinary activity	(10,366)	7,436	(44,796)
XVI.	Extraordinary income	519	330	512
S.+T.	Extraordinary expenses	1,739	295	409
*	Extraordinary profit/(loss)	(1,220)	35	103
***	Profit/(loss) for the current period	(11,586)	7,471	(44,693)

Balance Sheet as at Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	19,826,014	8,124,462	5,613,059
1. Cash in hand, balances with central banks	540,298	410,223	123,624
2. State couponless bills and other securities eligible for refinancing with the central bank	488,103	1,821,641	181,969
3. Receivables from banks and credit unions	15,343,613	3,715,337	2,977,404
4. Receivables from clients, credit union members	926,157	754,073	117,576
5. Debt securities	1,750,692	294,374	1,801,341
6. Shares, units and other investments	6,331	7,590	7,761
7. Interests in associated undertakings	-	-	-
8. Interests in group undertakings	-	-	-
9. Intangible fixed assets	167,134	160,341	138,148
10. Tangible fixed assets	271,005	310,853	192,351
11. Other assets	310,564	247,820	61,446
12. Receivables from shareholders	-	364,046	-
13. Prepayments and accrued income	22,117	38,164	11,439
TOTAL LIABILITIES	19,826,014	8,124,462	5,613,059
1. Payables in respect of banks, credit unions	1,257,879	285,389	79
2. Payables in respect of clients, credit union members	17,439,022	6,230,978	2,727,930
3. Liabilities relating to debt securities	-	330,040	2,038,905
4. Other liabilities	128,429	75,394	79,981
5. Deferred income and accrued expenses	9,847	15,867	11,887
6. Provisions	23,616	27,808	442,868
7. Subordinated debt	-	-	-
8. Registered capital	1,042,302	1,042,302	520,151
9. Treasury shares	-	-	-
10. Share premium	110,258	110,258	200
11. Capital reserves and other funds created from profit	-	-	-
12. Revaluation reserve	-	-	-
13. Capital funds	-	-	-
14. Revaluation surplus/deficit	-	-	-
15. Profit/(loss) carried forward	6,426	-	-
16. Profit/(loss) of the accounting period	(191,765)	6,426	(208,942)

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
1. Interest and similar income	492,136	460,620	123,310
2. Interest and similar expenses	(319,502)	(310,217)	(35,138)
Net interest income	172,634	150,403	88,172
3. Income from shares and equity interests	–	–	162
4. Fee and commission income	406,216	225,352	120,490
5. Fee and commission expenses	(109,402)	(66,358)	(29,567)
6. Net gain/(loss) from financing operations	36,067	30,350	19,853
7. Other operating income	44,501	149,635	7,400
8. Other operating expenses	(17,568)	(16,644)	(14,574)
9. Administrative expenses	(610,113)	(541,336)	(279,212)
10. Use of provisions and adjustments to tangible and intangible assets	–	–	–
11. Depreciation, amortization, provisioning and new adjustments to tangible and intangible assets	(139,378)	(95,904)	(67,631)
12. Use of adjustments and provisions to receivables and guarantees, income from assignment of receivables and income from receivables previously written off	17,529	496,344	8,353
13. Write-offs, new adjustments and provisioning to receivables and guarantees	(46,387)	(463,334)	(56,715)
14. Use of adjustments to interests in group and associated undertakings	–	–	–
15. New adjustments to interests in group and associated undertakings	–	–	–
16. Use of other provisions	10,557	550	–
17. Creation of other provisions	(14,722)	(10,557)	(550)
18. Use of other adjustments	–	6,745	904
19. Creation of other adjustments	–	(810)	(5,762)
20. Profit/(loss) for the accounting period from ordinary activities, before tax	(250,066)	(135,564)	(208,677)
21. Extraordinary income	1,415	–	11
22. Extraordinary expenses	(1,415)	–	(276)
23. Profit/(loss) for the accounting period from extraordinary activities, before tax	–	–	(265)
24. Income tax	58,301	141,990	–
25. Share in profits/(losses) of group and associated undertakings	–	–	–
26. Profit/(loss) for the accounting period, after tax	(191,765)	6,426	(208,942)

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	7,600,108	5,746,557	4,344,780
1. Cash (on hand, at bank)	258,744	525,791	349,271
2. Debt securities	6,900,080	4,469,819	3,344,471
of which, e.g.: Government institutions	3,145,477	1,240,140	1,179,621
3. Shares, unit certificates and other equity interests	116,164	463,441	405,916
4. Receivables in respect of non-bank entities	-	-	-
5. Tangible and intangible fixed assets	12,286	17,436	29,452
6. Other assets	153,892	131,587	113,980
7. Prepayments	158,942	138,483	101,690
8. Accrued income	-	-	-

