



PARAMO, a. s.

Year Report 2002

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PARAMO, a. s.

Year Report

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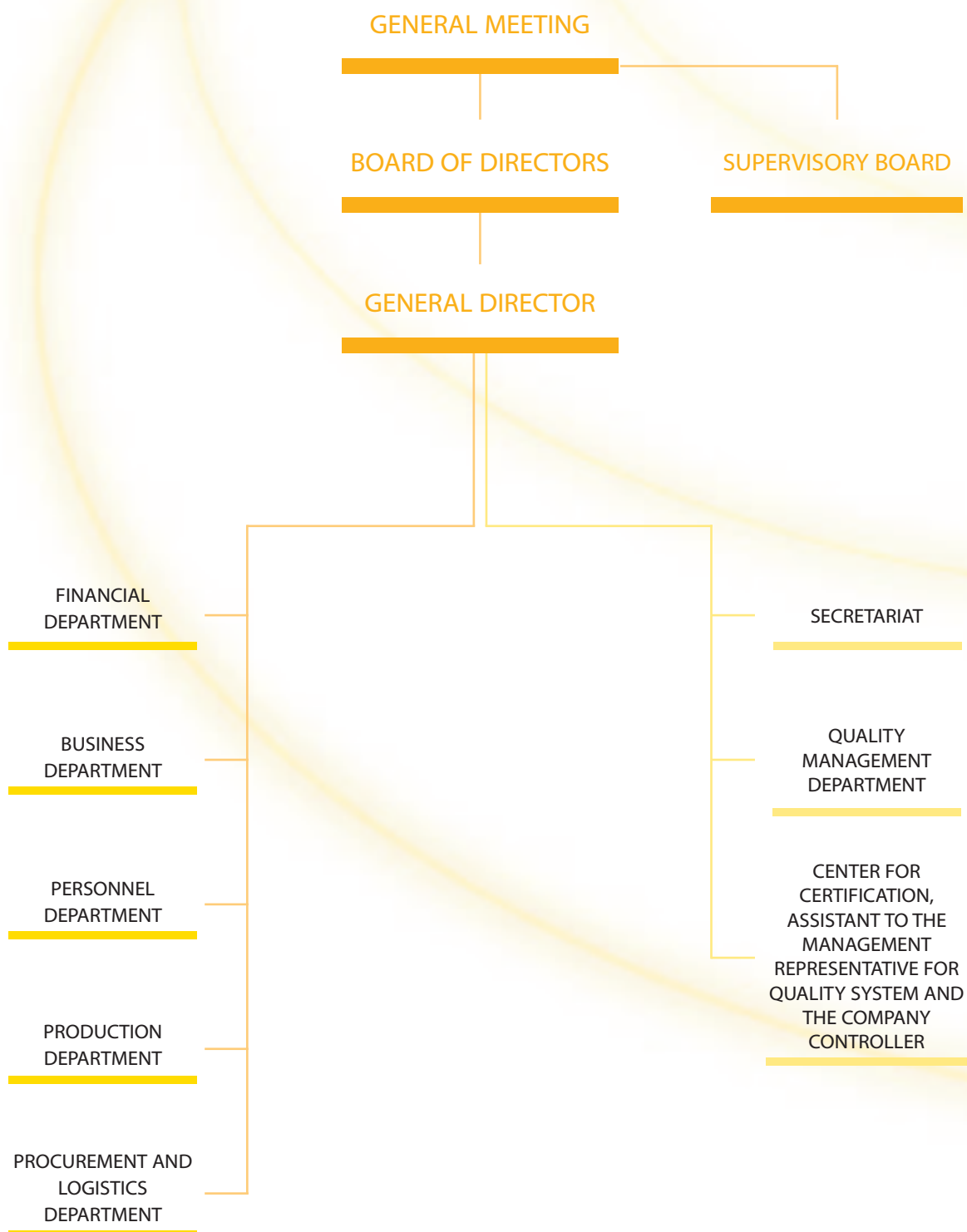
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Organisational Chart



Introduction Part

Selected Financial Indicators

UNCONSOLIDATED RESULTS

(in ths. of CZK)	2002	2001	2000	1999
Earnings from sale of products and services	4 696 410	5 575 184	6 441 706	4 577 906
Total assets	3 181 087	3 544 508	3 804 366	4 187 358
Fixed assets	1 975 028	1 939 948	2 104 814	2 285 361
Current assets	1 197 956	1 578 701	1 660 513	1 850 500
Capital	1 666 181	1 529 953	1 261 038	1 590 027
Liabilities	1 505 624	1 983 200	2 507 019	2 180 387
Value added	459 258	596 135	424 266	614 827
Profit/loss for the accounting period	137 557	268 938	- 326 336	- 85 190

CONSOLIDATED RESULTS

(in ths. of CZK)	2002	2001	2000	1999
Sale of goods	532 451	583 133	607 149	430 369
Outputs	4 884 265	5 552 601	6 533 073	4 726 270
Value added	556 468	689 121	505 935	678 497
Consolidated profit/loss results	143 352	292 019	- 336 203	- 86 472
Total assets	4 292 690	3 775 806	4 107 920	4 458 609
Fixed assets	2 319 449	2 183 635	2 391 513	2 565 562
Current assets	1 951 189	1 557 625	1 657 871	1 827 337
Capital	1 686 592	1 550 427	1 261 612	1 600 434
Liabilities	2 317 302	2 192 510	2 809 787	2 441 197

Basic Facts about the Company. The joint-stock company PARAMO originated through transformation from state company PARAMO Pardubice on January 1, 1994 and continued the tradition of crude oil processing, which is dated back to 1889. The joint-stock company PARAMO Pardubice was established for an unlimited time of period and without an appeal to subscribe shares by the National Property Fund of the Czech Republic, as the sole founder according to the foundation charter (including the founder's decision in accordance with regulation § 172, par. 2, 3 and § 171, par. 1 of the law no. 513/1991 Sb., Commercial Code) of 18. 11. 1993 in the form of a notarial certification. The company has a right to establish other legal entities or to participate in already existing ones.

Following the sale of the state-owned majority share in PARAMO, a.s., holding of Unipetrol, a.s., The Pardubice refinery was integrated, in the year 2000, into the largest petro-chemical group in the Czech Republic.

The joint-stock company PARAMO, which uses a certified quality system management according to the standard ČSN ISO 9001, is a well known producer of fuel, car oils, industrial oils, cutting and coolant oils, and preservation substances, asphalt insulation products, and road asphalts.

One of the priorities of PARAMO is environmental protection and that doesn't mean that the company would only uphold the laws and regulations. The company consciously strives to be a responsible business in the area of chemistry and on the basis of results achieved was twice awarded the prestigious Responsible Care Award. The company is also applying the environmental management system according to the international standard ISO 14001.

The joint-stock company, which is managed by five directors and the general director, employs 647 people. The basic company capital totals 1 330 078 000 CZK.

Main Area of Business

- production and processing of fuels and lubricants;
- crude oil processing into refinery and asphalt products, including final and auxiliary products, which don't have the characteristics mentioned in the appendix of Law no. 455/91 Sb.;
- purchase, sale, and storage of fuels and lubricants including their import, with the exception of exclusive rights of purchase, sale, and storage of fuels and lubricants in consumer package - wholesale;
- production and import of chemical substances and chemical products classified as explosives, oxidizing, extremely flammable, highly flammable, highly toxic, toxic, carcinogenic, mutagenic, toxic for reproduction, environmentally dangerous and sale of chemical products classified as highly toxic and toxic;
- wholesale;
- specialized retail sale;
- operation of petrol stations with fuels and lubricants;
- activities of technical consultants in the area of chemical production and chemical analysis;
- activities of business, financial, organizational, and economical consultants;
- business activities in the area of dangerous waste management;
- leasing and rental of movables;
- spedition;
- road truck shipping;
- road car shipping;
- inspection of electrical equipment;
- locksmithing;
- heat production and distribution;
- energy production and distribution.

Address:

Trade name: **PARAMO, a. s.**

Headquarters: **Přerovská 560**

Pardubice

PSČ 530 06

IČO: **48173355**

DIČ: **248-48173355**

Registered in the Commercial Register at the Regional Court in Hradec Králové, section B, folder 992

Bank: **ČSOB, a.s., Praha; Raiffeisenbank, a.s., Hradec Králové**

Account number: **900919223/0300 1006010183/5500**

Telephone: **466 810 111**

Fax: **466 335 019**

Web site: **www.paramo.cz**

E-mail: **paramo@paramo.cz**

The company is a member of the Unipetrol Group.

Major shareholders of PARAMO, a.s. (as of 31. 12. 2002)

	Name	Address	Basic capital share
1	Unipetrol, a.s.	O. Wichterleho 810, Kralupy nad Vltavou	73,52 %
2	SP Group	Masarykovo náb. 28, Praha	13,87 %
3	Město Pardubice	Pernštýnské náměstí 1, Pardubice	3,73 %
4	Česká podnikatelská pojišťovna, a.s.	Budějovická 5/64	0,89 %
5	Prosperita-OPF globální	U Centrumu 751	0,33 %
6	Others		7,66 %

Important Events

- On the basis of the project „Integration of railroad shipping within the Unipetrol“ the railroad shipping (siding) of PARAMO, a.s., Pardubice was transferred under CHEMOPETROL DOPRAVA a.s.
- The company has sold its minority share in Benzina, a.s., to its majority shareholder Unipetrol, a.s.
- The company PARAMO purchased 63,01 % of shares of KORAMO, a.s., from its parent-holding Unipetrol, becoming KORAMO's majority shareholder.
- The company lowered the number of its subsidiaries by the sale of PARAMO-BIONA, s.r.o., and PARAMO-KARIMPEX, a.s.
- The company has established electronic sales and a new information system SAP.
- The company realized a second extending and broadening audit (of production of asphalt sealants and suspensions) of quality control management according to a valid standard ČSN EN ISO 9001:1994. This means that the system now includes all departments of PARAMO, a.s. Following a successful audit, PARAMO began work on reconstruction of the Q.C.M. according to the new standard ČSN EN ISO 9001:2000.
- In accordance with the company's aim to expand its culture in PARAMO, a.s., the company management, in cooperation with a consulting agency CI CONSULTS, s.r.o., undertook a research of the company culture and an employee company-identification process.
- The company has terminated processing of crude oil from Moravské naftové doly, a.s., Hodonín, from which it had been purchasing it, for its own needs, since 1990.

Subsidiaries as of 31. 12. 2002

PARAMO TRYSK, a.s.

Construction and operation of petrol stations, sale of diesel fuel and asphalt products.

(100 % capital share PARAMO, a.s.)

530 06 Pardubice, Přerovská 560

IČ: 64 25 97 90

KORAMO, a.s.

Production and sale of motor oils.

(65,43 % capital share PARAMO, a.s.)

280 26 Kolín V, Ovčárecká 314

IČ: 46 35 72 89

The Company Mission PARAMO strives to increase competitiveness in the sale of fuels, lubricants, asphalts, and asphalt products on the Czech market as well as broadening export activities. It also wants to retain its dominant position on the market of special asphalt products.

The conception of entrepreneuing activity counts with retaining long-term financial stability and thus increasing the asset value for the shareholder. To its business partners it offers cooperation based on mutual benefits and quality products and services to its customers. It also wants to fulfill its promises to employees and is not forgetting to support the public interests. It stresses safe and responsible business activities as well as environmental safety and protection.

„The future holds a big challenge for us. Our company has to face the expected opening up of the market within the frame of the Czech Republic entering the structures of the European Union.“



Company Statutory Bodies (as of 31.12. 2001)

BOARD OF DIRECTORS

Chairman	Ing. Pavel Švarc, CSc.
Vice chairmen	Ing. Václav Příbyl
	Ing. Petr Bláha
Members	Ing. Martin Borovička
	Ing. Josef Fanta

Changes in the Board of Directors during 2002:

Resigned	Ing. Radomír Věk (30. 4.)	Ing. Jan Špaček (31. 5.)
Co-optation	Ing. Josef Fanta (1. 5.)	Ing. Petr Bláha (1. 6.)

SUPERVISORY BOARD

Chairman	Ing. Josef Žák
Vice chairman	Ing. Jiří Stříteský
Members	JUDr. Magdaléna Frischová
	Ing. Jindřich Bartoníček
	Ing. Jiří Peldřimovský
	Ladislav Urbánek

Changes in the Supervisory Board during 2002:

Co-optation	Ing. Jiří Peldřimovský (27. 2.)
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MANAGEMENT OF THE JOINT-STOCK COMPANY

General Director	Ing. Petr Bláha
Business Manager	Ing. Otakar Krejsa
Financial Manager	Ing. Josef Fanta
Production Manager	Ing. Jindřich Bartoníček
Personnel Manager	Ing. Vladimíra Košturová
Procurement and Logistics Manager	Ing. Jan Lang

Changes in the Management of the PARAMO, a.s., during 2002:

Resigned	Ing. Jan Špaček (31.5.)	Ing. Vladimíra Košturová (30.11.)
Elected	Ing. Petr Bláha (1.6.)	Ing. Jan Lang (1.7.)
		(newly established Procurement and Logistics post)

Company Statutory Bodies (as of 31.3.2003)

BOARD OF DIRECTORS

Chairman	Ing. Pavel Švarc, CSc.
Vice chairmen	Ing. Václav Příbyl Ing. Petr Bláha
Members	Ing. Martin Borovička Ing. Josef Fanta

SUPERVISORY BOARD

Chairman	Ing. Josef Žák
Vice chairman	Ing. Jiří Stříteský
Members	JUDr. Magdaléna Frischová Ing. Jindřich Bartoniček Ing. Jiří Peldřimovský Ladislav Urbánek

MANAGEMENT OF THE JOINT-STOCK COMPANY

General Director	Ing. Petr Bláha
Business Manager	Ing. Otakar Krejsa
Financial Manager	Ing. Josef Fanta
Production Manager	Ing. Jindřich Bartoniček
Personnel Manager	Ing. Olga Marečková
Procurement and Logistics Manager	Ing. Jan Lang

Ing. Petr Bláha
General Director



Introductory Word

By the General Director

Dear customers, shareholders, and colleagues,

The year 2002 was for our company not only a year of continuing changes, but also a time of further stabilization in a restless and highly competitive market environment, where only companies with clear vision and a number of able and experienced workers can survive. The economic results of 2002 were influenced by a number of factors. Among the most important ones were the world crude oil prices and the strengthening of the Czech Crown against the US Dollar. The whole Czech economy was also negatively influenced, in the second half of August, by floods of an unseen magnitude. As a result of a continuing recession of the chemical industry, the refinery margins reached its ten-year minimum. Mostly because of the above-mentioned factors, neither the ambitious economic result nor the planned outputs were attained.

In 2002 PARAMO, a.s., reached a net income before tax of 134,7 mil. CZK when the outputs were 4.732 mil. CZK.

Thus the previous year could be judged as one of the most demanding as well as one of the most successful one. The reached results are logically tied to the results of previous years and they come out as gradual steps following long-term goals of the company. Such a continuously upgraded mid-term and long-term plan of the company development becomes the basis for an operative management.

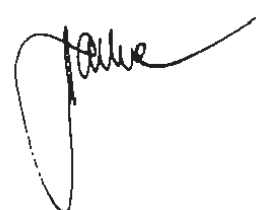
The marketing strategy of PARAMO, a.s. is to develop a modern production and business company, which able to react with flexibility to changing market needs. The goal of our business is to satisfy the customer with quality products supplied on time and for a good price. And in accordance with these principles to attain such income necessary for further development of the company and satisfaction of the shareholders.

In the area of investments the main development activities were focused on increasing output and efficiency of the current production technology as well as on solutions of processes with negative influence on the environment.

An important investment, influencing the whole company, was the implementation of a new information system SAP, which substantially increases the quality of the database and creates an optimal information environment in all the departments. The most important investment item was the purchase of majority shares in KORAMO, a.s., which enabled us to access the technology for production of base oils derived from hydrocrack technologies, which is in accordance with current development trends of quality lubricating oils. This way was laid down base for establishing a strong oil company with a unified assortment of oils and a great export potential. In 2002, a total of 199,3 mil. CZK was invested.

The future holds a big challenge for us. Our company has to face the expected opening up of the market within the frame of the Czech Republic entering the structures of the European Union. The goal is to come with respect and success out of this new situation and continue on in the expansion trend. PARAMO, a.s. wants to be a respected business partner to companies to which we deliver our products, and not only in the limited domestic environment, but also beyond its borders. I am convinced that the year 2003 will bring our company a verification of the increased sales and improving of the key performance indicators. PARAMO, a.s., is standing on the doorstep of the year 2003 as a company, which is healthy and full of energy and is looking forth with a well-deserved optimism. We want to continue to be dependable, stable, and a trustworthy link in the refinery-petrochemical complex of the Czech Republic.

At last I would like to express my gratitude and thanks for the reached results in the year 2002 to all our business partners as well as our company employees.



Ing. Petr Bláha
General Director



Informational Part

Production. In 2002 the refinery processed 638 000 tons of crude oil. Compared to the previous years optimum use of technological capacities was preferred together with the goal to secure the production of fuels, lubricants and asphalts in needed volumes and at the same time minimize production of dark distillates, which bring in only very low sales margins. Production responded with flexibility to new trends in quality and product selection and managed to introduce new products on the market on time.

- Fuels**
- diesel fuel
 - light heating oils
 - heavy heating oils

The produced diesel fuel with very low sulphur content corresponds to ČSN EN 590. The direct use of middle distillates in production guarantees very good winter properties and stable levels of the Cetane number. Benzyl fractions and primary petrol are not processed and the company supplies them for petro-chemical processing to other customers.

- Oils**
- engine
 - transmission
 - bearing
 - hydraulic
 - compressor
 - cutting
 - emulsification
 - cylindrical
 - dark
 - preservation

The oils produced represent a wide variety including products from high quality oils for engines under great stress to different sorts of industrial lubricants, cutting and conservation emulsions.

- Asphats**
- oxidized asphalts construction-insulation
 - road asphalts
 - modified road asphalts
 - varnishes
 - cements
 - suspension
 - emulsion

The majority of the production volume comprises of oxidized asphalts destined for production of insulation materials, insulation bands, roof covers and shingles, and also asphalt products for construction and maintenance of highways and roads. Still greater stake in the assortment of asphalt products take up water-soluble emulsions and suspensions, replacing substances based on organic volatile solvents.

Technical service and development. The Technical Service and Development department [former research] focused in 2002 on the innovation of product assortment, the business and technical service to fulfil the PARAMO customer needs and has contributed in large to the technical legislature.

In the area of fuels it secured the production of diesel fuel according to a new European standard, i.e. shortening of distillation rate, lowering of thickness, and increase of the Cetane number.

The introduction of new cutting liquids formulas, emulsification and cutting oils, reacted with flexibility to customer needs concerning work hygiene, trends in the development of cutting materials, and introduction of special cutting operations.