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	7,600,108	5,746,557	4,344,780
1. Funds of supplemental pension insurance participants	6,919,812	5,378,590	4,002,664
2. Provisions	390	-	-
3. Shareholders' equity	640,801	340,152	313,390
of which: Registered capital	210,000	110,000	110,000
Current period profit/loss	200,957	179,594	153,621
Revaluation surplus/deficit	92,015	(28,428)	(20,859)
Reserves and other funds created from profit	53,944	27,101	19,504
4. Other liabilities	39,105	27,815	28,726

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
1. Net income from holding and trading in investments	323,474	272,887	235,506
of which: Net interest income	304,200	283,781	200,066
Income from shares and equity interests; fees and commissions	1,679	42,608	13,776
Fee and commission expenses	(89,013)	(86,011)	(48,286)
Net provisioning and adjustments in respect of investments	-	-	17,562
Profit/(loss) from financing operations (trading result)	106,608	32,509	52,388
2. Result from other costs and income items relating to ordinary activities	(99,830)	(94,148)	(88,838)
of which: Staff costs	(35,210)	(35,610)	(31,348)
Other administrative expenses	(55,563)	(44,263)	(45,404)
Depreciation, net provisioning and adjustments to assets	(11,368)	(14,405)	(11,955)
Net provisioning and adjustments other than those relating to assets and investments	(390)	9	-
Other operating income/(expenses), net	2,701	121	(131)
3. Profit/(loss) from extraordinary activities, before tax	(22,687)	855	6,953
4. Corporate income tax	-	-	-
5. Profit/(loss) for the accounting period, after tax	200,957	179,594	153,621

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	177,976	175,046	183,280
1. Cash in hand, balances with central banks	105	69	28
2. Receivables from banks and credit unions	16,295	17,293	16,858
a) Due on demand	1,062	364	858
b) Other	15,233	16,929	16,000
3. Debt securities	140,111	80,631	92,669
a) Government institutions	–	49,929	51,426
b) Other entities	140,111	30,702	41,243
4. Shares, unit certificates and other equities	3,041	19,013	18,889
5. Interests in non-bank group undertakings	1,300	1,300	1,300
6. Intangible assets	2,491	2,120	321
7. Tangible assets	6,855	47,931	50,545
8. Other assets	7,490	6,030	2,575
9. Prepayments and accrued income	288	659	95
TOTAL LIABILITIES AND EQUITY	177,976	175,046	183,280
1. Other liabilities	5,703	15,583	6,972
2. Deferrals	5	525	423
3. Provisions for taxes	2,000	–	–
4. Registered capital	91,000	91,000	91,000
5. Reserve funds and other funds created from profit	34,145	34,489	34,584
6. Capital reserves	10,006	10,006	10,006
7. Profit/(loss) carried forward	23,443	40,295	40,092
8. Current period profit/(loss)	11,674	(16,852)	203

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
1. Interest and similar income	5,700	5,968	5,783
of which, e.g.: interest on debt securities	3,434	2,708	1,936
2. Interest and similar expenses	(59)	(16)	–
3. Net interest income	5,641	5,952	5,783
4. Income from shares and equity interests	–	–	559
5. Fee and commission expenses	(1,857)	(3,622)	(147)
6. Net profit/(loss) from financing operations	21,932	(30,596)	(121)
7. Other operating income	93,601	26,450	19,666
8. Other operating expenses	(131,434)	(36,814)	(12,806)
9. Administrative expenses	(22,226)	(13,310)	(8,490)
10. Use of provisions and adjustments to tangible and intangible assets	45,614	–	–
11. Depreciation, amortization, provisioning and new adjustments to tangible and intangible assets	(3,145)	(11,041)	(2,975)
12. Other provisioning	(2,000)	–	–
13. Use of other adjustments	321	51,493	385,741
14. Creation of new other adjustments	(427)	(4,220)	(385,966)
15. Profit/(loss) for the accounting period from ordinary activities, before tax	6,020	(15,708)	1,244
16. Extraordinary income	48	180	72
17. Extraordinary expenses	(181)	–	(162)
18. Profit/(loss) for the accounting period from extraordinary activities, before tax	(133)	180	(90)
19. Corporate income tax	5,787	(1,324)	(951)
20. Profit/(loss) for the accounting period, after tax	11,674	(16,852)	203

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	7,954,194	6,726,289	4,061,910
A. Receivables for subscribed capital	-	100,000	-
B. Fixed assets	7,364,408	6,000,166	3,751,569
B.I. Intangible fixed assets	17,451	12,568	11,131
B.II. Tangible fixed assets	7,322,473	5,980,991	3,736,765
B.III. Long-term investments	24,484	6,607	3,673
B.III.1. Investments in group undertakings	2,000	1,000	1,000
C. Current assets	384,683	411,238	225,013
C.I. Inventories	-	-	-
C.II. Long-term receivables	-	-	-
C.III. Short-term receivables	309,445	349,931	198,385
C.IV. Financial assets	75,238	61,307	26,628
D. Other assets – temporary asset accounts	205,103	214,885	85,328

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	7,954,194	6,726,289	4,061,910
A. Equity	208,645	165,612	62,519
A.I. Registered capital	300,000	200,000	200,000
A.II. Capital contributions	1,000	100,000	-
A.III. Reserve funds	619	-	-
A.IV. Retained earnings	(135,007)	(137,481)	(102,550)
A.V. Profit/(loss) for the current period	42,033	3,093	(34,931)
B. Liabilities	6,635,243	5,780,755	3,514,668
B.I. Provisions	40,148	2,299	(3,090)
B.II. Long-term liabilities	2,967,675	3,059,737	1,553,275
B.III. Short-term liabilities	2,135,879	1,832,815	1,035,730
B.IV. Bank loans and overdrafts	1,491,541	885,904	928,753
B.IV.1. Long-term bank loans	-	462,776	418,608
C. Other liabilities – temporary liability accounts	1,110,306	779,922	484,723

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
I.+II.	Operating revenues	3,900,891	2,616,886	1,204,839
I.+II.1.	Revenues from sale of own goods and services	3,900,891	2,616,866	1,204,839
II.2.	Change in finished product inventories	-	-	-
II.3.	Capitalization	-	-	-
A.+B.	Cost of materials, energy and services	237,173	164,661	95,261
+	Gross margin (value added)	3,663,718	2,452,225	1,109,578
C.	Staff costs	65,891	60,483	53,694
E.	Depreciation of tangibles, amortization of intangibles	2,809,014	1,824,734	842,180
IV.+V.	Provisions, adjustments and accruals to operating income	234,606	11,026	31,799
G.+H.	Provisions, adjustments and accruals to operating expenses	262,727	240,709	101,773
III.+VI.+VII.	Other operating income	473,786	317,563	234,847
D.+F.+I.+J.	Other operating costs	485,086	289,963	208,338
*	Operating profit/(loss)	749,392	464,925	170,239
XII.+XIII.	Surplus/deficit on revaluation of equity securities and release of provisions to financial revenues	-	-	-
N.+O.	Expenses related to investments and revaluation of equity securities	-	64	39
VIII.+IX.+X. +XI.+XIV. +XV.+XVI.	Other financing income	24,319	36,890	20,082
K.+P. +Q.+R.	Other financing expenses	706,773	508,654	267,887
*	Financing profit/(loss)	(682,454)	(471,828)	(247,843)
S.	Corporate income tax	24,893	24,477	(6,002)
**	Profit/(loss) on ordinary activity	42,045	(31,380)	(71,602)
XVII.	Extraordinary income	13	69,688	57,168
T.+U.	Extraordinary expenses	25	35,215	20,497
*	Extraordinary profit/(loss)	(12)	34,473	36,671
***	Profit/(loss) for the current period	42,033	3,093	(34,931)

Balance Sheet as at 31 December 2002 (SKK '000)

	2002	2001	2000
TOTAL ASSETS	1,510,310	1,348,796	903,052
1. Intangible assets	13,567	7,892	8,637
2. Investments	852,511	788,357	509,766
3. Land and buildings	53,459	59,553	62,813
4. Other investments	751,077	724,831	446,953
5. Short-term	417,730	589,847	387,881
6. Long-term	333,347	134,984	59,072
7. Inwards reinsurance deposits	-	-	-
8. Receivables	399,688	374,339	261,417
9. Short-term	399,688	340,359	227,437
10. Long-term	-	33,980	33,980
11. Other assets	36,983	41,355	37,658
12. Tangible fixed assets	16,507	23,744	20,921
13. Assets in course of acquisition	336	362	960
14. Inventories	2,469	3,745	2,676
15. Cash, cash equivalents and other finance	17,671	13,504	13,101
16. Prepayments and accrued income	207,561	136,853	73,661
17. Losses carried forward	-	-	-
18. Current period loss	-	-	11,913

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	1,510,310	1,348,796	903,052
1. Registered capital and reserve funds	452,295	452,295	252,295
2. Insurance provisions	542,520	485,217	460,357
3. Provisions to cover investment-related obligations on behalf of insureds	47,975	3,973	-
4. Provision for other risks and losses	3,202	3,377	3,924
5. Subordinated debt	-	-	-
6. Payables	471,347	437,563	152,221
7. Short-term	471,347	403,583	118,241
8. Long-term	-	33,980	33,980
9. Deferrals	72,713	27,015	14,982
10. Profit/(loss) carried forward	(60,644)	6,860	19,273
11. Current period profit/(loss)	(19,098)	(67,504)	-

Note:

In 2001 the company implemented an amendment of Slovak Ministry of Finance Regulation 3176/98-KM which sets forth the ordering and content of insurance company financial statements and the minimum scope of financial data for public disclosure.