The assortment of industrial oils was supplemented by a new brand of a lubricant for thermal hardening in class VG 22, industrial transmission oil CLP 680, synthetic hydraulic oil Synteco 46, and mineral hydraulic oils HM 100 and Pneumat 22 and 46. Even in this area the deepening of specialization of lubricating operations is evident.

The are of automobile oils has supplemented by new brands of engine oils Racing 5W-40 class API, Rapid 2T, and a new formula TOP TIR FE. The assortment of lubricants has undergone a number of internal changes as well. Qualitatively more advantageous base oils of the class "solvent neutral" SN or "neutral" N are used as well as more modern brands of certain additives – viscosity modifiers and multi-functional additives for transmission oils.

The technical Service and Development department is not only the author of new solutions, but also the initiator of implementation of European standards in the Czech Republic in the area of asphalts. At the same time of the transfer of standards to the CSN system, it implemented new testing methods in the laboratories, which make the business and technical work easier when offering and selling asphalts and asphalt products abroad. Beside the road asphalts, other products are being transferred to the same quality level, for example the asphalt emulsions, industrial and insulation asphalts.

The expected gains from the realization of outcome of solutions from 2002 are for the year 2003 in the amount of 27,4 million CZK. The realization of outcome usually does not demonstrate itself at once, but gradually increases. For this reason the efficiency of development is judged by the volume of realized outcomes for the first three years starting on the day of first sales. For the calendar year 2002 the realization outcomes from development, representing production costs savings or profit margin of new formula product sales, reached 117 million CZK.

Investment activities. In 2002 the company PARAMO spent on its investment program 199,3 mil. CZK. The main development activities were focused on increasing output and efficiency of current production technology and on solving problems with processes, which have a negative influence on the environment. In connection with the expected changes in standards of products, especially oils and fuels, relevant measuring and testing instruments expanded the equipment. In the area of information technologies the SAP system was implemented in all the departments.

The management agreed to spend 76 mil. CZK on development and renewal investment activities and a sum of 2,7 mil. CZK was transferred from activities unfinished in 2001. The total volume of moneys for own realizations in 2002 was 60,3 mil. CZK. Unfinished activities transferred into 2003 were in the amount of 10,25 mil. CZK, of which 1,4 mil. CZK was held amount for constructions and 8,85 mil. CZK for purchase of movables, which were agreed upon in the end of 2002. As a result of selective bidding and greater strictness of accompanying projects the cost of planned items was lowered by 5,45 mil. CZK.

The most important investment item was the purchase of majority shares in KORAMO, a.s. in the amount of 139 mil. CZK, by which the company attained majority in KORAMO, a.s., and this also enabled it to access the technology for production of base oils derived from hydrocrack technologies, which is in accordance with current development trends of quality lubricating oils.

Investments in 2002	Purchase cost in ths. CZK	Placement	Type of financing
Development constructions	10 800	PARAMO, a.s.	Own resources
Ecologically renewable constructions.	21 300	PARAMO, a.s.	Own resources
Purchase of individual movables	16 400	PARAMO, a.s.	Own resources
Acquisition of intangibles	11 800	PARAMO, a.s.	Own resources
Financial investments	139 000	KORAMO, a.s.	Own resources
Total	199 300		

The company plans on future investments of 722,8 mil. CZK structured as follows:

Future investments	Planned investments in ths. CZK	Year
Development constructions	411,9	2003 - 2005
Ecologically renewable constructions	228,8	2003 - 2005
Purchase of individual movables	28,6	2003 - 2005
Acquisition of intangibles Acquisition of intangibles	13,5	2003 - 2005
Reserves	40,0	2003 - 2005
Total	722,8	

Health Protection and Work Safety. Work safety, fire prevention, and health protection during work are methodically managed by the safety and internal management division, which also sees that all the legislature requirements are upheld.

The problems of work safety and technical devices, together with hazard management, are continuously monitored aspects of all the company activities. The attitude of PARAMO towards the work safety, health protection, and hygiene fulfils all the areas stated in the Work Code as well as the following regulations ČSN EN, ČSN ISO on the level of European standards.

The number of employee work accidents in 2002 was the lowest in the last 17 years. The number of accidents went from 15 in 2001 to 8 in 2002. A good proof of the intensive care for increasing the work safety in PARAMO, a.s., is the absence of a fatal, serious or group work injury within the last three years.

PARAMO, a.s., is very much concerned with the selection of sub-contractors based on quality and responsibility in the area of safety and health protection during work and the same goal was set for the year 2003 as well.

The company takes great care when it comes to the health of its employees. It offers a system of prevention health check-ups and the employees also have various means of protection available to them. An accredited laboratory also regularly monitors the work environment.

Environmental protection. Thanks to the effective operation of technologies and to the renewable and development-oriented investment buildup, the company was able, in 2002, to minimize the impact of its production activities on the environment. The total costs for activities related to environmental protection amounted to 32 mil. CZK.

Activities	costs (mil. CZK)
Water cleaning	18,8
Operation of hydraulic ground water protection	8,5
Waste disposal	2,5
Fines for emissions	1,4
Water and waste samples analysis, emissions measuring	0,71

Emission limits, according to the air protection law, were not exceeded as the authorized monitoring proves. The company has also focused on the area of waste management. Wastes from production activities were separated, collected, and passed on to disposal with following reuse or recycling. The company was able to continue the positive trend of previous years in the production of wastewater. Compared to the year 2001 it has lowered its amount by 5,5 % and at the same time has achieved better quality of wastewater in all the main indicators. Also not forgotten were the problem of old ecological burdens, which was being solved in cooperation with the NPF of CR.

Name	Date of operation	Purchase costs (mil. CZK)
TOL+MONA filling of ŽC	1999	5,8
LPG production	1999	41,4
MONA cont. aditivity	2000	6,0
Varnishes – inventory transfer	2000	28,0
Water “demi” for boiler room	2000	62,7
Compressors for asphalt oxidation	2001	4,7
VR 55 tank	2002	7,3
Filling bridge	2002	12,6
Base oils terminal (preparation)		1,7

Attaining the best results in the area of environmental protection is still one of the top priorities of PARAMO. It focuses on upholding the valid legal regulations as well as on solutions of non-standard obligations. In 2003 the company will be defending, for the third time in row, the Responsible Care Program– Responsible business in the area of chemistry and will continue in introducing the environmental management system in accordance with the international standard ISO 14001.

Product quality system. The basic goal of the company in the area of quality management is the production of quality products while the strategic intentions of the company accept the most recent knowledge concerning the creation and protection of the environment. These are the bases for the company's product quality and environmental policies. PARAMO products comply with the requirements of standard ISO 9001 and aside from that fulfil the requirements on safety, hygiene, and ecology prescribed by valid legislature of the Czech Republic. Following the successful audit in 2002 the company began work on rebuilding its quality management system according to the new standard ČSN EN ISO 9001:2000. This meant, first of all, in accordance with the amended standard to define the main, the secondary, and the supporting processes, to identify their mutual connections, and to set the criteria for evaluation of efficient functioning of the individual processes. Since the middle of the year the internal audits were done in accordance with the amended standard and in a process manner.

In 2003 the company is expecting namely the re-certifying audit of the quality management system according to the standard ČSN EN ISO 9001:2000, which will happen at the same time as the audit of the environmental management system according to the international standard ISO 14001. Even for the year 2003 the company management has set goals of quality and their fulfillment will contribute to securing the needed product quality to the full customer satisfaction.

Marketing and Sales Policy. From the sales and marketing point of view was the year 2002 a successful one. The company was able to retain its market positions and continuous product sales even in an environment of low refinery margins, substantial increase in crude oil prices, without the possibility to immediately reflect the increase in the final prices of some product groups, and the increased influence of the competitors on the relevant PARAMO markets. The total volume of processed crude oil was lower by 2% than the previous year. The above mentioned causes meant a decrease in revenues from 5,6 billion CZK in 2001 to 4,7 billion CZK in 2002.

The pillars of own sales and marketing policies were the principles accepted in the year 2001. The company applied pro-active sales policy, optimized sales network while reducing the number of links in the network, it preferred an active approach towards the customer, including a complex offer of goods for the most important customers. The reorganization of the sales department also continued in the year 2002, so that the company is now able to react with flexibility to the demands of the external market environment. With the goal to standardize the purchase mechanisms, a new department of procurement and logistics was created and parallel to that a section for the purchase of hydrocarbon fuels, whose priority is to secure supply of crude oil, was also created. The company has, in 2002, limited processing low-sulphur crude oil from domestic sources and in January it had stopped its purchase from the Moravske naftove doly, a.s., altogether. This means that since 2003 all the crude oil is transported through an oil pipeline, which means stop the delivering by rail cisterns.

„PARAMO products comply with the requirements of standard ISO 9001 and aside from that fulfil the requirements on safety, hygiene, and ecology prescribed by valid legislature of the Czech Republic.“

The main volume of PARAMO production was focused on the domestic market (92 %). Compared to the year 2001 the company has achieved an increase in the sales of asphalts on the domestic market. The sales of engine diesel fuel, the TOLms and primary petrol copied the previous years. In the case of oils, the company was successful, even though the consumption on the CR market went down, in maintaining the total sales of engine and industrial lubricants on the level of the year 2001 and thus have basically strengthened their market share.

The share of export on total sales was, as in previous periods, insignificant at about 8 %. From the view of brand composition the largest shares were achieved by asphalts and lubricating oils.

The marketing conception preferred sustaining and strengthening the current position on the market in the Czech Republic, expanding the assortment produced of perspective products and expanded and better service for the customer. Advertising campaigns were focused on specific products and target customer groups. The Internet played a great role when communicating with the customers in 2002, since they could place electronic orders for products.

The General Meeting decides the amount of sponsorship contributions. In 2002 the company did not make any contributions to any institutions or events and neither has contributed to any political party or movement.

In the year 2003 the company will concentrate namely on assignments related to acquisitions in KORAMO, a.s. This means that it will focus on optimum production within the framework of both production plants, including the exchange of semiproductions. A unified business and marketing policy will be formulated for the future, which includes not only clarifying a unified sales philosophy, but also communication and solution of brands.

We expect PARAMO to sustain the sales of products with higher margin on at least the same level as in the year 2002, to find a solution for heavy fractions surplus in the winter months and to increase success in bids in the case of asphalts, special asphalts, and oils.

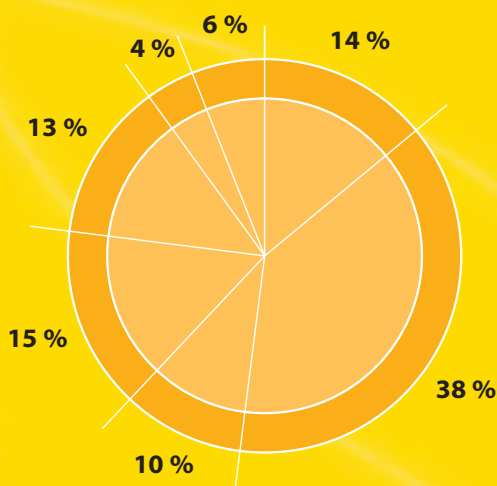
The sale prices of mass products (diesel fuel, heating oils) will be in the following years also created based on pricing formulas according to European coded prices.

Financial Strategy. The financial situation of PARAMO, a.s., was stabilized, the company continued to lower its financial debts, made payments on its bank loans and was not in payment disability.

The company has created, in 2002, unconsolidated net income before tax in the amount of 135 mil. CZK, which compared to the previous year was 119 mil. CZK less. The main reason for the financial decrease was the unfavorable progress of the refinery margin. The company eliminated the situation by production management and its optimization in favor of products with higher refinery margin. Low product prices resulted in lower revenues from own products in 2002 by 814 mil. CZK compared to 2001. Variable costs, compared to the previous year, decreased by 671 mil. CZK, which was a result of lower raw product processing as well as the strengthening of the Czech Crown against the US Dollar. In 2002 the company has achieved savings in the area of fixed costs based namely on lowering the number of its employees. By restructuring short-term loans it was successful in getting more favorable loan conditions thus lowering financial costs.

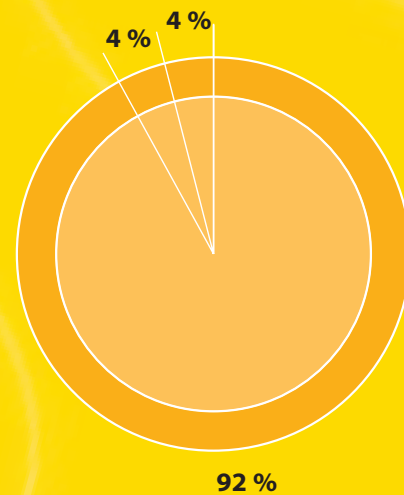
During the course of the year the company purchased shares in KORAMO, a.s., for 139 mil. CZK and thus attained 65,43 % in its basic capital. The main business activity of KORAMO, a.s., is production and sale of engine oils. In 2002 the company KORAMO showed a loss in the amount of 41,5 mil. CZK while its turnover was 872,1 mil. CZK. The worsening of the financial result compared to the previous year, when from the sales of 1,06 billion CZK it created a profit of 2,3 mil. CZK, was brought about by low margins and decrease in oil sales as a result of strong competition on the market. The financial situation of KORAMO in 2002 was stable and the company was not in payment inability. In the year 2002 the company went through a substantial change in the area of financing of own resources and assets.

Shares of main products
of PARAMO, a.s., on revenues
in 2002



Petrol	14 %
Diesel fuel	38 %
HO total	10 %
Asphalts total	15 %
Oils total	13 %
Asphalt products total	4 %
Other total	6 %

Territorial structure
of sales
in 2002

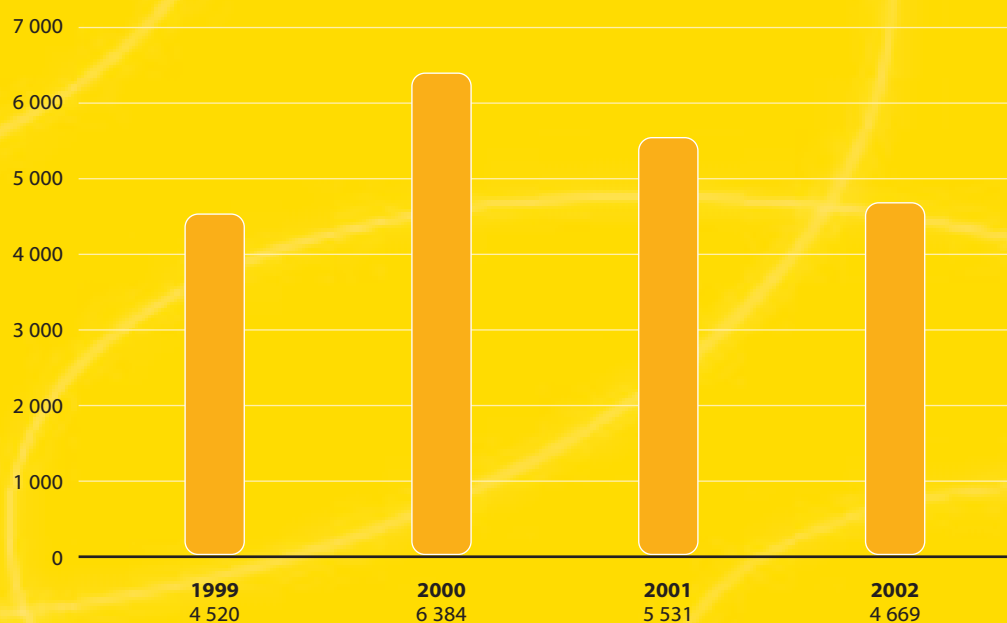


Domestic sales	92 %
Sales in EU	4 %
Other	4 %

„The company applied pro-active sales policy, optimized sales network while reducing the number of links in the network, it preferred an active approach towards the customer, including a complex offer of goods for the most important customers.“

Revenues of PARAMO, a.s , 1999 - 2002

(in mil. CZK)



„In the case of oils, the company was successful in maintaining the total sales of engine and industrial lubricants on the level of the year 2001 and thus have basically strengthened their market share.“

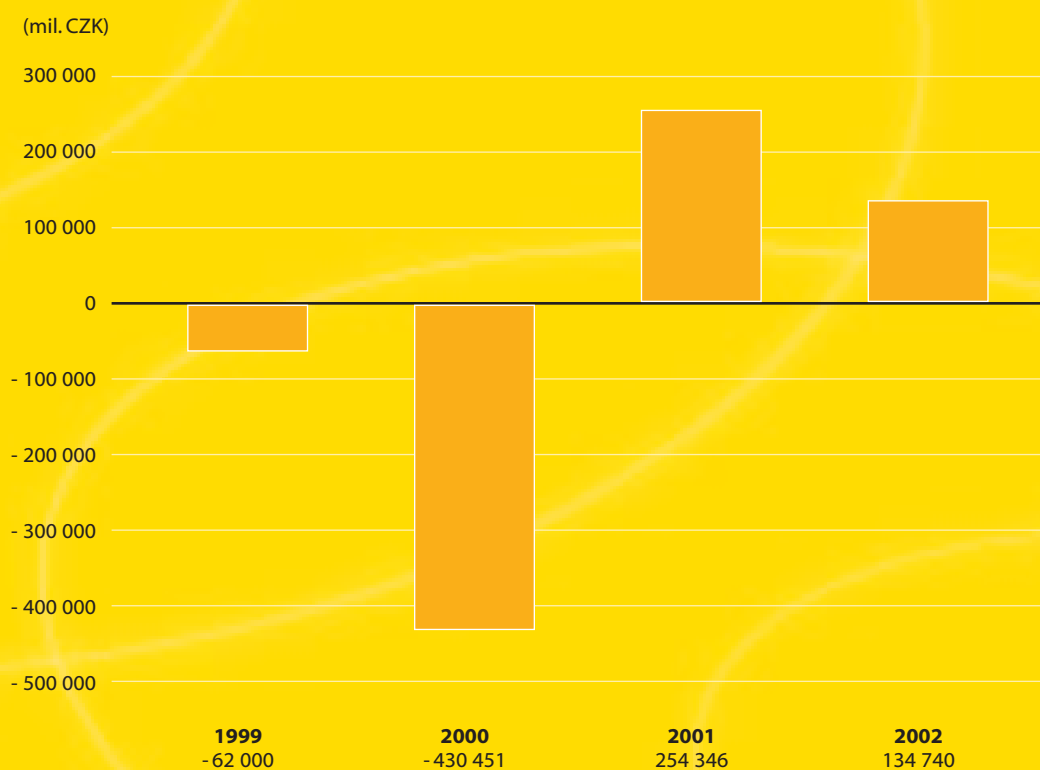
The second 100 % owned subsidiary is Paramo Trysk, which operates a network of 19 petrol stations. The joint-stock company Paramo Trysk has, in 2002, created net income before tax in the amount of 5,4 mil. CZK from a total of 864 mil. CZK in sales. Compared to the year 2001, when it reached net income of 37 mil. CZK while the sales was 976,5 mil. CZK, it is seen as a worsening of the financial result due to lower business margin. Moreover the result from 2001 was positively influenced by adjustments and reserves created in 2000 as well as the sale of shares in PARAMO Nova, a.s. The decrease in revenues came as a result of lower sale prices compared to the year 2001. The whole financial situation of PARAMO Trysk in 2002 was stabilized. The company paid out all its debts towards its suppliers, financing banks, and state financial institutions.