Profit and Loss Account, Year Ended 31 December 2002 (SKK '000)

	2002	2001	2000
I. Technical account for non-life insurance			
1. Premiums written, net	515,783	526,017	573,487
2. Investment income transferred from non-technical account	21,826	17,047	29,317
3. Other technical income	4,235	4,160	150
4. Claims incurred, net	336,677	305,136	347,435
5. Change in other technical provisions, net	-	-	-
6. Bonuses and rebates, net	-	-	-
7. Net operating expenses	202,195	266,048	224,083
8. Other technical expenses, net	22,226	46,199	26,287
9. Change in the equalization provision	(12,106)	-	-
10. Result for the technical account – non-life insurance	(7,148)	(70,159)	5,149
II. Technical account for life assurance			
1. Premiums written, net	136,497	71,830	35,143
2. Investment income	6 619	5,683	3,249
3. Unrealized gains in value of investments made on behalf of insureds	15,355	-	-
4. Other technical income	-	-	-
5. Claims incurred, net	8,228	9,384	11,824
6. Change in other technical provisions	88,887	(41,002)	15,182
7. Bonuses and rebates	-	-	-
8. Net operating expenses	72,991	33,308	21,829
9. Expenses connected with financial placements, total	-	-	-
10. Unrealized losses on investments made on behalf of insureds	5,372	-	-
11. Other technical expenses, net	-	-	450
12. Transfer of income from financial placements to the non-technical account	-	-	-
13. Result of the technical account – life assurance	(17,007)	(6,181)	(10,893)
III. Non-technical account			
1. Result of the technical account – non-life insurance	(7,148)	(70,159)	5,149
2. Result of the technical account – life assurance	(17,007)	(6,181)	(10,893)
3. Investment income	2,439	6,041	50,000
4. Investment income transferred to life assurance technical account	-	-	-
5. Expenses associated with investments	5,861	8	50,000
6. Investment income transferred to non-life insurance technical account	-	-	-
7. Other income	40,612	24,982	13,674
8. Other expenses	17 167	17,685	17,086
9. Other taxes and fees	10,588	7,003	6,069
10. Income tax on ordinary activity	628	(389)	-
11. Profit/(loss) after tax	(15,348)	(69,624)	(15,225)
12. Extraordinary income	680	2,861	3,969
13. Extraordinary expenses	4,430	741	657
14. Extraordinary profit/(loss)	(3,750)	2,120	3,312
15. Income tax on extraordinary activity	-	-	-
16. Profit/(loss) for the period	(19,098)	(67,504)	(11,913)

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	10,705,434	5,948,436	5,205,624
1. Cash in hand, balances with central banks	711,779	108,102	82,637
2. State couponless bonds and other securities eligible for refinancing with the CNB	97,731	-	-
3. Receivables from banks, credit unions	5,712,897	5,282,488	4,761,892
4. Receivables from clients, credit union members	2,512,190	356,258	253,166
5. Debt securities	1,501,462	99,575	-
6. Shares, units and other investments	-	-	-
7. Interests in associated undertakings	63,000	63,000	63,000
8. Interests in group undertakings	-	-	-
9. Intangible fixed assets	23,425	24,904	28,353
10. Tangible fixed assets	29,103	8,538	15,480
11. Other assets	51,886	233	273
12. Receivables from shareholders	-	-	-
13. Prepayments and accrued income	1,961	5,338	823
TOTAL LIABILITIES	10,705,434	5,948,436	5,205,624
1. Payables in respect of banks, credit unions	-	157,422	-
2. Payables in respect of clients, credit union members	8,481,218	1,918,101	645,049
3. Liabilities relating to debt securities	1,559,936	3,319,436	4,035,331
4. Other liabilities	76,825	8,494	9,697
5. Deferred income and accrued expenses	8,422	12,495	4,828
6. Provisions	7,467	4,324	2,987
7. Subordinated debt	-	-	-
8. Registered capital	500,021	500,021	626,539
9. Treasury shares	-	-	-
10. Share premium	-	-	-
11. Capital reserves and other funds from profit	27,424	7,668	58
12. Revaluation reserve	-	-	-
13. Capital funds	-	-	-
14. Revaluation surplus/deficit	-	-	-
15. Profit/(loss) carried forward	-	-	(126,518)
16. Profit/(loss) for the accounting period	44,121	20,475	7,653

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
1. Interest income and similar income	280,650	289,561	250,212
2. Interest expense and similar expense	(140,822)	(162,708)	(133,717)
Net interest income	139,828	126,853	116,495
3. Income from shares and equity interests	-	-	-
4. Commission and fee income	11,006	5,415	4,183
5. Commission and fee expense	(2,275)	(1,752)	(1,822)
6. Net gains (losses) from financing operations	4,387	2,004	8,958
7. Other operating income	20,213	5,217	1,829
8. Other operating expenses	(4,987)	(12,194)	(12,988)
9. Administrative expenses	(111,737)	(88,816)	(108,037)
10. Use of provisions and adjustments to tangible and intangible assets	-	-	-
11. Depreciation, amortization, provisioning and new adjustments to tangible and intangible assets	(9,167)	(13,281)	(22,070)
12. Use of adjustments and provisions to receivables and guarantees, income from assignment of receivables and income from receivables previously written off	1,584	1,557	1,671,858
13. Write-offs, new adjustments and provisioning to receivables and guarantees	(10,453)	(5,658)	(1,655,761)
14. Use of adjustments to interests in group and associated undertakings	-	-	1,183
15. New adjustments to interests in group and associated undertakings	-	-	-
16. Use of other provisions	291	1,430	-
17. Creation of other provisions	-	(291)	(1,430)
18. Use of other adjustments	5,431	-	5,255
19. Creation of other adjustments	-	(9)	-
20. Current period profit/(loss) on ordinary activities before tax	44,121	20,475	7,653
21. Extraordinary income	-	-	-
22. Extraordinary expenses	-	-	-
23. Current period profit/(loss) on extraordinary activities before tax	-	-	-
24. Income tax	-	-	-
25. Share in profits/(losses) of group and associated undertakings	-	-	-
26. Profit/(loss) for the accounting period, after tax	44,121	20,475	7,653

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	273,922	299,386	296,961
1. Intangible assets	347	713	995
2. Formation expenses	-	-	-
3. Financial placements (investments)	207,743	209,519	234,396
4. Investments in third parties and other long-term receivables	-	-	-
5. Other participating interests and other long-term receivables	-	-	-
6. Other financial placements	207,743	209,519	234,396
7. Variable-yield securities	8,496	45,569	77,101
8. Fixed-income securities	86,481	95,434	79,045
9. Deposits with banks	112,914	68,516	78,250
10. Other financial placements	(148)	-	-
11. Receivables	31,623	29,899	32,202
12. Receivables arising from direct insurance and reinsurance operations	27,752	27,927	28,963
13. Receivables due from policyholders	26,353	25,191	16,598
14. Receivables due from intermediaries	444	1,134	3,686
15. Receivables arising from reinsurance operations	955	1,602	8,679
16. Other debtors	3,871	1,972	3,239
17. Other assets	11,507	1,415	8,867
18. Movable tangible fixed assets	2,936	2,707	4,386
19. Operational movable assets	2,876	2,647	4,326
20. Non-depreciable tangible fixed assets	60	60	60
21. Acquisition of assets	-	-	190
22. Other assets	733	1,696	1,732
23. Cash values and other financial assets	7,838	(2,988)	2,559
24. Current accounts	7,731	(3,080)	2,515
25. Cash and cash values	107	92	44
26. Temporary asset accounts	6,932	13,823	12,321
27. Interest and rent		526	929
28. Deferred acquisition costs	6,573	8,681	8,186
29. Other temporary asset accounts	359	4,616	3,206
30. Current period loss	15,770	44,017	8,180

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	273,922	299,386	296,961
1. Registered capital and funds	115,250	142,718	142,599
2. Registered capital	100,000	100,000	100,000
3. Other capital funds	11,484	29,900	29,900
4. Statutory reserve fund	3,210	12,333	12,333
5. Other funds	556	485	366
6. Technical provisions	125,548	111,575	83,076
7. Provision for unearned premiums	34,508	36,138	35,084
8. Claims provision	21,482	23,052	12,573
9. Equalization provision and other provisions	69,558	52,385	35,419
10. Provisions for other risks and losses	-	1,645	240
11. Other provisions	-	1,645	240
12. Liabilities	27,036	25,080	42,322
13. Payables arising from direct insurance and reinsurance operations	22,495	19,948	38,334
14. Payables to policyholders	6,728	5,304	7,778
15. Payables to intermediaries	1,419	1,819	2,129
16. Payables under reinsurance transactions	14,348	12,825	28,427
17. Tax liabilities	1,051	310	659
18. Social security and health insurance liabilities	885	899	670
19. Other payables	2,605	3,923	2,659
20. Temporary liability accounts	3,497	253	1,913
21. Retained earnings	2,591	18,115	26,811
22. Current period profit	-	-	-