The company PARAMO sold in 2002 its business shares in PARAMO BIONA, s.r.o., and in PARAMO KARIMPEX, a.s.. Another sale concerned shares in Benzina, a.s., which were bought out by the joint-stock company Unipetrol.

The development of intangible and tangible assets remained on the same level as in 2001, while current assets decreased by 381 mil. CZK in the area of financial assets. PARAMO used moneys in bank accounts for loan payments and for the purchase of shares in KORAMO, a.s. Due to a decrease in production tied with optimization of profit, the company noted a decrease of inventories and short-term liabilities in 2002. The increase of receivables was a result of late payments from customers due to the Christmas holiday. The company increased its capital by the created net result while its basic capital remained without a change in 2002. Liabilities decreased by 475 mil. CZK, of which 219 mil. CZK was made up of short-term liabilities and 242 mil. CZK was a decrease due to payments on bank loans.

„The financial situation of PARAMO, a.s., was stabilized, the company continued to lower its financial debts, made payments on its bank loans and was not in payment disability.“

Financial results 1999-2002



„The company's favorable development was also, during the year 2002, reflected in the value of its shares.”

The consolidated net income of PARAMO, a.s., for the accounting period reached 143,3 mil. CZK, which is 148,6 mil. CZK less than in 2001. In 2002 the total assets amounted to 4 292 mil. CZK (3 775 mil. CZK in 2001), the value of current assets was 1 951 mil. CZK (1 557 mil. CZK in 2001). The company increased equity by 136 mil. CZK, while its basic capital remained without a change in 2002. The area of consolidated liabilities increased by 124 mil. CZK in 2002.

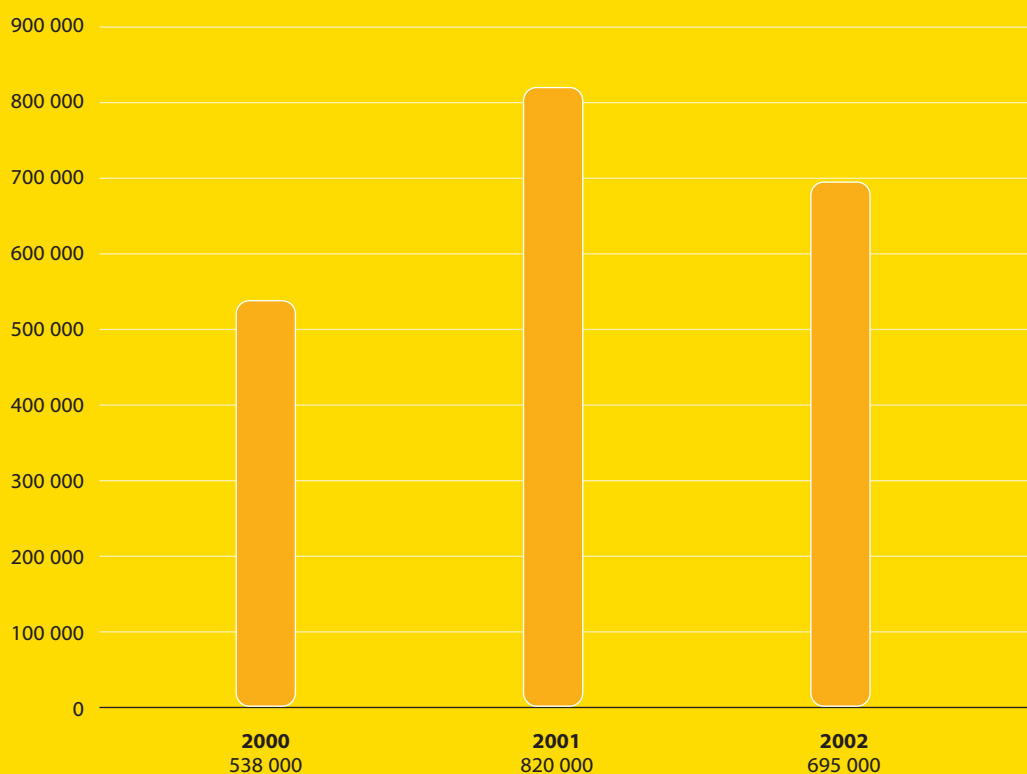
The company's favorable development was also, during the year 2002, reflected in the value of its shares, which increased from 170 CZK at the beginning of the year to 428 CZK per share at the end.

The company expects a similar development of the financial situation and the financial result during the following three years.

Procurement and logistics. Under the continuous pressure of lowering costs a new post of Purchase and Logistics Manager was established during the second half of 2002. All his activities, such as the implementation of the information SAP system, information system of shipping and logistics or the introduction of unified methodology for tenders and application of synergic effects within the Unipetrol holding, had a common goal – the lowering of input costs. The trend has the same validity even in 2003. It is expected that a further cost reduction will be brought about namely by the application of bidding procedures, purchases within the Unipetrol holding and selecting out certain supporting activities outside of the company (for ex. outsourcing of manipulation equipment).

Work productivity from WH

(CZK/empl.)

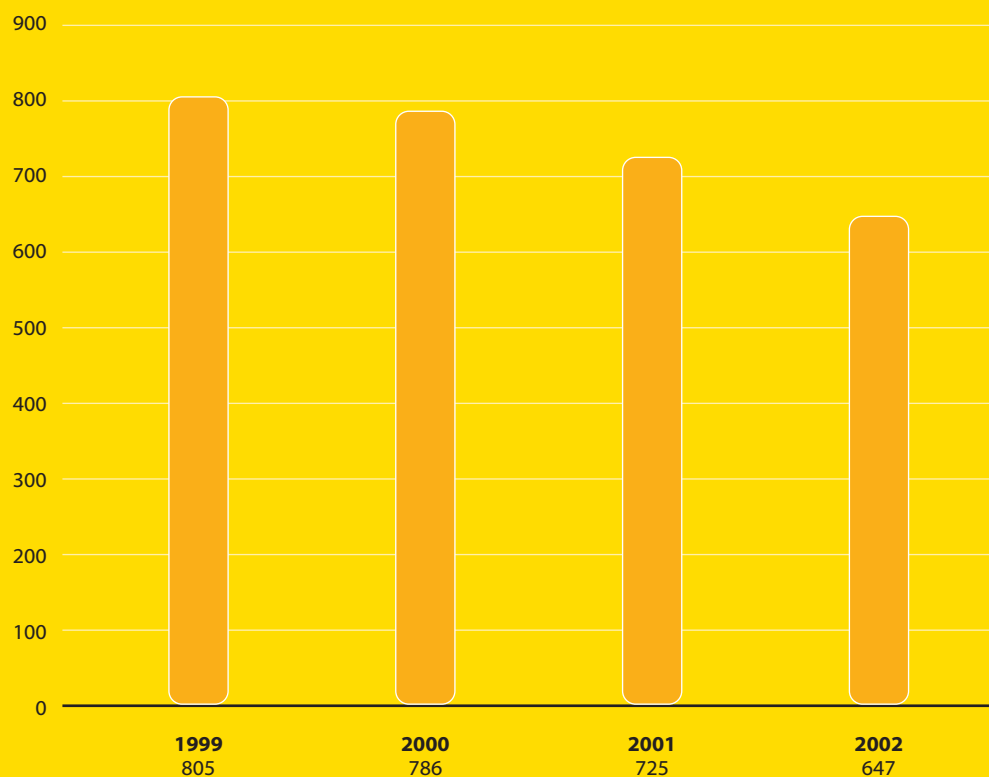


Employee policy. In accordance with increasing the efficiency of company operation, the number of employees decreased during the last several years. It was not any different in 2002, when their average number was lowered to 647, which was 79 less than in 2001. The greatest numbers of company employees are graduates of vocational schools with certificates and graduates of secondary vocational schools.

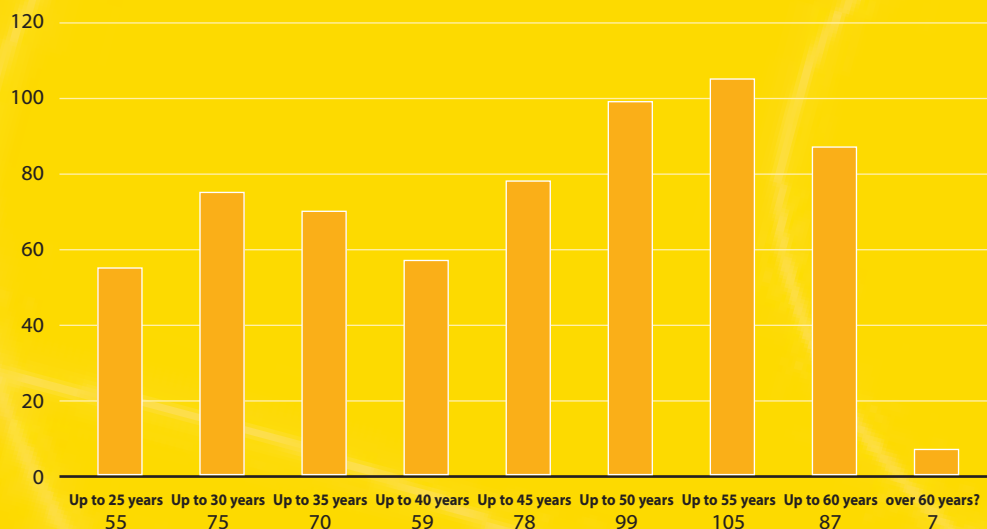
The people are the most important potential of the company. That is why we continuously look at employee motivation and the problem of increasing their qualifications – professional as well as language oriented. In 2002 the company spent a total of 1 647 840 CZK on education. The company also gives its employees a number of advantages. These are, for example, subsidized company meal program or life insurance. Subsidy for supplementary retirement insurance was 2 477 ths. CZK in 2002, which is a substantial increase compared to the previous year, when the company spent for this purpose merely 781 ths. CZK

The average monthly pay in 2002 reached 17 184 CZK, which represents an increase by 15,4 % compared to 2001.

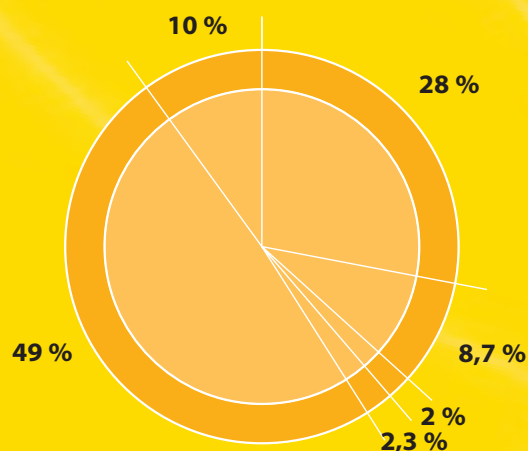
Average number of employees



Age structure



Qualifications structure



Vocational secondary schools	181	(28 %)
College	54	(8,7 %)
High school	13	(2 %)
Vocational schools w/ grad.diploma	15	(2,3 %)
Vocational schools w/ certificate	318	(49 %)
Elementary	66	(10 %)

„The people are the most important potential of the company.“

Supervisory Board Report

The Supervisory Board of PARAMO, a.s., had entered the year 2002 incomplete, because in the end of December 2001 Doc. JUDr. Eduard Němeček, DrSc, a member of the Supervisory Board, had died. At the very first meeting of the Supervisory Board in 2002, which took place on 27. 2. 2002, the Board named Ing. Jiří Peldřimovský a temporary member who was then, by a proper General Meeting of PARAMO, a.s., on 20. 6. 2002 voted in as a regular member of the Supervisory Board.

The Supervisory Board was during 2002 made up of the following members:

Ing. Josef Žák (Chairman)

Ing. Jiří Stříteský (Vice chairman)

JUDr. Magdalena Frischová

Ing. Jiří Peldřimovský

Ing. Jindřich Bartoníček

Ladislav Urbánek

During its regular meetings, the Supervisory Board has focused namely on the financial situation of the company, restructuring of the shares and interests portfolio, and on receivables and liabilities.

The Supervisory Board examined the financial statement of the company as of 31. 12. 2002 and declares:

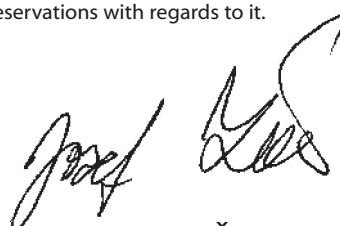
- the auditor - PRIMASKA AUDIT, a.s, inspected the financial statement.
- the auditor's statement to the financial statement of the consolidation unit PARAMO, a.s. as of 31. 12. 2002 was:
WITHOUT QUALIFICATION
- the auditor's statement proved, that the financial statement reflects, in all material respects, the assets, liabilities, equity, and financial situation of the accounting unit PARAMO, a.s., as of 31. 12. 2002 and that the financial results for the accounting period of 2002 are in accordance with the Law on Accounting and related regulations valid in the Czech Republic.

In the same manner was also examined the consolidated financial statement of the group of companies PARAMO as of 31. 12. 2002. The auditor – PRIMASKA AUDIT, a.s., issued an identical statement as in the case of the accounting unit PARAMO, a.s., - WITHOUT QUALIFICATION

Based on these facts, the Supervisory Board recommends that the General Meeting approves the financial statement of the accounting unit PARAMO, a.s., Pardubice as well as the consolidated financial statement of the group of companies PARAMO as of 31. 12. 2002.

The Supervisory Board, after examining the recommendation of the Board of Directors concerning the distribution of profit from 2002, states, that the suggested profit distribution is in accordance with legal and company regulations and recommends that the General Meeting approves the distribution of profit from 2002 as suggested by the Board of Directors.

Furthermore the Supervisory Board examined the report about the relationships between the dominant and the subordinate entity and about the relationships between the subordinate entity and other entities supervised by the same dominant entity, presented by the Board of Directors and has no reservations with regards to it.



Ing. Josef Žák

Chairman of the Supervisory Board

Financial Part

Standalone Financial Statement

30	Auditor's Final Report
31 / 32	Balance sheet – long form as of 31.12.2002
33	Capital & liabilities – long form as of 31.12.2002
34	Cash flow as of 31. 12. 2002
35 / 54	Footnotes to the financial report

Auditor's Final Report

We have compared the validity of information about the accounting unit, stated in the annual report for 2002, with the verified financial statement. In our opinion, all the information, in all important aspects, is in accordance with the consolidated financial statement as of 31. 12. 2002.

We have verified material correctness of the data stated in the report about relationships between related entities and found no important incorrect information. The statutory organs of the company are responsible for completeness and correctness of this report.

On the 28.2.2003 we have issued the following statement to the financial statement.

We have performed an audit of the financial statements of the consolidated unit PARAMO as of 31. 12. 2002 in accordance with the law no. 254/2000 Sb., on auditors and auditing regulations issued by the Chamber of Auditors of the Czech Republic. The statutory body of the parent company is responsible for maintaining accounting which is complete, supportable, and correct and the preparation of the financial statements. The auditor has a responsibility, on the basis of the audit, to write a statement and to express an opinion on the consolidated financial statement.

The audit was planned and performed in such a manner so that it obtained all the information, which in our opinion was necessary for examining the financial statements and give a guarantee that the financial statements didn't include any incorrect important factual information. The audit included an examination of completeness and conclusive evidence of data given in the financial statements, assessment of correctness and suitability of accounting procedures and significant estimates made by the accounting unit, and an assessment of overall presentation of the financial statements. The examination was carried out on a test basis with regard to the significance of shown figures. We are convinced that the audit provides an adequate basis for statement expression.

In our opinion, the financial statements reflects fairly, in all material respects, the assets, liabilities, equity, and financial situation of the accounting unit of PARAMO as of 31. 12. 2002 and the financial results for the accounting period of 2002 in accordance with the laws and accounting regulations valid in the Czech Republic.

The auditor of PRIMASKA AUDIT, a.s. issues, regarding the consolidated statement of the consolidation unit PARAMO as of 31. 12. 2002

STATEMENT WITHOUT ANY QUALIFICATION.

In Prague on 28. 3. 2003



Ing. Jan Sedlák
Chairman of the Board of Directors
PRIMASKA AUDIT, a.s.
license no.: 209



auditor Ing. Jiří Novák
license no.: 1460

Standalone Financial Statement as of 31.12.2002 [in ths. CZK]

Type.	ASSETS	Line no.	Gross	Current Year Provisions	Net	Prior Year	Year 2000
a	b	c	1	2	3	4	5
	TOTAL ASSETS	1	5 246 375	-2 065 288	3 181 087	3 544 508	3 804 366
A.	Stock Subscriptions Receivable	2					
B.	Intangible and tangible assets and investments	3	3 527 314	-1 552 286	1 975 028	1 939 948	2 104 814
B. I.	Long-term intangible assets	4	29 256	- 15 047	14 209	2 851	4 968
B. I. 1.	Expenses of foundation and organization	5	27	- 21	6	11	0
2.	Research and development intangibles	6					
3.	Software	7	12 634	- 10 804	1 830	988	2 224
4.	Patents, rights, and royalties	8					
5.	Other long-term intangible assets	9	6 515	- 4 222	2 293	1 852	2 744
6.	Intangibles in progress	10	10 000		10 000		
7.	Advances for intangibles	11	80		80		
B.II.	Long-term tangible assets	12	3 228 377	- 1 533 939	1 694 438	1 794 857	1 968 963
B.II 1.	Property	13	373 695		373 695	366 918	374 218
2.	Buildings and constructions	14	793 462	- 285 066	508 396	533 633	549 052
3.	Separate movable items and groups of mov. it.	15	2 034 510	- 1 248 513	785 997	885 875	1 035 946
4.	Permanent growth	16					
5.	Livestock	17					
6.	Other long-term tangible assets	18	15		15	159	147
7.	Tangibles in progress	19	25 347		25 347	7 194	9 600
8.	Advances for tangibles	20					
9.	Adjustments to acquired property	21	1 348	- 360	988	1 078	0
B.III.	Long-term financial assets	22	269 681	- 3 300	266 381	142 240	130 883
B.III. 1.	Majority shareholding interests and participating interest – majority shareholdings	23	264 812		264 812	121 000	110 926
2.	Majority shareholding interests and participating interest – substantial shareholdings	24					179
3.	Other securities and deposits	25	4 869	- 3 300	1 569	20 757	19 293
4.	Intergroup loans	26					
5.	Other financial assets	27				483	485
6.	Financial assets in progress	28					
7.	Advances for long-term financial assets	29					
C.	Current assets	30	1 710 958	- 513 002	1 197 956	1 578 701	1 660 513
C.I.	Inventory	31	679 816	- 160 845	518 971	608 262	649 896
C.I. 1.	Materials	32	253 671	- 29 268	224 403	326 158	301 104
2.	Work in progress and semi-finished production	33	136 818		136 818	135 265	169 647
3.	Products	34	143 511	- 998	142 513	131 941	157 621
4.	Livestock	35					
5.	Goods	36	88		88	543	834
6.	Advances granted	37	145 728	- 130 579	15 149	14 355	20 690
C.II.	Long-term receivables	38	0	0	0	0	0
C.II. 1.	Trade receivables	39					
2.	Receivables from partners and associates	40					
3.	Majority shareholding interests and participating interest – majority shareholdings	41					
4.	Majority shareholding interests and participating interest – substantial shareholdings	42					
5.	Other receivables	43					
C.III.	Short-term receivables	44	985 150	- 352 157	632 993	556 755	949 156
C.III. 1.	Trade receivables	45	868 635	- 252 136	616 499	546 942	905 782
2.	Receivables from partners and associates	46					
3.	Social security receivables	47					
4.	Receivables from taxes and subsidies	48	717		717	1 401	29 459
5.	Majority shareholding interests and participating interest – majority shareholdings	49					
6.	Majority shareholding interests and participating interest – substantial shareholdings	50					
7.	Other receivables	51	115 798	- 100 021	15 777	8 412	13 915
C.IV.	Financial assets	52	45 992	0	45 992	413 684	61 461
C.IV. 1.	Cash	53	1 027		1 027	111	148
2.	Bank accounts	54	44 965		44 965	413 573	61 313
3.	Short-term financial assets	55					
4.	Short-term financial assets in progress	56					
D.	Other assets	57	8 103	0	8 103	25 859	39 039
D.I.	Temporary account assets	58	8 103	0	8 103	9 661	2 351
D.I. 1.	Prepaid expenses	59	7 700		7 700	8 690	2 135
2.	Unbilled revenues	60	403		403	971	216
D.II.	Contingencies - gain	61				16 198	36 688
	Control number	999	20 985 500	- 8 261 152	12 724 348	14 161 834	15 217 464

Standalone Financial Statement as of 31.12.2002 [in ths. CZK]

Type	CAPITAL & LIABILITIES	line no.	Current year	Prior year	Year 2000
a	b	c	5	6	7
	TOTAL CAPITAL & LIABILITIES	62	3 181 087	3 544 508	3 804 366
A.	Basic capital	63	1 666 181	1 529 953	1 261 038
A.I.	Basic capital	64	1 330 078	1 330 078	1 330 078
A.I. 1.	Basic capital	65	1 330 078	1 330 078	1 330 078
	2. Own and business shares	66			
	3. Changes in basic capital	67			
A.II.	Capital funds	68	2 369	2 053	54
A.II. 1.	Share premium [agio]	69			
	2. Other capital funds	70	2 053	2 053	54
	3. Revaluation of assets	71	316		
	4. Revaluation from transformations	72			
A.III.	Funds from profit	73	260 691	248 889	250 911
A.III. 1.	Legal reserve fund	74	257 154	243 707	243 707
	2. Indivisible fund	75			
	3. Statutory and other funds	76	3 537	5 182	7 204
A.IV.	Profit and loss of previous years	77	- 64 514	- 320 005	6 331
A.IV. 1.	Retained earnings from previous years	78			6 331
	2. Accumulated losses from previous years	79	- 64 514	- 320 005	
A.V.	Profit and loss of current accounting period	80	137 557	268 938	- 326 336
B.	Liabilities	81	1 505 624	1 983 200	2 507 019
B.I.	Reserves	82	37 665	55 326	172 015
B.I. 1.	Legal reserves	83	22 029	16 235	3 000
	2. Reserves for income tax	84			
	3. Other reserves	85	15 636	36 274	132 327
	4. Deferred tax due (debt)	86		2 817	
B.II.	Long-term liabilities	87	0	0	0
B.II. 1.	Payables to related companies – majority shareholdings	88			
	2. Payables to related companies – substantial shareholdings	89			
	3. Long-term deposits received	90			
	4. Bonds payables	91			
	5. Long-term notes payables	92			
	6. Other long-term liabilities	93			
B.III.	Short-term liabilities	94	821 051	1 039 299	1 167 312
B.III. 1.	Trade payables	95	389 743	610 238	817 404
	2. Payables to partners and associations	96	210	211	211
	3. Payables to employees	97	7 644	7 771	7 578
	4. Social security payables	98	4 934	4 706	4 749
	5. State – tax payables	99	416 074	411 790	312 201
	6. Payables to related companies – majority shareholdings	100			
	7. Payables to related companies – substantial shareholdings	101			
	8. Other payables	102	2 446	4 583	7 760
B.IV.	Bank loans and notes	103	646 908	888 575	1 167 692
B.IV. 1.	Long-term bank loans	104	137 627	229 588	322 096
	2. Regular bank loans	105	509 281	658 987	845 596
	3. Short-term notes	106			
C.	Other liabilities – temp. accounts of liabilities	107	9 282	31 355	36 309
C.I.	Accruals	108	5 328	5 353	4 683
C.I. 1.	Deferred costs	109	1 995	1 186	4 683
	2. Deferred income	110	3 333	4 167	0
C.II.	Contingencies - loss	111	3 954	26 002	31 626
	Control number	999	12 582 837	13 883 092	15 543 419

Notes:

The column "gross" represents the value of individual components of assets on corresponding asset accounts.

The column "provisions" represents adjustments, which are subtracted.

The column "net" represents gross amount minus provisions.

Profit and Loss Statement – Long Form (in ths. CZK as of 31.12.2002)

Type	TEXT	Line no.	Accounting period		Year 2000
a	b	c	current 1	prior 2	3
I.	Revenues from goods sold	1	17 631	17 456	19 182
A.	Costs of goods sold	2	17 515	17 412	18 980
+	Gross margin	3	116	44	202
II.	Operation	4	4 732 433	5 546 108	6 527 034
II. 1.	Revenues from finished products and services	5	4 696 410	5 575 184	6 441 706
2.	Changes in inventory	6	12 760	- 64 172	46 924
3.	Capitalization	7	23 263	35 096	38 404
B.	Consumption from operation	8	4 273 291	4 950 017	6 102 970
B. 1.	Consumption of material and energy	9	4 035 046	4 708 127	5 859 807
B. 2.	Services	10	238 245	241 890	243 163
+	Value added	11	459 258	596 135	424 266
C.	Personnel expenses	12	184 947	192 989	181 697
C. 1.	Wages and salaries	13	129 142	141 065	129 845
C. 2.	Bonuses to members of executive bodies of companies and co-ops	14	3 006	2 997	2 619
C. 3.	Social security expenses	15	46 908	45 303	45 353
C. 4.	Statutory social expenses	16	5 891	3 624	3 880
D.	Taxes and fees	17	4 562	6 214	10 464
E.	Amortization of tangibles and depreciation of tangibles	18	146 868	175 801	184 127
III.	Revenues from intangible and tangible assets and materials sold	19	23 434	92 118	310 443
F.	Net book value of intangibles, tangibles and materials sold	20	21 241	83 914	347 345
IV.	Reversal of reserves and prepaid expenses	21	16 990	136 026	124 336
G.	Creation of reserves and prepaid expenses	22	18 344	35 475	133 327
V.	Reversal of provisions	23	141 751	247 316	64 202
H.	Creation of provisions	24	38 800	133 166	268 494
VI.	Other operational revenues	25	1 080 010	4 696 903	2 227 201
I.	Other operational expenses	26	1 094 021	4 705 482	2 230 453
VII.	Transfer of operational revenues	27			
J.	Transfer of operational expenses	28			
*	Net operating result	29	212 660	435 457	- 205 459
VIII.	Revenues from sales of securities and deposits	30	27 801	26 211	1 250
K.	Sold securities and deposits	31	109 687	173 681	700
IX.	Revenues from long-term financial investments	32	237	233	80
IX. 1.	Revenues from intergroup securities and deposits	33			
2.	Other revenues from long-term securities and deposits	34	237	233	80
3.	Other revenues from long-term financial investments	35			
X.	Revenues from short-term financial assets	36			138
L.	Expenses from financial assets	37			
XI.	Revenues from re-pricing of securities and deposits	38			
M.	Expenses from re-pricing of securities and deposits	39			
XII.	Reversal of financial reserves	40		20 491	31 951
N.	Creation of financial reserves	41			22 468
XIII.	Reversal of provisions	42	87 163	95 876	0
O.	Creation of provisions	43		31 250	63 458
XIV.	Interests revenues	44	8 078	25 240	19 242
P.	Interests costs	45	39 244	82 637	90 317
XV.	Other financial revenues	46	41 244	59 945	36 638
Q.	Other financial costs	47	80 376	78 827	135 776
XVI.	Transfer of financial revenues	48			
R.	Transfer of financial costs	49			
*	Net result from financial operations	50	- 64 784	- 138 399	- 223 420
S.	Income tax from normal activities	51	- 2 817	- 14 592	- 104 115
S. 1.	- due	52			
2.	- deferred	53	- 2 817	- 14 592	- 104 115
**	Net result from normal activities	55	150 693	311 650	- 324 764
XVII.	Extraordinary revenues	56	29 756	29 792	959
T.	Extraordinary expenses	57	42 892	72 504	2 531
U.	Income tax from extraordinary activities	58	0	0	0
U. 1.	- due	59			
2.	- deferred	60			
*	Net result from extraordinary activities	61	- 13 136	- 42 712	- 1 572
W.	Income distribution to partners	62			
***	Net income/loss for the accounting period	63	137 557	268 938	- 326 336
	Result of operation before tax	64	134 740	254 346	- 430 451
	Control number	99	22 480 694	34 078 706	30 671 780

Notes to the profit and loss statement:

Letter – represents expenses, Roman numerals – represents revenues.

The entry "result" is arranged gradually, i.e., the sums of individual steps of the profit/loss results (marked by an asterisk) are figured as sums of remainders between individual revenue and expense sums.

Marks and subtotals:

+ Remainder sum with economic importance

* Indication of individual steps of the total profit/loss and the income tax

** Net result from normal activities

*** Total net income/loss for the accounting period

Cash Flow Statement (in ths. CZK as of 31. 12. 2002)

Type a	TEXT b	Accounting period			
		Mark	2000	2001	2002
P	Cash and cash equivalent at the beginning of the accounting period		165 813	63 186	413 684
	CASH FLOW FROM MAIN OPERATIONAL ACTIVITIES				
Z.	Profit/loss from normal activities before tax	(+/-)	-428 878	297 058	147 876
A. 1.	Modification of non-cash transactions		164 878	83 687	52 096
A. 1. 1.	Depreciation of fixed assets	(+)	193 653	175 891	146 958
A. 1. 2.	Change in adjustments, reserves	(+/-)	-98 229	- 299 909	- 205 047
A. 1. 3.	Profit (loss) from sale of fixed assets	(-/ +)	-1 541	150 541	79 256
A. 1. 4.	Dividends and profit revenues	(-)	-80	- 233	- 237
A. 1. 5.	Accounted cost interests	(+/-)	71 075	57 397	31 166
A. 1. 6.	Possible adjustments for other non-cash operations				
A. *.	NCF before tax, changes in working capital, and extraordinary items		-264 000	380 745	199 972
A. 2.	Change in non-cash items of working capital		372 491	389 092	- 146 530
A. 2. 1.	Change in receivables from operational activities of active accounts in ČR and active conjecture accounts	(+/-)	3 487	460 079	6 460
A. 2. 2.	Change in short-term payables from operational activities of passive accounts in ČR and passive conjecture accounts	(+/-)	455 163	- 113 043	- 252 094
A. 2. 3.	Change in inventories balance	(+/-)	-86 159	42 056	99 104
A. 2. 4.	Change in short-term financial assets not included in pension assets and equivalents	(+/-)			
A. **.	NCF before tax and extraordinary items		108 491	769 837	53 442
A. 3.	Interest expense paid with the exception of capitalized interest	(-)	-89 640	- 82 637	- 39 244
A. 4.	Interest income received	(+)	5 926	14 228	8 609
A. 5.	Paid income tax from normal activities and tax arrears of previous periods	(-)	26 751	11 934	684
A. 6.	Income and costs related to extraordinary accounting items	(+/-)	699	12 147	13 557
A. ***.	NCF from operational activities		52 227	725 509	37 048
	CASH FLOW FROM INVESTMENT ACTIVITIES				
B. 1.	Expenses related to acquisitions of fixed assets	(-)	-196 143	- 238 390	- 333 110
B. 2.	Income from sale of fixed assets	(+)	3 808	41 773	35 651
B. 3.	Loans and credits to related entities	(+/-)	180	32 725	1 399
B. ***.	NCF from investment activities		-192 155	- 163 892	- 296 060
	CASH FLOW FROM FINANCIAL ACTIVITIES				
C. 1.	Change in long or short-term debts included in fin. activities	(+/-)	38 068	- 209 330	- 107 272
C. 2.	Changes influencing equity and other cash contributions	(+/-)	-2 572	- 2 022	- 1 645
C. 2. 1.	Increase of basic capital or reserve fund	(+)			
C. 2. 2.	Refund of equity to shareholders	(-)			
C. 2. 3.	Other cash donations of partners and shareholders	(+)			
C. 2. 4.	Settling of loss by shareholders	(+)			
C. 2. 5.	Direct payments debited to funds	(-)	-2 652	- 2 022	- 1 645
C. 2. 6.	Paid out dividends and profit shares	(-)			
C. 3.	Dividends and profit shares received	(+)	80	233	237
C. ***.	NCF from financial activities		35 576	- 211 119	- 108 680
F.	Net increase/decrease in cash flow		-104 352	350 498	- 367 692
A.	Cash and cash equivalents at the end of accounting period		61 461	413 684	45 992

Footnotes to the Financial Statement as of 31. 12. 2001

1. DESCRIPTION OF THE SUBJECT

1.1. Establishment and the character of the parent company

PARAMO, a.s. ("the company") is a Czech legal entity, a joint-stock company, which was incorporated on 1. 1. 1994 by registration in the Commercial Register at the Regional Court in Hradec Králové, section B, folder 992. Based on the data from the Commercial Register, its primary business activity is processing of crude oil into refinery and asphalt products. During the year 2000 70,87% of its shares, owned up until then by the National Property Fund, were sold to Unipetrol, a.s. Kralupy nad Vltavou.

1.2. Registered office:

PARAMO, a.s.
Přerovská 560
530 06 PARDUBICE

1.3. Company owners above 10%

Physical and legal entities, who hold shares of the Company's basic capital shown in the following table:

Shareholder	% share in BC
Unipetrol, a.s. Kralupy nad Vltavou	73,52 %
SPGroup	13,87 %
Investment funds and other small shareholders	12,61 %
Total	100 %

1.4. Changes and amendments in the Commercial Register

On April 17. 2001 a regular General Meeting took place, which relieved 6 members and elected 4 new members of the Supervisory Board.

1.5. Members of the Supervisory Board as of December 31. 2001

Board of Directors	Post	Name
	Chairman of the B. of D.	Ing. Pavel Švarc, CSc
	Vice chairman	Ing. Martin Borovička
	Vice chairman	Ing. Václav Přibyl
	Members of the Board	Ing. Jiří Perk
	Members of the Board	Ing. Radomír Věk

Supervisory Board	Post	Name
	Members of the Supervisory Board	Ing. Josef Žák
		JUDr. Magdalena Frischová
		Ing. Jindřich Bartoniček
		Ladislav Urbánek
		Doc. JUDr. Eduard Němeček
		Ing. Jiří Střiteský

1.6. Description of the organizational structure:

The managers of the business, production, financial, and personnel departments are subordinate to the General Director, as well as the quality control and internal affairs departments.

In 2001 the Company was included in the consolidation group UNIPETROL, a.s.

1.7. The fusion of PARAMO, a.s. and PARAMET, a.s

The main event influencing the financial statement of the Company as of 31. 12. 2001 was the fusion of PARAMET, a.s. (dissolving company), with PARAMO, a.s. (successor). The successor holds 100% of the dissolving company's shares.

As a result of the merger of the two companies PARAMET, a.s., seized to exist, which was pre-dated by its closing down without liquidation as of 31.12.2000. Its legal successor is PARAMO, a.s.

The successor takes over all assets of the dissolved company, including its rights and responsibilities that relate to the work and legal relationships.

1.8. Accounting implications of the merger

The day of the merger is January 1. 2001. Starting this day, all negotiations of the dissolved company are viewed, from the accounting point of view, as those of the successor company's.

As part of putting together the consolidated balance sheet, mutual relationships were terminated, i.e. long-term financial assets, receivables, and payables between the two companies. The capital of the dissolved company, together with the differences in the valuation of assets and payables in the accounting of both companies, create a new „Other capital fund“ (account 413) of the successor company in the sum of 1 999 ths. CZK.

Footnotes to the Financial Statement as of 31. 12. 2001

The dissolving company keeps in evidence, in the financial statement of 31.12.2000 the following constituent part of assets, which is not a liability:

Description	Line of balance sheet	Sum in CZK
Other reserves	083	1 535 010,00

This part of liabilities was taken over by the successor company in the same structure and amount and was accounted into an identical account within the successor company's accounting. The takeover and its accounting is documented in the introductory balance sheet done by the day of the merger.

The dissolving company keeps in evidence, in the financial statement of 31.12.2000 the following constituent part of assets:

Description	Line of balance sheet	Sum in CZK
Adjustments to acquired assets	021	1 348 313,77
Adjustments of the adjustments to acquired assets	021	- 179 775,16

This part of assets was taken over by the successor company in the same structure and amount and was accounted into an identical account within the successor company's accounting. The takeover and its accounting is documented in the introductory balance sheet done by the day of the merger. (see Appendix no. 1).

2. BASES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statement was prepared in accordance with the Law on Accounting and appropriate accounting procedures for entrepreneurs as applicable for the year 2001.

3. METHODS FOR VALUATION

The methods of valuation, used by the Company in putting together the financial statement for 2001, are as follows:

3.a. Long-term intangible fixed assets

Long-term intangible fixed assets are valued at their acquisition costs and other related costs.

Long-term small intangible items (up to 60 ths. CZK) are shown in the balance sheet at their acquisition costs and are depreciated into the costs. Long-term intangible fixed assets are depreciated into the costs over their estimated useful life that may not exceed five years.

3.b. Long-term tangible fixed assets

Long-term tangible fixed assets are recorded at their acquisition costs which includes their purchase price, transport costs, customs, and duty, and other related costs. Internally acquired long-term tangible fixed assets are recorded at their own costs which includes direct material and labour costs and production overheads. Interests and other financial expenses included during the construction of tangible fixed assets are also capitalized.

The costs of technical improvements of fixed assets increase its acquisition costs. Repair and maintenance costs are accounted for in the costs.