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
I. Non-life insurance technical account			
1. Unearned premiums, net:	142,832	134,851	125,910
Premiums written, gross	197,749	190,430	174,056
Premiums ceded to reinsurers	56,547	54,525	46,455
Change in the provision for unearned premiums	(2,306)	2,306	4,703
Change in the provision for unearned premiums – reinsurers' share	(676)	1,252	3,012
2. Revenues from financial placements transferred from non-technical account	8,508	1,360	1,345
3. Other technical revenues, net	15,497	13,816	11,375
4. Claims paid, net:	93,448	101,079	73,806
Claims paid	133,604	127,853	101,049
Claims paid – reinsurers' share	38,586	37,253	29,796
Change in claims provision	(2,005)	12,211	2,740
Change in claims provision – reinsurers' share	(435)	1,732	187
5. Change in other provisions, net	14,676	15,469	14,279
6. Bonuses and rebates, net	–	–	–
7. Net operating costs:	54,065	52,007	66,206
Acquisition costs (expenses)	19,312	27,654	37,119
Change in deferred acquisition costs	2,108	(495)	(2,170)
Administrative overheads	49,746	41,481	39,592
Commission received from reinsurers and shares in profits, net	17,101	16,633	8,335
8. Other technical costs, net	16,873	18,323	16,010
9. Change in equalization provision	2,497	1,497	(1,208)
10. Non-life insurance technical account profit/(loss)	(14,722)	(38,348)	(30,463)

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

		2002	2001	2000
III.	Non-technical account			
1.	Non-life insurance technical account profit (loss)	(14,722)	(38,348)	(30,463)
2.	Life assurance technical account profit (loss)	–	–	–
3.	Income from financial placements:	267,306	210,353	283,205
	Revenues from equity interests	–	–	369
	Revenues from other financial placements, of which: subsidiaries (of which:)	14,406	16,181	14,605
	Revenues from other financial placements	14,406	16,181	14,605
	Release of value adjustments to financial placements	–	1,890	571
	Income from the disposal of financial placements	252,900	192,282	267,660
4.	Revenues from financial placements transferred from life assurance technical account	–	–	–
5.	Expenses connected with financial placements:	253,765	206,544	252,506
	Expenses connected with financial placements	4,007	1,277	3,080
	Creation of value adjustments to financial placements	–	4,036	2,597
	Book value of disposed financial placements	249,758	201,231	246,829
6.	Transfer of revenues from financial placements to non-life insurance technical account	8,508	1,360	1,345
7.	Other revenues	7,303	2,282	184
8.	Other costs	19,082	9,102	5,182
9.	Income tax on ordinary activities	–	–	(149)
10.	Profit/(loss) after tax	(21,468)	(42,719)	(5,959)
11.	Extraordinary revenues	9,559	576	331
12.	Extraordinary expenses	3,842	1,854	2,528
13.	Extraordinary profit/(loss)	5,717	(1,278)	(2,197)
14.	Income tax on extraordinary activities	–	–	–
15.	Other taxes and fees	19	20	24
16.	Profit/(loss) for the current period	(15,770)	(44,017)	(8,180)

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001
TOTAL ASSETS	63,582	71,100
A. Receivables for subscribed capital	-	-
B. Fixed assets	16,571	22,342
B.I. Intangible fixed assets	12,695	15,468
B.II. Tangible fixed assets	3,876	6,874
B.III. Long-term investments	-	-
B.III.1. Investments in group undertakings	-	-
C. Current assets	46,886	48,648
C.I. Inventories	-	-
C.II. Long-term receivables	-	-
C.III. Short-term receivables	8,198	14,955
C.IV. Financial assets	38,688	33,693
D. Other assets – temporary asset accounts	125	110

	2002	2001
TOTAL LIABILITIES AND EQUITY	63,582	71,100
A. Equity	55,328	62,686
A.I. Registered capital	80,000	80,000
A.II. Capital contributions	-	10,000
A.III. Reserve funds	1,412	1,067
A.IV. Retained earnings	(28,726)	(35,268)
A.V. Profit/(loss) for the current period	2,642	6,887
B. Liabilities	8,162	7,403
B.I. Provisions	715	413
B.II. Long-term liabilities	-	-
B.III. Short-term liabilities	7,447	6,990
B.IV. Bank loans and overdrafts	-	-
B.IV.1. Long-term bank loans	-	-
C. Other liabilities – temporary liability accounts	92	1,011