Long-term small tangible items (up to 20 ths. CZK) are accounted to the costs and carried in a subsidiary ledger.

Long-term small tangible items (from 20 ths. CZK to 40 ths. CZK) are accounted to the costs and carried in the accompanying balance sheet as fully depreciated.

3.*. Depreciation

Depreciation is calculated on the basis of acquisition costs and the estimated useful life of the related assets. For the purpose of accounting the depreciation it was decided that depreciation begins the following month after the asset was put in use.

Category	Depreciation in years
Buildings and constructions	25 - 77
Machinery and equipment	4 - 30
Vehicles	4 - 17
Furniture and fixtures	8 - 17
Other TFA	4 - 8

3.c. Long-Term Financial Investments

Publicly traded securities [except for the shares of companies included in the group or subsidiaries] are valued at purchase price or at market value if the market value is lower. Holdings in group and associated companies are not included in the consolidation are recorded at their purchase price.

In case the accounted balance of deposits at these companies decreases [for ex. because of negative equity] the difference is taken as temporary value decrease and is accounted as adjustment.

Securities, which are not publicly traded, are recorded at purchase price. The value of these securities is temporarily reduced by accounted adjustment. The adjustment arises from the difference between the purchase price of the interest and the value of the company's interest in shareholder's equity.

3.d. Inventory

Purchased inventory is valued at acquisition cost using weighted average cost. Costs of purchased inventories include other related costs, [e.g. transport costs, customs, etc].

Products and work in progress are valued at planned standard costs. Costs of inventories produced internally include direct material and salary costs and production overheads. The correction of the valuation was performed as of the date of the financial statement according to the current price of crude oil

Footnotes to the Financial Statement as of 31. 12. 2001

3.e. Receivables

Receivables are accounted at their nominal value. The doubtful receivables are reduced by the adjustments accounted into the costs, to its current value. When determining the adjustments for the sister companies receivables, which are not included in the consolidated whole, we estimated the ability of the company to settle its debts on the basis of preliminary results as of 31. 12. 2001.

The adjustments for other companies were counted on basis of time structure of the debts as follows::

Type of Receivable	Adjustmentt
Before time due	0 %
90 to 180 days overdue	25 %
181 to 360 days overdue	50 %
More than 360 days overdue	100 %
In bankruptcy	100 %

3.f. Equity

The basic capital of the parent company is shown at the amount recorded in the Commercial Register maintained by the Regional Court. In accordance with the Commercial Code, the parent company has created a reserve fund from profit or from amounts contributed by partners above their contributions.

Within the first year the profit is generated, a joint-stock company must allocate 20 % of profit after tax [however, not more than 10 % of basic capital] to the reserve fund. In the subsequent years, the reserve fund must be allocated 5 % of profit after tax until the value of 20 % of basic capital is achieved. These funds must be used exclusively for loss compensation. Based on the Regulations, the company may also create other funds.

3.g. Credits received

Short and long-term credits are recorded at nominal value. That portion of long-term credit, which is due within one year of the financial report, is regarded as a short-term credit.

3.h. Financial leases

The group accounts for the leased assets by including the lease payments into the costs and activates the relevant amount of the leased assets at the time of expiration of the lease contract and uses the possibility of purchase. The payments played before it's due are time-differentiated.

3.i. Foreign currency transactions

Assets acquired in foreign currencies were converted into Czech crowns according to the exchange rate valid at the time of acquisition of the assets.

Financial assets, receivables and payables denominated in foreign currencies are converted into Czech crowns at the current exchange rate and are adjusted according to the exchange rates of December 31. as published by the Czech National Bank.

Realized exchange rate gains and losses and a reserve for unrealized exchange rate losses are accounted to income or costs [respectively] for the year. Unrealized exchange rate gains and losses are not accounted to the income or costs, respectively, until collection or payment of the related foreign currency item occurs and is reflected in other liabilities or assets, respectively. Unrealized exchange rate losses are reflected as assets and are offset by a reserve at the level of this loss to the debit of costs.

3.j. Accounting of revenues and expenses

Revenues and expenses are accounted on an accrual basis, i.e. to the related period.

In accordance with the accounting principle of prudence, the company accounts a creation of reserves and adjustments to the debit of costs to cover all risks, losses, and damages which are known as per date of the financial statement.

3.k. Income tax

The due income tax is calculated at the statutory tax rate on the basis of book income before taxes, increased or decreased by the appropriate permanent or temporary tax non-deductible costs and untaxed revenues [e.g. creation and accounting of reserves and adjustments, entertainment expenses, differences between book and tax depreciation, etc.].

Deferred income tax is based on previous differences:

1. accumulated depreciation of tangible and intangible assets,
2. adjustments for reserves,
3. adjustments for liabilities(except for the companies in the group),
4. reserves for exchange rate differences,
5. other reserves,
6. tax loss from previous years.

The base is multiplied by the income tax using the rate valid for 2002 (31%).

Footnotes to the Financial Statement as of 31. 12. 2001

4. FIXED ASSETS

4.1. Long-term intangible fixed assets (in ths. CZK)

	Acquisition costs	Software	Patents, rights, royalties	Others	Intangibles in progress and deposits	Total
Acquisition costs:						
State as of 1/1/01	0	10 944	100	6 810	3 105	20 959
Fusion of PARAMET on 1/1/01	27	0	0	0	0	27
Increase	0	153	0	200	353	706
Decrease	0	0	0	0	-3 458	-3 458
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/01	27	11 097	100	7 010	0	18 234
Adjustments and depreciations:						
State as of 1/1/01	0	8 720	100	4 066	3 105	15 991
Fusion of PARAMET on 1/1/01	11	0	0	0	0	11
Depreciation expenses	5	1 389	0	1 092	0	2 486
Depreciations to decreases	0	0	0	0	0	0
Adjustments and value decreases	0	0	0	0	-3 105	-3 105
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/01	16	10 109	100	5 158	0	15 382
Final value as of 1/1/01	16	2 224	0	2 744	0	4 984
Final value as of 31/12/01	11	988	0	1 852	0	2 851

Total depreciation expenses of tangible fixed assets amounted to 2 578 ths. CZK in 2001. The group has created adjustments to intangibles in progress "Fuel Production" in the amount of 3 105 ths. CZK because of possible closure and non-realization of this investment.

Patents, rights, and royalties are depreciated over their useful lives as specified in the relevant contract.

4.2. Long-term tangible fixed assets (in ths. CZK)

	Property	Buildings and constructions	Machinery, equipment	Vehicles	Furniture and fixtures
Acquisition costs:					
State as of 1/1/01	374 218	794 865	2 042 583	76 747	3 886
Fusion of PARAMET on 1/1/01	0	0	0	473	0
Increase	0	17 634	3 287	3 505	0
Decrease	-522	-13 682	-98 859	-2 905	-36
Sum carried over	0	0	0	0	0
Balance as of 31/12/01	373 696	798 817	1 947 011	77 820	3 850
Adjustments and depreciations:					
State as of 1/1/01	0	245 813	1 038 622	46 812	1 835
Fusion of PARAMET on 1/1/01	0	0	0	97	0
Depreciation expenses	0	33 053	149 009	7 805	425
Depreciations to decreases	0	-13 682	-98 859	-2 904	-36
Adjustments and value decreases	6 778	0	0	0	0
Balance as of 31/12/01	6 778	265 184	1 088 772	51 810	2 224
Final value as of 1/1/01	374 218	549 052	1 003 961	30 311	2 051
Final value as of 31/12/01	366 918	533 633	858 239	26 010	1 626

	Other LT tangible assets	LTA in progress	Advances given for LTA	Adjustment to acquired assets	Total
Acquisition costs:					
State as of 1/1/01	1 686	71 516	0		3 365 501
Fusion of PARAMET on 1/1/01	0	0	0	1 348	1 821
Increase	1 147	28 924	1 766	0	56 263
Decrease	0	-83 924	-1 766	0	-201 694
Sum carried over	0	0	0	0	0
Balance as of 31/12/01	2 833	16 516	0	1 348	3 221 891
Adjustments and depreciations:					
State as of 1/1/01	1 540	61 916	0	0	1 396 538
Fusion of PARAMET on 1/1/01	0	0	0	180	277
Depreciation expenses	1 134	0	0	90*	191 516
Depreciations to decreases	0	0	0	0	-115 481
Adjustments and value decreases	0	-52 594	0	0	-45 816
Balance as of 31/12/01	2 674	9 322	0	270	1 427 034
Final value as of 1/1/01	146	9 600	0	1 168	1 970 507
Final value as of 31/12/01	159	7 194	0	1 078	1 794 857

* note: depreciation of adjustments for acquired assets are accounted in the account 557.

Total value of small tangible fixed assets not reflected in the accompanying balance sheet was 30 819 thousands of CZK at the acquisition costs as of December 31., 2001

Footnotes to the Financial Statement as of 31. 12. 2001

Depreciation of tangible fixed assets of 173 406 ths. CZK was accounted into costs in 2001. The most important title for the increases of fixed assets was acquisition by purchase and the most important title for decreases was elimination and amortization.

The group has created a legal reserve (see paragraph 11) for repairs of tangible fixed assets. This reserve is based on annual estimates of the cost of the next overhaul or repair and on the time elapsed since the last overhaul or repair. Creation of the repairs reserve during 2001 was 16 325 ths. CZK and is accounted in the costs.

The group has created adjustments to investments in progress "Fuel production" in the amount of 59 560 ths. CZK out of possible termination and non-realization of this investment.

As of December 2000, assets [buildings, equipment, land] with an acquisition cost of 1 771 360 ths. CZK and a total net book value of 979 212 ths. CZK was pledged to Komerční banka, a.s. and ČSOB. (see paragraph 13) to secure a loan. The lien for the building according to the market value for revolving credit at the Komerční banka is 461 million CZK, for the investment credits at the KB is 517 million CZK and for revolving credits at ČSOB according to the market value is 90 million CZK.

4.3. Long-term financial investments (in ths. CZK)

Long-term financial investments as of December 31. 2001 was composed of the following items:

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share / interest in CZK
<u>Subsidiaries with majority interest</u>						
PARAMET, a.s.	0	0	0	0	0	0
PARAMO OMA a.s.	0	0	0	0	0	0
PARAMO-BIONA s.r.o.	2 550	-2 550	0	51		2 550
PARAMO-KARIMPEX, a.s.	561	-561	0	51	51	10 000
PARAMOBIT spol.s r.o.	0	0	0	0		
PARAMO Slovakia a.s.	0	0	0	0	0	0
PARAMO TRYSK, a.s.	133 600	-12 600	121 000	100	133	1 000 000
					1	500 000
PARAMOPLAST, a.s.	0	0	0	0	0	0
PARAMO-Bitumen s.r.o.	0	0	0	0	0	0
Total	136 711	-15 711	121 000			

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
<u>Subsidiaries with substantial interest</u>						
PARAMO Polska	0	0	0	0		
DŮM KULTURY PARAMO	0	0	0	0		
Total	0	0	0			

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
<u>Other financial investments</u>						
BENZINA, a.s.	88 576	-70 053	18 523		88 577	200
WIENERBERGER, a.s.	200	0	200		22 420	10
Provem a.s. HB	170	0	170		17	10 000
Chemapol Group	3 300	-3 300	0		4 400	1 000
Koramo, a.s.	1 464	0	1 464		18 811	1 000
ČSOB Praha	300	0	300		300	1 000
Technoexport	100	0	100		1	100 000
Total	94 110	-73 353	20 757			
Total financial investments	230 821	-89 064	141 757			
Long-term loans	1 882	-1 399	483			
Total	232 703	-90 463	142 240			

The decrease of share securities and deposits in companies with majority interests compiles the sales of PARAMO OMA, a.s., PARAMOBIT, PARAMO-Bitumen s.r.o., PARAMOPLAST, a.s., PARAMO Slovakia, a.s., and PARAMO NOVA, a.s. On January 1. 2001 the company merged with PARAMET, a.s.

The decrease of other share securities and deposits in companies with majority interests consists of the sale of trains of PARAMO Polska and DUM KULTURY.

The adjustment for the other securities with major interest represents decrease in the value of an investment in PARAMO Trysk. It was set in view of the share value in equity of the company and its estimated market value.

The adjustment for the other securities represents decrease in the value of an investment in Benzina, a.s. It was set in view of the share value in equity of the company and its estimated market value. Furthermore the adjustment represents decrease of investment value of Chemapol Group by the reason of declaration of bankruptcy.

The adjustments pertaining to loans reflect namely the risks of bad credit given to the former subsidiary PARAMO Slovakia, s.r.o.

The decrease of long-term loans consists of capitalization of these receivables into the financial investments of PARAMO-Bitumen and PARAMOBIT

Footnotes to the Financial Statement as of 31. 12. 2001

Long-term financial investments as of 31. 12. 2000 was composed of the following items:

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share / interest in CZK
Subsidiaries with majority interest						
PARAMET, a.s.	551	-551	0	100	100	10 000
PARAMO OMA a.s.	98	0	98	70	70	13 000
PARAMO-BIONA s.r.o.	2 550	-1 200	1 350	51		2 550
PARAMO-KARIMPEX	561	-561	0	51	51	10 000
PARAMOBIT spol.s r.o.	20 600	-20 600	0	88		17 600
PARAMO Slovakia a.s.	558	0	558	70	700 SKK	1 000 SKK
PARAMO TRYSK, a.s.	133 600	-25 200	108 400	100	133	1 000 000
					1	500 000
PARAMOPLAST, a.s.	520	0	520	52	52	10 000
PARAMO-Bitumen s.r.o.	52	-52	0	52		52
Total	159 090	-48 164	110 926			

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
Subsidiaries with substantial interest						
PARAMO Polska	134	0	134	49		0
DŮM KULTURY PARAMO	45	0	45	45		
Total	179	0	179			

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
Other financial investments						
BENZINA, a.s.	88 576	-70 053	18 523		88 577	1 000
LATER CHRUDIM a.s.	200	0	200		295	1 000
Provem a.s. HB	170	0	170		17	10 000
Chemapol Group	3 300	-3 300	0		4 400	1 000
ČSOB Praha	300	0	300		300	1 000
Technoexport	100	0	100		1	100 000
Total	92 646	-73 353	19 293			
Total financial investments	251 915	-121 517	130 398			
Long-term loans	38 458	-37 973	485			
Total	290 373	-159 490	130 883			

As of 31. 12. 2000 LATER CHRUDIM a.s. ceased to exist by the reason of merging with WIENERBERGER Cihlářský průmysl, a.s.

The company has performed a consolidated financial report together with Paramo Trysk a.s. Other subsidiaries were not included as their influence on the consolidated result would have had an insignificant bearing.

In 2001 dividends from ČSOB Praha were paid out in the sum of 117 ths. CZK, from Technoexport 33 ths. and from WienerBerger in the sum of 83 ths. CZK.

5. INVENTORY

The group has partially dissolved the adjustment in the amount of 1 588 ths. CZK for spare parts and material in storage and fully dissolved the adjustment of 4 200 ths. CZK for the inventory of finished products (see paragraph 7).

6. RECEIVABLES

Adjustments for bad debts were created in 2001 based on receivable aging (see paragraph 7).

Receivables overdue for more than 180 days totaled 310 548 ths. CZK as of 31. 12. 2001.

In compliance with the Tax Law, receivables due by the end of 1994, which amounted to 1 340 ths. CZK as of 31. 12. 2001, were depreciated in 2001 in the amount of 267 ths. CZK. This amount represents the depreciation of a penalty related to 1993.

Also receivables in the amount of 3 462 ths. CZK were depreciated because of the lack of assets of the debtor (bankruptcy). As a result of selling the two companies PARAMO Bitumen, s.r.o. and PARAMOBIT, s.r.o. receivables in the amount of 16 907 CZK were also sold off to InterCapital Partners.

Receivables in the amount of 40 million CZK were pledged to cover a credit at BNP and CORFINA Praha. Other receivables are pledged for covering a credit at ČSOB (see paragraph 13). 70 % of the actual cumulative sum of nominal value of such receivables represent a claim to draw the credit limit.

In 1997 the group entered a transaction with SEZOOZ Group during which the group paid 4 832 thousand USD to SEZOOZ as an advance for purchase of crude oil. The group financed this advance payment by issuing and discounting a bill of exchange at the value of 5 000 thousand USD to the Bank of Commerce. Because the transaction was never realized nor the advanced payment returned from SEZOOZ Group, a reserve of 50 % was created in 1997 (80 047 ths. CZK), which in 1998 was counted into the account of adjustments for advances and brought up to 100 % (see paragraphs 5 and 7). In 2000 a part of the advance payment in the amount of 500 ths. USD (16 565 ths. CZK) was transferred back to receivables of SEZOOZ Oil. An interest in the amount of 11 012 ths. CZK was accounted into this advance as an unpaid revenue. The amount of the interest for the years 1997 through 2001 totals 55 256 ths. CZK. An adjustment of 100 % was created even for this amount (see paragraph 7).

6.1. Receivables from related parties (see paragraph 20).

Footnotes to the Financial Statement as of 31. 12. 2001

7. ADJUSTMENTS (in ths. CZK)

	Balance as of 1.1.2001	Creation	Accounting	Balance as of 31.12.2001
Adjustments for long-term unfinished intangible assets	3 105	0	- 3 105	0
Adjustments for long-term tangible assets	61 916	13 744	-59 560	16 100
Adjustments for long-term financial assets	155 089	31 250	-95 876	90 463
Adjustments for inventory material	28 718	0	-1 588	27 130
Adjustments for products	4 200	0	-4 200	0
Adjustments of reserves for inventories	143 528	0	0	143 528

	Balance as of 1.1.2001	Creation	Accounting	Balance as of 31.12.2001
Adjustments for receivables - legal	199 944	51 437	-21 879	229 502
Adjustments for receivables - tax non - deductible	110 249	6 440	-49 292	67 397
Adjustments for receivables subsidiaries	67 424	51 201	-50 871	67 754
Adjustments for other receivables	73 355	15 776	- 73 355	15 776
Adjustments for accrued revenues	44 244	11 012	0	55 256
Adjustments total	891 772	180 860	- 359 726	712 906

8. FINANCIAL ASSETS

As of 31. 12. 2001 the group had 250 000 ths.CZK in restricted deposits at the Komerční banka, a.s.

9. OTHER ASSETS

The deferred expenses include particularly leasing expenses, purchase of catalysts [used up over a long time period] product certification, rentals, insurance and are accounted into costs of the relevant period.

The accrued revenues include particularly the interests from the advance payment for purchase of crude oil in 1997 - 2001.

10. EQUITY

The basic capital of the parent company consists of 1 330 078 registered shares fully subscribed and paid with a nominal value of 1 ths. CZK. Other capital funds consist of value of the land purchased in the privatization process in 1995 and a sum resulting from the merger with PARAMET, a.s. on 1. 1. 2001. Its value was based on an expert assessment.