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001
I.+II. Operating revenues	69,322	-
I.+II.1. Revenues from sale of own goods and services	69,322	-
II.2. Change in finished product inventories	-	-
II.3. Capitalization	-	-
A.+B. Cost of materials, energy and services	20,158	-
+ Gross margin (value added)	49,164	-
C. Staff costs	35,267	-
E. Depreciation of tangibles, amortization of intangibles	11,539	-
IV.+V. Provisions, adjustments and accruals to operating income	413	-
G.+H. Provisions, adjustments and accruals to operating expenses	759	-
III.+VI.+VII. Other operating income	229	-
D.+F.+I.+J. Other operating expenses	209	-
* Operating profit/(loss)	2,032	-
XII.+XIII. Surplus/deficit on revaluation of equity securities and release of provisions to financial revenues	-	-
N.+O. Expenses related to investments and revaluation of equity securities	-	-
VIII.+IX.+X +XI.+XIV.+ XV.+XVI. Other financing income	1,016	-
K.+P. +Q.+R. Other financing expenses	406	-
* Financing profit/(loss)	610	-
S. Corporate income tax	-	-
** Profit/(loss) on ordinary activity	2,642	-
XVII. Extraordinary income	-	-
T.+U. Extraordinary expenses	-	-
* Extraordinary profit/(loss)	-	-
*** Profit/(loss) for the accounting period	2,642	-

The profit and loss account does not include figures for the year ended 31 December 2001 due to a change in accounting methods relating to the withdrawal of the insurance license.

Balance Sheet as at 31 December 2002 (CZK '000)

	2002	2001	2000
TOTAL ASSETS	7,941,053	1,159,271	528,080
A. Receivables for subscribed capital	-	-	-
B. Fixed assets	5,492,977	175,074	134,693
B.I. Intangible fixed assets	-	-	-
B.II. Tangible fixed assets	79,199	25,812	20,904
B.III. Long-term investments	5,413,778	149,262	113,789
B.III.1. Investments in group undertakings	5,395,078	149,262	98,762
C. Current assets	2,447,996	981,720	391,966
C.I. Inventories	-	-	-
C.II. Long-term receivables	59,176	187,851	2,138
C.III. Short-term receivables	2,387,583	789,655	389,279
C.IV. Financial assets	1,237	4,214	549
D. Other assets – temporary asset accounts	80	2,477	1,421

	2002	2001	2000
TOTAL LIABILITIES AND EQUITY	7,941,053	1,159,271	528,080
A. Equity	5,714,187	215,524	35,726
A.I. Registered capital	31,250	31,250	31,250
A.II. Capital contributions	6,860,200	-	-
A.III. Reserve funds	6,250	727	410
A.IV. Retained earnings	178,024	3,749	899
A.V. Profit/(loss) for the current period	(1,361,537)	179,798	3,167
B. Liabilities	2,220,246	939,998	488,133
B.I. Provisions	-	-	-
B.II. Long-term liabilities	-	-	-
B.III. Short-term liabilities	710,246	881,984	427,632
B.IV. Bank loans and overdrafts	1,510,000	58,014	60,501
B.IV.1. Long-term bank loans	-	-	-
C. Other liabilities – temporary liability accounts	6,620	3,749	4,221

Profit and Loss Account, Year Ended 31 December 2002 (CZK '000)

	2002	2001	2000
I.+II. Operating revenues	261	-	-
I.+II.1. revenues from sale of own goods and services	261	-	-
II.2. Change in finished product inventories	-	-	-
II.3. Capitalization	-	-	-
A.+B. Cost of materials, energy and services	28,937	7,519	1,737
+ Gross margin (value added)	(28,676)	(7,519)	(1,737)
C. Staff costs	1,647	-	-
E. Depreciation of tangibles, amortization of intangibles	107	44	-
IV.+V. Provisions, adjustments and accruals to operating income	-	-	-
G.+H. Provisions, adjustments and accruals to operating expenses	913,553	-	-
III.+VI.+VII. Other operating income	319,018	490,354	17,756
D.+F.+I.+J. Other operating expenses	321,905	498,322	17,766
* Operating profit/(loss)	(946,870)	(15,531)	(1,747)
XII.+XIII. Provisions and adjustments to financial revenues	100,000	-	2,494
N.+O. Provisions and adjustments to financial expenses	481,656	220,300	-
VIII.+IX.+X. Other financing income +XI.+XIV.+ XV.+XVI.	203,754	511,231	36,834
K.+P.+Q.+R. Other financing expenses	236,765	92,401	34,109
* Financing profit/(loss)	(414,667)	198,530	5,219
S. Corporate income tax	-	3,201	305
** Profit/(loss) on ordinary activity	(1,361,537)	179,798	3,167
XVII. Extraordinary income	-	-	-
T.+U. Extraordinary expenses	-	-	-
* Extraordinary profit/(loss)	-	-	-
*** Profit/(loss) for the current period	(1,361,537)	179,798	3,167

This document is the Annual Report of PPF a.s. pursuant to a special act and also selected data concerning certain companies that are part of the same corporate grouping as PPF a.s.