Following changes in the equity accounts took place in 2001 (in ths. CZK):

	No. of shares	Basic capital	Other capital funds
Balance as of 1. 1. 2001	1 330 078	1 330 078	54
Fusion of PARAMET on 1.1.2001			1 999
Increase 2001	-	-	-
Decrease 2001	-	-	-
Balance as of 31.12.2001	1 330 078	1 330 078	2 053

According to company regulations following funds are created from profit:

(in ths. CZK)	Legal reserve fund	Other funds
Balance of fund as of 1.1.2001	243 707	7 204
Creation	-	428
Use	-	-2 450
Balance of fund as of 31.12.2001	243 707	5 182

Reserve fund is allocated 5 % of the profit after taxes until it reaches the legally prescribed 20 % of the basic capital. These resources are meant to cover the company losses.

Other funds are restricted for covering the social needs of the employees.

On the basis of the company's Plenary session from April 17, 2001 it was agreed upon covering the loss from 2000 against the left profit from previous years:

Payment	in ths. CZK
Loss of 2000	-326 336
Share of legal reserve fund	-
Share of other statutory funds	-
Bonuses for Supervisory Board members	-
Dividends	-
Undivided profit as of 1.1.2001	6 331
Unpaid loss as of 1.1.2001	-
Transfers	-320 005
Undivided profit as of 31.12.2001	-
Unpaid loss as of 31.12.2001	-320 005

Footnotes to the Financial Statement as of 31. 12. 2001

11. RESERVES (in ths.CZK)

	Reserves for repairs	Reserve for exchange rate losses	Other	Total
Balance as of 1.1.2001	3 000	36 688	132 327	172 015
Deposit of PARAMET as of 1. 1. 2001	0	0	1 535	1 535
Creation of reserves	16 235	0	18 040	34 275
Dissolution of reserves	-3 000	-20 490	-131 826	-155 316
Balance as of 31. 12. 2001	16 235	16 198	20 076	52 509

A legal reserve was established for fixed asset repairs based on the Law on Reserves (see paragraph 4b). The reserve for exchange losses arises from conversion of foreign denominated monetary items (see paragraph 3 i) to Czech crowns.

Other reserves are created and used in compliance with decisions of the companies' managements.

In the year 2001 there was a reserve dissolved in the amount of 100 % for the guarantee given for PARAMO Nova, a.s. in the amount of 122 653 ths. CZK, partially dissolved reserve for the guarantees given for PARAMOBIT (6 639 ths. CZK) and fully dissolved reserve for deduction tax in the amount of 1 835 ths. CZK. A reserve was created in 2001 for bonus payments in the amount of 9 390 ths. CZK, reserve for asset liquidation of 2 250 ths. CZK and a reserve for the loss from building sale of 6 400 ths. CZK.

12. SHORT-TERM LIABILITIES

As of 31. 12. 2001 the group had short-term overdue liabilities totaling 1 058 ths. CZK. Liabilities more than 180 days overdue as of 31. 12. 2001 totaled 80 ths. CZK. Liabilities to related parties (see paragraph 20).

13. BANK LOANS AND NOTES

13.1. Short-term bank loans

Bank/creditor	Currency	Date due	Interest rate	Total limit	Sum in ths. CZK as of 31.12.2001	Sum in ths. CZK as of 31.12.2000
KB-revolving	CZK	30.4.2002	6M PRIBOR*	280 000	280 000	360 000
KB- discounted loan	CZK	-	-	-	-	4 584
KB- investment**	CZK	31.12.2002	6M PRIBOR*	-	42 163	42 163
KB- bill of exchange**	CZK	31.12.2002	6 % p.a.	-	23 750	23 750
KB- investment**	USD	31.12.2002	6M LIBOR*	-	24 022	25 051
ČSOB revolving	CZK	29.3.2002	1M PRIBOR*	350 000	150 927	250 499
ČSOB revolving	CZK	29.3.2002	1M PRIBOR*	100 000	100 000	100 000
ČSOB curr. acc.	CZK	-	-	-	-	79
BNP Dresdner Bank	DEM	30.9.2002	1M PRIBOR* (EURIBOR*)	38 925	38 126	39 470
Total					658 988	845 596

* The interest rate PRIBOR has been increased of an agreed upon surcharge.

** Part of a long-term loan due in 2002.

13.2. Long-term bank loans

Bank/creditor	Total limit	Date due	Interest rate	Sum in ths. CZK as of 31.12.2001	Sum in ths. CZK as of 31.12.2000
KB- investment	337 300 Czk	30.6.2004	6M PRIBOR*	62 930	105 093
KB- bill of exchange	190 000 Czk	31.1.2008	6% p.a.	130 625	154 375
KB- investment	5 300 USD	30.6.2004	6M LIBOR*	36 032	62 628
Total				229 587	322 096

* The interest rate has been increased of an agreed upon surcharge.

13.3. Methods of bank loan guarantees

The bank loans of PARAMO, a.s. at the Komerční banka, a.s. are guaranteed by own fixed property on LV 11610, loans at ČSOB Prague branch, are guaranteed by a pledge of selected business receivables, immovables (partially PARAMO, a.s.) and own blank bill of exchange. The loan at BNP is guaranteed by receivables.

Interest costs pertaining to bank loans and guarantees for the year 2001 amounted to 82 637 ths. CZK, of which 0 ths. CZK was counted into the purchase price of investments

14. OTHER LIABILITIES

The accrued expenses and estimated items include particularly non-invoiced deliveries of crude oil, energy, services and containers, guarantees of unpaid extra bonuses for 2001 and are accounted into the costs of the related periods of the year 2001.

Footnotes to the Financial Statement as of 31. 12. 2001

15. INCOME TAX

The income tax for the year 2001 is 0,00 CZK because of the tax loss of previous years.

The group calculated the deferred tax on the basis of:

	Deferred tax basis (in ths. CZK)	Deferred tax (in ths. CZK)
Deferred tax liabilities from depreciation of L-TA	456 894	
Deferred tax liabilities from overdue unpaid legal interests	850	
	457 744	- 141 900
Adjustments for reserves of spare parts	27 130	
Adjustments for liabilities (exc. group comps.)	281 956	
Reserve for exchange rate differences	16 198	
Reserve for property transfer tax	836	
Reserve for wages	9 390	
Reserve for assets liquidation	2 250	
Reserve for building sale in Plzeň	6 400	
Tax loss from 1998, 1999, and 2000	104 496	
Deferred tax liabilities for 2001	448 656	139 083
Deferred tax result – guarantee for 2001		- 2 817

16. LEASING

The group is leasing fixed assets which are not recorded in the balance sheet account (see paragraph 3h).

Assets being used under the finance lease (i.e. the assets are purchased after the lease period expires) as of 31. 12. 2001: [in ths.CZK]:

Description	Cars	Trucks	WW Transporter	Production line	PC equipment	Total
Total of lease payments during the whole est. time of lease	856	732	1 245	98 583	298	101 714
Lease payments made from financ. lease as of 31. 12. 2001	729	625	1 088	72 549	296	75 287
<u>Remaining payments</u>						
- due within a year	127	107	157	17 356	2	17 749
- due after one year	0	0	0	8 678	0	8 678

17. ASSETS AND LIABILITIES NOT IN THE BALANCE SHEET

The group has liabilities as of 31. 12. 2001 (monetary and non-monetary), which are not presented in the balance sheet. These are guarantees given to banks on behalf of other companies (guarantee declarations).

Guarantee given for	Amount of guarantee (in ths. CZK)	Type of guarantee
Paramo Trysk a.s.	137 491	Bills of exchange
PARAMOBIT spol. s r.o.	1 200	Declaration of guarantee
PARAMO-BIONA, s.r.o.	4 500	Bills of exchange
Total guarantees issued	143 191	

For guarantees on behalf of PARAMOBIT, spol. s r.o., there was a reserve created in full. Other companies, on whose behalf guarantees were given, are paying their debts in compliance with loan contracts and according to the management will be able to fulfill their obligations to banks also in the future

18. CURRENT YEAR REVENUES

Table of company revenues from ordinary activities (in ths. CZK):

	Year	Domestic revenues	Export	Total
Products sold	2001	5 021 819	502 430	5 524 249
	2000	5 543 798	842 687	6 386 485
Services	2001	50 935	0	50 935
	2000	55 221	0	55 221
Revenues from goods	2001	17 456	0	17 456
	2000	19 182	0	19 182
Revenues from goods, services	2001	5 090 210	502 430	5 592 640
	2000	5 618 201	842 687	6 460 888
Revenues from sales of L-T.A.	2001	15 562	0	15 562
	2000	2 558	0	2 558
Revenues from sales of material	2001	76 556	0	76 556
	2000	307 885	0	307 885
Revenues from sold receivables	2001	4 683 564	0	4 683 564
	2000	2 218 303	0	2 218 303
Total of other revenues	2001	4 775 682	0	4 775 682
	2000	2 528 746	0	2 528 746

The majority of group revenues as of 31. 12. 2001 is concentrated on 10 main customers engaging in asphalt products trading and 8 main customers engaging in fuel sales.

In case of revenues from receivables sold these are namely business receivables sold off to ČSOB (see paragraph 6).

Footnotes to the Financial Statement as of 31. 12. 2001

19. PERSONNEL EXPENSES

The average number of employees in the year 2001 and related personnel expenses in ths. CZK were:

Year 2001	Total no. of employees	Of which directors and managers
Average no. of employees	726	52
Wages	141 065	23 885
Social security	45 302	8 360
Social costs	3 624	260
Total – Personnel expenses	189 991	32 505

In the year 2001 the members and former members of statutory, management and supervisory boards received bonuses totaling 2 997 ths. CZK.

20. RELATED ENTITY INFORMATION

No loans, guarantees, advance payments and other benefits were granted to the members of statutory bodies in 2001 and they hold no shares of the company. The directors have the advantage of using passenger cars for private use.

The group sells products to and purchases products from related entities in the ordinary course of business. In 2001 the volume of sales and purchases is shown in the following table.

Short-term receivables from and liabilities to related entities [current and former subsidiaries] as of 31. 12. 2000 were in ths. CZK:

Company	Receivables	Liabilities	Sales	Purchases
PARAMET, a.s.	0	0	0	0
PARAMO OMA s.r.o.	35 790	0	250 584	4 066
PARAMO Polska	3 091	0	84 360	189
PARAMO-Slovakia, a.s. ¹⁾	6 573	0	44 191	0
PARAMO TRYSK a.s.	69 084	26	204 770	3 262
PARAMO-BIONA s.r.o.	12 190	0	9 470	142
PARAMO Bitumen s.r.o.	7 985	18	36 382	1 194
PARAMO-KARIMPEX, a.s.	36 136	0	60 689	0
PARAMOBIT spol. s r.o.	6 485	0	21 911	0
PARAMOPLAST, a.s.	0	541	3 735	16 406
PARAMO NOVA, a.s.	0	7	22 505	134
Total	177 334	592	738 597	25 393

¹⁾ Name changed to PARAPETROL a.s.

The parent company regularly sells products to related entities of the group Unipetrol, a.s., and also buys products from them. There are yearly sale and purchase volumes resp., together with business receivables and payables as of 31. 12. 2001 shown in the table.:

Company	Receivables	Liabilities	Sales	Purchases
UNIPETROL, a.s.	0	7 699	0	21 585
SPOLANA, a.s.	0	0	20	464
CHEMOPETROL, a.s.	12 450	0	805 293	211
CHEMOPETROL-DOPRAVA a.s.	0	472	0	4 392
CHEMOPETROL-BM, a.s.	2 632	0	22 665	0
B.U.T.s.r.o.	0	0	0	0
KAUČUK a.s.0	0	0	32 685	0
BENZINA a.s..	30 987	4	161 944	528
KORAMO, a.s.	905	0	10 281	5 294
ČESKÁ RAFINERSKA a.s.	315	54	61 671	41 751
ALLIACHEM Pardubice	1 042	20	2 271	273
AGROBOHEMIE a.s.	0	0	0	0
Total	48 331	8 249	1 096 830	74 498

Footnotes to the Financial Statement as of 31. 12. 2001

21. RESEARCH AND DEVELOPMENT COST

The company spent 4 031 ths. CZK for research and development in 2001 and calculated it into the costs. The costs went towards quality control, tests and development of new products.

22. SIGNIFICANT ITEMS OF GAINS AND EXPENSES

The extraordinary revenues are created by activation of buildings of SPB in the amount of 17 561 ths. CZK (accounting adjustment from prev. years), turnover tax return from FO in the amount of 5 000 ths. CZK and insurance payment in the amount of cca 7 000 ths. CZK.

The extraordinary costs are created by depreciation of an unfinished investment for „Fuel production“ in the amount of 62 671 ths. CZK, costs of liquidation of inventories and costs of depreciation of interests from past due payments by PARAMET, a.s.

23. FOLLOWING EVENTS

Within the time period between the time the balance sheet and the financial statement were put together, there were no significant events that would have bearing on the financial or equity position of the company.

24. CASH FLOW OVERVIEW

The indirect method was used to make the cash flow overview. (see footnotes no. 2).

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12. 2002

1. DESCRIPTION OF THE SUBJECT

1.1. Establishment and character of the parent company

PARAMO, a.s. („The Company”) is a Czech legal entity, a joint-stock company, which was incorporated on 1. 1. 1994 by registration in the Commercial Register at the Regional Court in Hradec Králové, section B, folder 992. Based on the data from the Commercial Register, its primary business activity is processing of crude oil into refinery and asphalt products. During the year 2000 70,87% of its shares, owned up until then by the National Property Fund, were sold to Unipetrol, a.s. Kralupy nad Vltavou.

1.2. Registered office:

PARAMO, a.s.
Přerovská 560
530 06 PARDUBICE

1.3. Company owners above 10%

Physical and legal entities, which hold shares of the Company's basic capital shown in the following table:

Shareholder	% share in BC
Unipetrol, a.s. Kralupy nad Vltavou	73,52 %
SPGroup	13,87 %
Investment funds and other small shareholders	12,61 %
Total	100,00 %

As of 31.12.2002 a take over contract and a contract about profit transfer was not signed.

1.4. Changes and amendments in the Commercial Register

On 20. 6. 2002 a company General Meeting took place and acknowledged resigning of 2 members of the Board and elected 2 new members, it also acknowledged the termination of one of the Supervisory Board member's post and elected 1 new member of the Supervisory Board.

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

Board of Directors	Post	Name
	Chairman of the Board	Ing. Pavel Švarc, CSc
	Vice chairman	Ing. Petr Bláha
	Vice chairman	Ing. Václav Příbyl
	Member of the Board	Ing. Josef Fanta
	Member of the Board	Ing. Martin Borovička
Supervisory Board	Post	Name
	Member of the Supervisory Board	Ing. Josef Žák
		JUDr. Magdalena Frischová
		Ing. Jindřich Bartoniček
		Ladislav Urbánek
		Ing. Jiří Peldřimovský
		Ing. Jiří Stříteský

1.6. Description of the organizational structure

The managers of the business, production, financial, and personnel departments are subordinate to the General Director, as well as the quality control and internal affairs departments.

The company was included in 2002 in the consolidation whole of UNIPETROL, a.s.

2. BASIS FOR THE FINANCIAL STATEMENTS

The financial statement was prepared in accordance with the Law on Accounting and appropriate accounting procedures for entrepreneurs as applicable for the year 2002.

3. METHODS FOR VALUATION

The valuations the company used for the financial report for 2001 are as follows:

3.1. Long-term intangible fixed assets

Long-term intangible fixed assets are valued at their acquisition costs and other related costs

Long-term small intangible items (up to 60 ths. CZK), up to December 31, 1998 – 40 ths. CZK resp., are depreciated into the costs for the period when it was put in use. Long-term intangible fixed assets are depreciated into the costs over their estimated useful life that may not exceed five years.

3.2. Long-term tangible fixed assets

Long-term tangible fixed assets are recorded at their acquisition costs, which include their purchase price, transport costs, customs, and duty, and other related costs. Internally acquired long-term tangible fixed assets are recorded at their own costs, which include direct material and labor costs and production overheads. Interests and other financial expenses included during the construction of tangible fixed assets are also capitalized.

The costs of technical improvements of fixed assets increase its acquisition costs. Repair and maintenance costs are accounted for in the costs.

Newly found tangible assets, gifts resp., is accounted into adjustments, capital funds resp., and is valued by reproduction purchase costs. Property acquired for free, i.e. gifts and newly found, is valued by reproduction purchase costs and is accounted into capital funds.

Long-term small tangible items (up to 40 ths. CZK) are accounted to the costs and carried in the accompanying balance sheet as fully depreciated.

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12.2002

3.*. Depreciation

Depreciation is calculated on the basis of acquisition costs and the estimated useful life of the related assets. For the purpose of accounting the depreciation it was decided that depreciation begins the following month after the asset was put in use.

Category	Depreciation in years
Buildings and constructions	25 - 77
Machinery and equipment	4 - 30
Vehicles	4 - 17
Furniture and fixtures	8 - 17
Adjustments to acquired assets	15

3.c. Long-Term Financial Investments

Publicly traded securities [except for the shares of companies included in the group or subsidiaries] are valued at purchase price or at market value if the market value is lower.

Shares in the group and associated companies are valued at their purchase price. This cost includes other related costs. In case the accounted balance of deposits at these companies decreases [for ex. because of negative equity] the difference is taken as temporary value decrease and is accounted as adjustment.

At the time of the financial statement the selected bonds and securities (with the exception of bonds held up to payment in full, bonds representing shares with majority or substantial interests, and bonds emitted by the accounting unit), derivatives and partial assets secured by derivatives are valued at real value. The real value is determined at the level of market value, valuation by a qualified estimate or by an expert using valuation model, giving that the date used in this model could be attained or verified on active markets and also on the level of valuation according to special regulations. If the real value could not be determined the valuation by purchase price is used with possibility that an adjustment will be reflected in it.

Fixed gain bonds and securities are, at the time of the financial statement, valued at their acquisition price increased/decreased by interest rate revenues/costs.

3.d. Inventory

Purchased inventory is valued at acquisition cost using weighted average cost. Costs of purchased inventories include other related costs, [e.g. transport costs, customs, etc].

Products and work in progress are valued at planned standard costs. Costs of inventories produced internally include direct material and salary costs and production overheads. The correction of the valuation was performed as of the date of the financial statement according to the current price of crude oil

The adjustments are created in case that the valuation used in accounting is higher than current market value of the inventory.

3.e. Receivables

Receivables are valued at their nominal value, when acquired for costs or as a deposit at their purchase price, receivables at time of creation at nominal value, at acquisition at purchase price.

Doubtful receivables are reduced by help of adjustments, accounted into costs, to their realized value.

When determining the adjustments for the sister companies receivables, which are not included in the consolidated whole, we estimated the ability of the company to settle its debts on the basis of preliminary results as of 31.12.2002.

The adjustments for other companies were counted on basis of time structure of the debts as follows:

Type of Receivables	Adjustment
Before time due	0 %
90 to 180 days overdue	25 %
181 to 360 days overdue	50 %
More than 360 days overdue	100 %
In bankruptcy	100 %

3.f. Equity

The basic capital of the parent company is shown at the amount recorded in the Commercial Register maintained by the Regional Court. In accordance with the Commercial Code, the parent company has created a reserve fund from profit or from amounts contributed by partners above their contributions.

Within the first year the profit is generated, a joint-stock company must allocate 20 % of profit after tax [however, not more than 10 % of basic capital] to the reserve fund. In the subsequent years, the reserve fund must be allocated 5 % of profit after tax until the value of 20 % of basic capital is achieved. These funds must be used exclusively for loss compensation. Based on the Regulations, the company may also create other funds.

3.g. Credits received

Short and long-term credits are recorded at nominal value. That portion of long-term credit, which is due within one year of the financial report, is regarded as a short-term credit.

3.h. Financial leases

Within the financial statement (consolidated financial statement) and according to Czech accounting regulations are lease payments, in the case of financial leasing with following purchase, accounted into the time period to which the leased assets belong, physically and in time. At the time of purchase the leased assets are as such acquired assets accounted into corresponding account of long-term tangible assets at their purchase prices or reproduction purchase price.

Within the financial report according to IFRS the assets in form of financial leases, in compliance with IFRS 17, are accounted into an according assets account and depreciated through its whole usable life. Liabilities pertaining to the financial leasing are divided into capital part and interest rate part. The later being gradually dissolved into costs for the time of repayment of the capital part of the liabilities.

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12.2002

3.ch. Reserves

A legal reserve is created for repairs and maintenance of long-term tangible assets. Other reserves are created for risks and future losses known at the time of financial report – expected costs related to pension payments and similar liabilities. Furthermore reserves are created for planned liquidations of tangible and intangible assets; these are reserves for necessary future costs related to the liquidation of such assets.

3.i. Foreign currency transactions

Foreign currencies conversions are done according to exchange rates published by the Czech National Bank („ČNB“) valid at the time of the transaction, or fixed exchange rate valid for a fixed time period used by the accounting unit for a time period stated in predated internal regulations.

On the day or at the time (at least quarterly) of the financial statement the exchange rate variations from asset valuations and liabilities are accounted into corresponding financial expense accounts or into financial revenues. At gradual creation of liabilities from credits and loans, for ex. within the frame of a contracted credit framework, and following gradual repayment of the liabilities an arithmetic exchange rate average is used for the time period of the credit or loan.

3.j. Revenues and expenses

Revenues and expenses are accounted on an accrual basis, i.e. to the related period.

In accordance with the accounting principle of prudence, the company accounts a creation of reserves and adjustments to the debit of costs to cover all risks, losses, and damages which are known as per date of the financial statement.

3.k. Income tax

The due income tax is calculated at the statutory tax rate on the basis of book income before taxes, increased or decreased by the appropriate permanent or temporary tax non-deductible costs and untaxed revenues [e.g. creation and accounting of reserves and adjustments, entertainment expenses, differences between book and tax depreciation, etc.].

Deferred income tax is based on previous differences:

7. accumulated depreciation of tangible and intangible assets,
8. adjustments for reserves,
9. adjustments for liabilities (except for the companies in the group),
10. reserves for exchange rate differences,
11. other reserves,
12. tax loss from previous years.

The base is multiplied by the income tax using the rate valid for 2003 (31%).

4. FIXED ASSETS

4.1. Long-term intangible fixed assets (in ths. CZK)

	Acquisition costs	Software	Patents, rights, royalties	Others	Intangibles in progress and deposits	Total
Acquisition costs:						
Balance as of 1/1/02	27	11 097	100	7 010	0	18 234
Increase	0	1 537	0	1 200	12 967	15 704
Decrease	0	0	-100	-1 695	-2 887	-4 682
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/02	27	12 634	0	6 515	10 080	29 256
Adjustments and depreciations:						
Balance as of 1/1/02	16	10 109	100	5 158	0	15 382
Depreciation expenses	5	695	0	759	0	1 459
Depreciations to decreases	0	0	-100	-1 695	0	-1 795
Adjustments	0	0	0	0	0	-0
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/02	21	10 804	0	4 222	0	15 047
Final value as of 1/1/02	11	988	0	1 852	0	2 851
Final value as of 31/12/02	6	1 830	0	2 293	10 080	14 209

Depreciation of long-term intangibles accounted into costs amounted to 1 403 ths. CZK in 2002, 2 485 ths. CZK in 2001 resp..

Copyrights, patents and licenses are depreciated during their useful lifespan, as stated in corresponding contract.

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12.2002

4.2. Long-term tangible fixed assets (in ths. CZK)

	Property	Buildings and constructions	Machinery, equipment	Vehicles	Furniture and fixtures
Acquisition costs:					
Balance as of 1/1/02	373 696	798 817	1 947 011	77 820	3 850
Increase	0	0	26 172	8 234	193
Decrease	-1	-5 355	-11 516	-17 227	-13
Sum carried over	0	0	0	0	0
Balance as of 31/12/02	373 695	793 462	1 961 667	68 827	4 030
Adjustments and depreciations:					
Balance as of 1/1/02	6 778	265 184	1 088 772	51 810	2 224
Depreciation expenses	0	18 837	122 367	11 711	385
Depreciations to decreases	0	-5 355	-11 516	-17 227	-13
Adjustments and value decreases	-6 778	6 400	0	0	0
Balance as of 31/12/02	0	285 066	1 199 623	46 294	2 596
Final value as of 1/1/02	366 918	533 633	858 239	26 010	1 626
Final value as of 31/12/02	373 695	508 396	762 044	22 533	1 434

	Other LT tangible assets	LTA in progress	Advances given for LTA	Adjustments to acquired assets	Total
Acquisition costs:					
Balance as of 1/1/02	2 833	16 516	0	1 348	3 221 891
Increase	0	49 958	2 961	0	87 518
Decrease	-2 833	-41 127	-2 961	0	-81 033
Sum carried over	0	0	0	0	0
Balance as of 31/12/02	0	25 347	0	1 348	3 228 376
Adjustments and depreciations:					
Balance as of 1/1/02	2 674	9 322	0	270	1 427 034
Depreciation expenses	0	0	0	89*	153 389
Depreciations to decreases	-2 674	0	0	0	-36 785
Adjustments and value decreases	0	-9 322	0	0	-9 700
Balance as of 31/12/02	0	0	0	359	1 533 938
Final value as of 1/1/02	159	7 194	0	1 078	1 794 857
Final value as of 31/12/02	0	25 347	0	989	1 694 438

* note: Depreciations to adjustments for acquired assets are accounted in account 557.

Total value of small tangible fixed assets not reflected in the accompanying balance sheet was 31 806 ths. CZK at the acquisition costs as of 2002, resp. for 2001 30 819 ths. CZK

Depreciation of tangible fixed assets of 144 730 ths. CZK was accounted into costs in 2002, for 2001 in the amount of 173 406 ths. CZK resp. The most important title for the increases of fixed assets was acquisition by purchase and the most important title for decreases was elimination and amortization.

The Company has created a legal reserve (see paragraph 11) for repairs of tangible fixed assets. This reserve is based on annual estimates of the cost of the next overhaul or repair and on the time elapsed since the last overhaul or repair. Creation of the repairs reserve during 2002 was 5 794 ths. CZK and is accounted in the costs, during 2001 16 325 ths. CZK resp.

The Company has depreciated into costs an adjustment to unfinished investments in the amount of 9 322 ths. CZK for reason of termination of these investments. The Company has created an adjustment in the amount of 6 400 ths. CZK for the sale of building Plzeň.

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As of December 2002, assets [buildings, equipment, land] with an acquisition cost of 1 771 303 ths. CZK and balance 922 148 ths. CZK is pledged to Komerční banka, a.s. and Raiffeisenbank (see paragraph 13) to secure a loan. The lien for the property according to the market value for investment credit at KB is 517 mil. CZK

4.3. Long-Term Financial Investments (in ths. CZK)

Long-term financial investments as of December 31. 2002 was composed of the following items:

	Acquisition costs	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share/interest in CZK
Subsidiaries with majority interest						
PARAMO-BIONA s.r.o.	0	0	0	0		0
PARAMO-KARIMPEX, a.s.	0	0	0	0	0	0
PARAMO TRYSK, a.s.	133 600	0	133 600	100	133	1 000 000
					1	500 000
Koramo, a.s.	131 212	0	131 212	65,43	1 344 976	400
Total	264 812	0	264 812			

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12.2002

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
Other long-term financial investments						
BENZINA, a.s.	0	0	0		0	0
WIENERBERGER, a.s.	516	0	516		22 420	10
Provem a.s. HB	170	0	170		17	10 000
Chemapol Group	3 300	-3 300	0		4 400	1 000
ČSOB Praha	300	0	300		300	1 000
Technoexport	100	0	100		1	100 000
Agroslužby HB	483	0	483		3	100 000
					3	10 000
					153	1 000
Total	4 869	-3 300	1 569			
Total financial investments	269 681	-3 300	266 381			
Long-term loans	0	0	0			
Total	269 681	-3 300	266 381			

The decrease of shares and bonds and deposits in companies with majority interest comes from the sale of the subsidiaries PARAMO BIONA s.r.o. and PARAMO-KARIMPEX, a.s. The increase of shares and bonds and deposits in companies with majority interest comes from the share purchases of Koramo, a.s.

Adjustment to shares and bonds with majority interest at Paramo-Trysk, a.s. created in previous years, was dissolved with regards to equity share value in this company as well as estimated market value.

Adjustment to other share and bonds in the investment of Benzina, a.s. was dissolved for reason of share sales of this company. Further on an adjustment reflects the value decrease of a Chemapol Group investment for reason of the company being in bankruptcy.

Adjustment to other financial investments – loan to former subsidiary PARAMO Slovakia, a.s. was dissolved as the loan was paid off.

Long-term financial assets as of December 31, 2001 are composed of following items

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share/interest in CZK
Subsidiaries with majority interest						
PARAMO-BIONA s.r.o.	2 550	-2 550	0	51		2 550
PARAMO-KARIMPEX	561	-561	0	51	51	10 000
PARAMO TRYSK, a.s.	133 600	-12 600	121 000	100	133	1 000 000
					1	500 000
Total	136 711	-15 711	121 000			

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share/interest in CZK
Other financial investments						
BENZINA, a.s.	88 576	-70 053	18 523		88 577	200
WIENERBERGER, a.s.	200	0	200		22 420	10
Provem a.s. HB	170	0	170		17	10 000
Chemapol Group	3 300	-3 300	0		4 400	1 000
Koramo, a.s.	1 464	0	1 464		18 811	1 000
ČSOB Praha	300	0	300		300	1 000
Technoexport	100	0	100		1	100 000
Total	94 110	-73 353	20 757			
Total financial investments	230 821	-89 064	141 757			
Long-term loans and S/B	1 882	-1 399	483			
Total	232 703	-90 463	142 240			

As of 31. 12. 2000 LATER CHRUDIM a.s. seized to exist by the reason of merging with WIENERBERGER Cihlářský průmysl, a.s.

The company prepared the consolidated financial report together with Koramo, a.s. and Paramo Trysk a.s.

In 2002 dividends were paid out by ČSOB Praha in the amount 6f 172 ths. CZK, by Technoexport 12 ths. CZK and WienerBerger 53 ths. CZK.

5. INVENTORY

The company has partially created a reserve in the amount of 2 138 ths. CZK for spare parts and material in storage, and in 2001 fully dissolved the adjustment of 1 588 ths. CZK, and newly created an adjustment of 998 ths. CZK for the inventory of finished products (see paragraph 7), and in 2001 dissolved the adjustment in the amount of 4 200 ths. CZK.

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12.2002

6. RECEIVABLES

Short-term receivables lowered of adjustments in the amount of 252 136 ths. CZK were as of 31.12.2002 985 150 ths. CZK. The receivables more than 180 days overdue totaled 249 202 ths. CZK, for 12/2001 310 548 ths. CZK. Short-term trade receivables as of this date were 868 635 ths. CZK.

Long-term receivables were no in evidence.

Unpaid receivables due before the end of 1994, which as of 31.12.2002 totaled 1 340 ths. CZK, were, in accordance with tax laws, depreciated for the year 2002 in the amount of 28 ths. CZK. This was depreciation of a fine from 1993.

Receivables in the amount of 40 million CZK monthly were pledged to cover a credit at BNP and CORFINA Praha.

In 1997 the group entered a transaction with SEZOOZ Group during which the group paid 4 832 thousand USD to SEZOOZ as an advance for purchase of crude oil. The group financed this advance payment by issuing and discounting a bill of exchange at the value of 5 000 thousand USD to the Bank of Commerce. Because the transaction was never realized nor the advanced payment returned from SEZOOZ Group, a reserve of 50 % was created in 1997 (80 047 ths. CZK), which in 1998 was counted into the account of adjustments for advances and brought up to 100 % (see paragraphs 5 and 7). In 2000 a part of the advance payment in the amount of 500 ths. USD (16 565 ths. CZK) was transferred back to receivables of SEZOOZ Oil. In 2002 the interest for 8/2000-2001 was cancelled for reason of contract termination in 2000. The total interest for the years 1997-2000 is 37 884 ths. CZK. (After conversion using the exchange rate of 31.12.2002 the total is 33.403 ths. CZK) An adjustment of 100 % was created even for this amount (see paragraph 7).

Receivables from related parties (see paragraph 20).

7. ADJUSTMENTS (in ths. CZK)

	Balance as of 1.1.2002	Creation	Accounting	Balance as of 31.12.2002
Adjustments for long-term unfinished intangible assets	0	0	0	0
Adjustments for long-term tangible assets	16 160	6 400	-16 100	6 400
Adjustments for long-term financial assets	90 463	0	-87 163	3 300
Adjustments for inventory material	27 130	2 138	0	29 268
Adjustments for products	0	998	0	998
Adjustments of reserves for inventories	143 528	0	-12 949	130 579

	Balance as of 1.1.2002	Creation	Accounting	Balance as of 31.12.2002
Adjustments for receivables - legal	229 502	9 615	-7 380	231 737
Adjustments for receivables - non tax deductible	67 397	20 281	-16 458	71 220
Adjustments for receivables of subsidiaries	67 754	0	-56 171	11 583
Adjustments for other receivables	15 776	33 403	-11 562	37 617
Adjustments for unbilled revenues	55 256	0	-55 256	0
Total adjustments	712 906	72 835	-263 039	522 702

8. FINANCIAL ASSETS

As of 31.12.2002 current accounts with overdraft limit were drawn at Raiffeisenbank and ČSOB (see item.13a).

9. OTHER ASSETS

The deferred expenses include particularly leasing expenses, purchase of catalysts [used up over a long time period] product certification, rentals, insurance and are accounted into costs of the relevant period. The exchange rate variations /loss in the amount of 16 198 ths. CZK are, for the previous period, accounted in contingencies/gain.

10. EQUITY

The company basic capital consists of 1 330 078 registered shares fully subscribed and paid with a nominal value of 1 ths. CZK. Other capital funds consist of value of the land purchased in the privatizing process in 1995 and a sum resulting from the merger with PARAMET, a.s. on 1.1.2001. Its value was based on an expert assessment. Increase of other capital funds in 2002 pertains to revaluation of shares and bonds to the real value of the company Wienerberger.

In 2002 the following changes in equity accounts took place do (in ths. CZK):

	No. of shares	Basic capital	Other capital funds
Balance as of 1.1.2002	1 330 078	1 330 078	2 053
Increase 2002	-	-	316
Decrease 2002	-	-	-
Balance as of 31.12.2002	1 330 078	1 330 078	2 369

Based on internal regulations the company creates following funds from profit:

(in ths. CZK)	Legal reserve fund	Other funds
Balance of fund as of 1.1.2002	243 707	5 182
Creation	13 447	
Use	-	1645
Balance of fund as of 31.12.2002	257 154	3 537

The reserve fund is given 5 % from profit after tax until a legal level of 20% of equity is attained. These resources are used to cover the losses.

Other funds are used to satisfy social needs of the employees.

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12.2002

Based on the plenary session decision of 20. 6. 2002 following division of the profits from 2001 was agreed upon:

	In ths. CZK
Profit of 2001	268 938
Share of legal reserve fund	13 447
Share of other statutory funds	-
Bonuses for Supervisory Board members	-
Dividends	-
Undivided profit as of 1.1.2002	-
Unpaid loss as of 1.1.2002	-320 005
Transfers	255 491
Undivided profit as of 31.12.2002	-
Unpaid loss as of 31.12.2002	-64 514

11. RESERVES (in ths. CZK)

	Reserves for repairs	Other	Total
Balance as of 1.1.2002	16 235	36 274	52 509
Creation reserves	5 794	12 550	18 344
Drawing (dissolution) of reserves	0	-33 188	-33 188
Balance as of 31.12.2002	22 029	15 636	37 665

A legal reserve was established for fixed asset repairs based on the Law on Reserves (see paragraph 4b). The reserve for exchange losses created in 2001 was transferred into other reserves where it was dissolved. Other reserves are created and used according to decision of the company management.

In 2002 a 100% of a reserve in the amount of 1 200 ths. CZK for a guarantee given for PARAMO Bit, a.s. was dissolved, as well as reserve for bonuses in the amount of 9 390 ths. CZK and was also dissolved the reserve for the loss from a sale of building in the amount of 6 400 ths. CZK. In 2002 a reserve for bonuses was created in the amount of 8 800 ths. CZK, a reserve for assets liquidation in the amount of 380 ths. CZK and a reserve for Axens France in the amount of 3 370 ths. CZK.

12. SHORT-TERM LIABILITIES

Short-term liabilities as of 31.12.2002 totaled 389 741 ths. CZK, year 2001 610 238 ths. CZK, resp. Short-term business liabilities more than 180 overdue, as of this date totaled 909 ths. CZK, year 2001 80 ths. CZK, resp.

The company had no long-term liabilities as of 31.12.2002.

Intergroup liabilities (see paragraph 20)

13. BANK LOANS AND NOTES

13.1. Short-term bank loans

Bank / creditor	Currency	Loan guarantee	Sum in ths. CZK as of 31.12.2002	Sum in ths. CZK as of 31.12.2001
KB-revolving	CZK		0	280 000
KB-invest. acc.*	CZK	Property	53 016	42 163
KB-bill of exch.**	CZK	Bill of exchange	23 750	23 750
KB-invest. acc.*	USD	Property	19 969	24 022
ČSOB revolving	CZK		0	150 927
ČSOB revolving	CZK	Receivables	50 000	100 000
ČSOB curr. acc. with overdraft limit	CZK	Receivables	55 409	-
Raiffeisenbank	CZK	Property, receivables, letter of support	220 000	0
Raiffeisenbank curr. acc. with overdraft limit	CZK	Property, receivables, letter of support	49 011	0
BNP Dresdner Bank	EUR	Guaranteed by receivables	38 126	38 126
Total			509 281	658 988

* Part of a long-term loan due in 2003.