PPF a.s.

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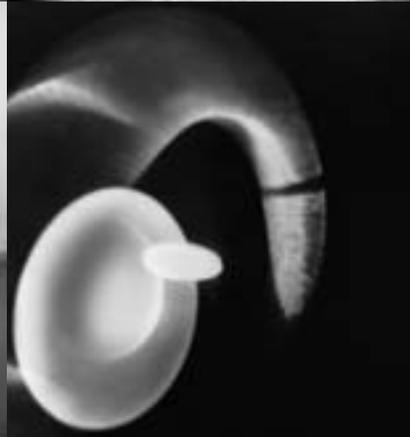
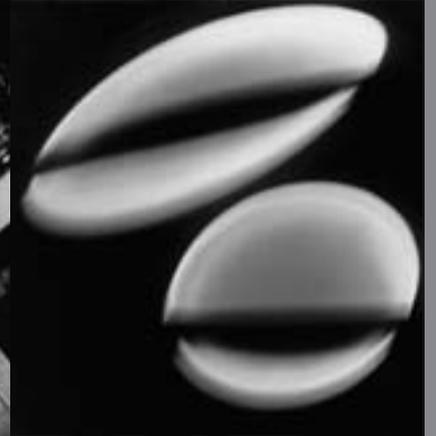
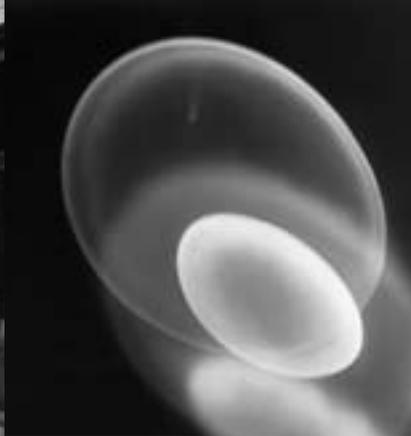
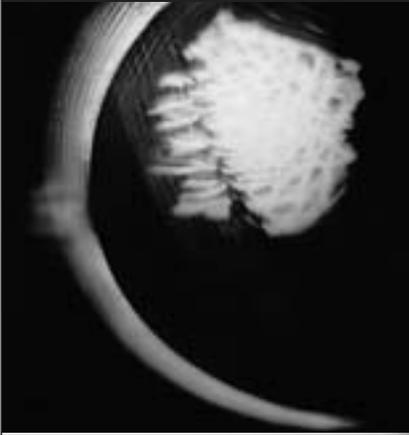
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Jaroslav Rössler

- 1902 Born May 25 in Smilov, near Německý Brod, now Havlíčkův Brod, as the oldest son of Eduard and Adéla Rössler.
- 1917 – 1920 Served an apprenticeship in the photography studio of František Drtikol.
- 1920 – 1925 With some short interruptions, employed as an assistant at the studio of František Drtikol. His photographs from this period show signs of the influence of futurism, cubism and other avant-garde trends. These works are among the oldest examples of Czech avant-garde photography.
- 1923 Enters the artistic group "Devětsil" at the invitation of theoretician and artist Karel Teige.
- 1923 – 1925 A very important period in his artistic career, during which he produced a number of original abstract light studies.
- 1925 In late December, he leaves for Paris together with his girlfriend Gertruda. In Paris, he works at the well-known photography studio of the brothers Gaston and Lucien Manel.
- 1926 June 24: married to Gertruda Fišerová in Prague.
September 7: daughter Sylva is born.
- 1927 – 1935 During this period, he first worked in Paris at the Lorelle photography studio, then transfers to Studio Piaz only to later return to the renewed independent studio of Lucien Lorelle.
- 1935 Arrested while taking pictures of a Paris street demonstration. After interrogation, he is deported from France.
- 1936 Opens a small photo studio in Prague's Žižkov quarter, where he also lives with his family.
- 1957 A new period of his independent art work, during which he experiments with special techniques.
- 1990 January 5: Jaroslav Rössler dies in Prague. He is buried in Olšany Cemetery.