13.2. Long-term bank loans

Bank / creditor	Date due	Interest rate	Loan guarantee	Sum in ths. CZK as of 31.12.2002	Sum in ths. CZK as of 31.12.2001
KB-invest. acc.	30.6.2004	6M PRIBOR*	Right of property guarantee	20 767	62 930
KB-bill of exchange	31.1.2008	6% p.a.	Bill of exchange	106 875	130 625
KB-invest. acc. USD	30.6.2004	6M LIBOR*	Right of property guarantee	9 985	36 032
Total				137 627	229 587

* The according interest rate has been increased of an agreed upon surcharge.

Interest costs pertaining to bank loans and guarantees for the year 2002 totaled 39 243 ths. CZK, for year 2001 82 637 ths. CZK, resp., of which 0 ths. CZK was counted into the purchase price of investments.

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12.2002

14. OTHER LIABILITIES

The accrued expenses and estimated items include namely non-invoiced deliveries of crude oil, energy, services and containers and are accounted into the costs of the relevant periods of 2002. The exchange rate variations in the amount of 13 558 ths. CZK and for the previous period are shown in the contingencies.

15. INCOME TAX

There is no income tax due for the year 2002.

The company calculated the deferred tax on the basis of

	Deferred tax basis (in ths. CZK)	Deferred tax (in ths. CZK)
Deferred tax from depreciations of LTA	462 515	
Deferred tax liabilities from overdue unpaid legal interests	1 252	
Adjustments for acquired assets	989	
	464 756	- 144 074
Adjustment for LTAA	6 400	
Adjustments for products	998	
Adjustment for spare part inventory	29 268	
Adjustment for liabilities (exc. group comps.)	239 416	
Reserve for property transfer tax	836	
Reserve for wages	8 800	
Reserve for asset liquidation	2 630	
Reserve for other Axens France liabilities	3 370	
Tax loss from 1998, 1999, 2000 and 2001	172 422	
Unused tax deductions (reinvestment)	7 376	
Deferred tax for 2002	471 517	146 170
Final deferred tax for – liability for 2002		+ 2 096

Based on the attained financial results of the last several years there exists an uncertainty of creating taxable revenues, against which deductible temporary differences and unused tax losses could be applied. This was the reason why deferred tax liabilities were accepted only up to the sum of the existing deferred tax liabilities. The final balance of deferred tax as of 31.12.2002 is 0.

16. LEASING

The Company is leasing fixed assets, which are not recorded in the balance sheet account (see paragraph 3h).

Assets being used under the finance lease (i.e. the assets are purchased after the lease period has expired) as of 31.12.2002:

Description	Production line SPB	Total
Total of lease payments during the whole estimated time of lease	98 583	98 583
Lease payments made from financial lease as of 31.12.2002	89 905	89 905
<u>Schedule of remaining payments</u> - Due within a year	8 678	8 678
- Due after one year	0	0

17. ASSETS AND LIABILITY NOT IN THE BALANCE SHEET

The company has as of 31.12.2002 liabilities (monetary and non-monetary), which are not presented in the balance sheet. These are guarantees given by KORAMO, a.s. to the banks for other companies (letter of guarantee).

Guarantee given for	Amount (in ths. CZK)	Type of guarantee
Paramo Trysk a.s.	117 659	Bills of exchange
Total guarantees	117 659	

The companies, on whose behalf guarantees were given, are paying the debts in compliance with loan contracts and according to the management will be able to fulfill their obligations to bank also in the future.

18. CURRENT YEAR REVENUES

Table of company revenues from ordinary activities (in ths. CZK):

Code SKP	Description	Year	Domestic revenues	Export	Total
23.2	Products sold- COR products *	2002	4 282 109	382 487	4 664 596
		2001	5 021 819	502 430	5 524 249
	Services	2002	28 575	0	28 575
		2001	50 935	0	50 935
23.2	Revenues from goods –COR products *	2002	17 631	0	17 631
		2001	17 456	0	17 456
	Total revenues from products, services and goods	2002	4 331 554	382 487	4 714 041
		2001	5 090 210	502 430	5 592 640
	Other revenues**	2002	1 103 445		1 103 445
		2001	4 775 682	0	4 775 682

* COR products – crude oil refinery products

** In the case of other revenues these represent namely revenues from sale of liabilities.

The majority of company revenues as of 31.12.2002 concentrates on 10 main customers engaging in asphalt product sales and 8 engaging in fuel sales.

FOOTNOTES TO THE PARAMO, a.s. FINANCIAL STATEMENT as of 31.12. 2002

19. PERSONNEL EXPENSES

The average number of employees and management and personnel expenses in ths. CZK was in 2002:

	No. of employees	Wages	Social security and Medicare	Social costs
Employees	595	96 042	35 324	5 411
Management	52	33 100	11 585	480
Total	647	129 142	46 909	5 891

In the year 2002 the members and former members of statutory, management, and supervisory boards received bonuses totaling 3 006 ths. CZK.

20. RELATED ENTITY INFORMATION

No loans, guarantees, advance payments and other benefits were granted to the members of statutory bodies in 2002 and they hold no shares of the company. The directors have the advantage of using passenger cars for private use and company housing.

The company regularly sells products to related entities as well as buys them from them. The volume of sales for 2002 is in the following table.

Short-term trade receivables and liabilities of related entities as of 31. 12. 2002: (in ths. CZK) – former and current subsidiaries:

Company	Receivables	Receivables	Liabilities	Sales
PARAMO-BIONA s.r.o.	0	0	0	0
PARAMO-KARIMPEX, a.s.	0	0	0	0
Total	0	0	0	0

The company regularly sells products to related entities of the Unipetrol, a.s. group as well as buys them from them. The volume of sales and purchases for 2002 are in the following table as well as trade receivables and liabilities as of 31. 12. 2002: (in ths. CZK) – former and current subsidiaries:

Company	Receivables	Receivables	Liabilities	Sales
UNIPETROL, a.s.	0	6 424	0	148 374
UNIPETROL TRADE, a.s.		2 980	0	30 896
SPOLANA, a.s.	0	2 709	0	8 465
PETROTRANS, a.s.	0	2	0	29
CHEMOPETROL, a.s.	137 410	80	651 854	165
CHEMOPETROL-DOPRAVA a.s.	438	6 298	4 647	62 206
CHEMOPETROL-BM, a.s.	24 038	0	45 341	0
HC CHEMOPETROL, a.s.	0	0	0	500
B.U.T. s.r.o.	0	0	0	0
KAUČUK a.s.	3 546	0	32 370	56
PARAMO TRYSK a.s.	82 354	0	158 543	179
BENZINA a.s.	14 190	389	174 168	4 397
BENZINA TRADE, a.s.	0	0	2 360	0
KORAMO, a.s.	0	1 574	3 418	11 711
ČESKÁ RAFINERSKA a.s.	0	3 702	50 310	11 593
ALIACHEM Pardubice	21	36	2 526	2 001
AGROBOHEMIE a.s.	0	0	0	0
Total	261 997	24 194	1 125 537	280 572

21. RESEARCH AND DEVELOPMENT COSTS

The company spent 5 844 ths. CZK for research and development in 2001 and calculated it into the costs, in 2001 4 031 ths. CZK. The costs went towards quality control, tests and development of new products.

22. SIGNIFICANT ITEMS OF PROFITS AND LOSSES

The extraordinary costs are created by depreciation of unfinished investments in the amount of 9 332 ths. CZK, interest rate accounting adjustment from 2000 and 2001 from the SEZOOZ advance in the amount of cca 17 mil CZK, method change expenses (exchange rate variations of 2001).

The extraordinary revenues are created by method change – interest rate differences from 2001 and dissolution of reserves for exchange rate losses from 2001.

23. FOLLOWING EVENTS

Within the time period between the time the balance sheet and the financial statement were put together, there were no significant events, which would have any bearing on the financial, or equity position of the company.

24. CASH FLOW OVERVIEW

The indirect method was used to make the cash flow (see footnote no.2).

Financial Part

Consolidated Financial Report

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Auditor's Final Report

We have performed an audit of the financial statements of the consolidated unit PARAMO as of 31. 12. 2002 in accordance with the law no. 254/2000 Sb., on auditors and auditing regulations issued by the Chamber of Auditors of the Czech Republic. The statutory body of the parent company is responsible for maintaining accounting which is complete, supportable, and correct and the preparation of the financial statements. The auditor has a responsibility, on the basis of the audit, to write a statement and to express an opinion on the consolidated financial statement.

The audit was planned and performed in such a manner so that it obtained all the information, which in our opinion was necessary for examining the financial statements and give a guarantee that the financial statements didn't include any incorrect important factual information. The audit included an examination of completeness and conclusive evidence of data given in the financial statements, assessment of correctness and suitability of accounting procedures and significant estimates made by the accounting unit, and an assessment of overall presentation of the financial statements. The examination was carried out on a test basis with regard to the significance of shown figures. We are convinced that the audit provides an adequate basis for statement expression.

The financial statements of Paramo Trysk a.s. and KORAMO, a.s. as of 31. 12. 2002 were verified by another auditor and without qualification. Our opinions on items relating to these companies are based on a statement of a different auditor.

In our opinion, the financial statements reflects fairly, in all material respects, the assets, liabilities, equity, and financial situation of the accounting unit of PARAMO as of 31. 12. 2002 and the financial results for the accounting period of 2002 in accordance with the laws and accounting regulations valid in the Czech Republic.

The auditor of PRIMASKA AUDIT, a.s. issues, regarding the consolidated statement of the consolidation unit PARAMO as of 31. 12. 2002

STATEMENT WITHOUT ANY QUALIFICATION.

We have compared the validity of information about the consolidated unit PARAMO, stated in the annual report for 2002, with the verified financial statement. In our opinion, all the information, in all important aspects, is in accordance with the consolidated financial statement as of 31.12.2002.

In Prague on 25. 3. 2003



Ing. Jan Sedlák
Chairman of the Board of Directors
PRIMASKA AUDIT, a.s.
License no.: 209



Auditor Ing. Jiří Novák
License no.: 1460

Consolidated Balance Sheet of group PARAMO (in ths. CZK as of 31. 12. 2002)

Type.	ASSETS	Line no, c	Gross 1	Current Year Provisions 2	Net 3	Prior Year 4	Year 2000 5
a	b						
	TOTAL ASSETS	1	8 066 564	3 773 874	4 292 690	3 775 806	4 107 920
A.	Stock Subscriptions Receivable	2	0	0	0	0	0
B.	Intangible and tangible assets and investments	3	4 954 898	2 635 449	2 319 449	2 183 635	2 391 513
B.I.	Long-term intangible assets	4	45 880	31 057	14 823	2 951	5 160
B.I. 1.	Expenses of foundation and organization	5	27	21	6	11	0
2.	Research and development intangibles	6					
3.	Software	7	29 258	26 814	2 444	1 088	2 416
4.	Patents, rights, and royalties	8	0	0	0	0	0
5.	Other long-term intangible assets	9	6 515	4 222	2 293	1 852	2 744
6.	Intangibles in progress	10	10 000	0	10 000	0	0
7.	Advances for intangibles	11	80	0	80	0	0
B.II.	Long-term tangible assets	12	5 254 507	2 596 897	2 657 610	2 159 444	2 362 423
B.II 1.	Property	13	408 553	0	408 553	387 565	396 865
2.	Buildings and constructions	14	1 753 471	576 877	1 176 594	792 241	815 221
3.	Separate movable items and groups of mov. it.	15	3 031 837	2 019 272	1 012 565	970 390	1 138 346
4.	Permanent growth	16	119	119	0	0	0
5.	Livestock	17	0	0	0	0	0
6.	Other long-term tangible assets	18	15	0	15	161	147
7.	Tangibles in progress	19	59 164	269	58 895	8 009	11 666
8.	Advances for tangibles	20	0	0	0	0	178
9.	Adjustments to acquired property	21	1 348	360	988	1 078	0
B.III.	Long-term financial assets	22	44 706	27 005	17 701	21 240	22 483
B.III. 1.	Majority shareholding interests and participating interest – majority sharehol	23	39 837	23 705	16 132	0	2 526
2.	Majority shareholding interests and participating interest – substantial share	24	0	0	0	0	179
3.	Other securities and deposits	25	4 869	3 300	1 569	20 757	19 293
4.	Intergroup loans	26	0	0	0	0	0
5.	Other financial assets	27	0	0	0	483	485
B.IV.	Active consolidation difference (-) Záporný konsolidační rozdíl	28	-390 195	19 510	-370 685	0	1 447
C.	Current assets	30	3 089 614	1 138 425	1 951 189	1 557 625	1 657 871
C.I.	Inventory	31	1 057 710	181 096	876 614	620 113	664 030
C.I. 1.	Materials	32	322 874	49 519	273 355	326 158	301 104
2.	Work in progress and semi-finished production	33	340 194	0	340 194	135 265	169 647
3.	Products	34	229 122	998	228 124	131 941	157 621
4.	Livestock	35	0	0	0	0	0
5.	Goods	36	19 792	0	19 792	12 394	14 968
6.	Advances granted	37	145 728	130 579	15 149	14 355	20 690
C.II.	Long-term receivables	38	343 734	281 757	61 977	0	0
C.II. 1.	Trade receivables	39	18 523	0	18 523	0	0
2.	Receivables from partners and associates	40	0	0	0	0	0
3.	Majority shareholding interests and participating interest – majority sharehol	41	0	0	0	0	0
4.	Majority shareholding interests and participating interest – substantial share	42	0	0	0	0	0
5.	Other receivables	43	325 211	281 757	43 454	0	0
C.III.	Short-term receivables	44	1 609 255	675 572	933 683	514 490	924 500
C.III. 1.	Trade receivables	45	1 476 248	575 551	900 697	505 013	881 462
2.	Receivables from partners and associates	46	0	0	0	0	0
3.	Social security receivables	47	163	0	163	0	0
4.	Receivables from taxes and subsidies	48	12 105	0	12 105	1 401	29 459
5.	Deferred tax assets	49	0	0	0	0	0
6.	Majority shareholding interests and participating interest – majority sharehol	50	0	0	0	0	0
7.	Majority shareholding interests and participating interest – substantial share	51	0	0	0	0	0
8.	Other receivables	52	120 739	100 021	20 718	8 076	13 579
C.IV.	Financial Assets	53	78 915	0	78 915	423 022	148
C.IV. 1.	Cash	54	1 225	0	1 225	129	175
2.	Bank accounts	55	77 690	0	77 690	422 893	69 166
3.	Short-term financial assets	56	0	0	0	0	0
D.	Other assets	57	22 052	0	22 052	34 546	58 536
D.I.	Temporary account assets	58	17 919	0	17 919	34 546	58 514
D.I. 1.	Prepaid expenses	59	11 298	0	11 298	11 673	5 793
2.	Unbilled revenues	60	6 621	0	6 621	4 712	5 726
3.	Exchange rate variances	61	0	0	0	18 161	49 995
D.II.	Contingencies - gain	62	4 133	0	4 133	0	22

Consolidated Balance Sheet of group PARAMO (in ths. CZK as of 31. 12. 2002)

Type	CAPITAL & LIABILITIES	line no.	Current year	Prior year	Year 2000
a	b	c	5	6	7
	TOTAL CAPITAL & LIABILITIES	63	4 292 690	3 775 806	4 107 920
A.	Equity	64	1 686 592	1 550 427	1 261 612
A.I.	Basic capital	65	1 330 078	1 330 078	1 330 078
A.I. 1.	Basic capital	66	1 330 078	1 330 078	1 330 078
2	Own and business shares	67	0	0	0
A.II.	Capital funds	68	2 369	2 053	54
A.II. 1.	Share premium [agio]	69	0	0	0
2.	Other capital funds	70	2 053	2 053	54
3.	Revaluation of assets	71	316	0	0
4.	Revaluation from transformations	72	0	0	0
A.III.	Funds from profit	73	263 141	249 819	251 841
A.III. 1.	Legal reserve fund	74	259 604	244 637	244 637
2.	Indivisible fund	75			
3.	Statutory and other funds	76	3 537	5 182	7 204
A.IV.	Profit and loss of previous years	77	-54 079	-323 542	15 842
A.IV. 1.	Retained earnings from previous years	78	5 761	0	15 842
2.	Accumulated losses from previous years	79	-59 840	-323 542	0
A.V.	Profit and loss of current accounting period	80	145 083	292 019	-336 203
1.	Profit and loss of current accounting period (+/-)	81	145 083	292 019	-336 203
2.	Consolidated earnings - equity method (+/-)	82	0	0	0
A.VI.	Passive consolidation difference	83	0	0	0
B.	Liabilities	85	2 317 302	2 192 510	2 809 787
B.I.	Reserves	86	69 029	61 103	203 557
B.I. 1.	Legal reserves	87	29 945	20 193	3 000
2.	Reserves for income tax	88	0	18 161	46 995
3.	Other reserves	89	28 543	20 076	136 327
4.	Deferred tax due (debt)	90	10 541	2 673	17 235
B.II.	Long-term liabilities	91	0	0	0
B.II. 1.	Payables to related companies – majority shareholdings	92	0	0	0
2.	Payables to related companies – substantial shareholdings	93	0	0	0
3.	Long-term deposits received	94	0	0	0
4.	Bonds payables	95	0	0	0
5.	Long-term notes payables	96	0	0	0
6.	Other long-term liabilities	97	0	0	0
B.III.	Short-term liabilities	98	993 574	1 081 941	1 216 769
B.III. 1.	Trade payables	99	551 547	652 093	881 991
2.	Payables to partners and associations	100	210	211	211
3.	Payables to employees	101	13 334	7 993	7 800
4.	Social security payables	102	8 445	4 805	4 851
5.	State – tax payables	103	417 591	412 256	314 156
6.	Payables to related companies – majority shareholdings	104	0	0	0
7.	Payables to related companies – substantial shareholdings	105	0	0	0
8.	Other payables	106	2 447	4 583	7 760
B.IV.	Bank loans and notes	107	1 254 699	1 049 466	1 389 461
B.IV. 1.	Long-term bank loans	108	650 174	328 123	491 570
2.	Regular bank loans	109	604 525	721 343	897 891
3.	Short-term notes	110	0	0	0
C.	Other liabilities – temp. accounts of liabilities	111	14 676	32 869	36 521
C.I.	Accruals	112	5 348	20 368	36 055
C.I. 1.	Deferred costs	113	2 011	1 230	4 739
2.	Deferred income	114	3 337	4 171	4
3.	Exchange rate variations - gain	115	0	14 967	31 312
C.II.	Contingencies - loss	116	9 328	12 501	466
D.	Minority capital	117	274 120	0	0
D.I.	Minority basic capital	118	284 298	0	0
D.II.	Minority basic funds	119	-1 027	0	0
D.III.	Minority profit funds incl. Undivided profit from prev. year	120	-7 420	0	0
D.IV.	Minority earnings from current accounting period	121	-1 731	0	0

Consolidated Profit and Loss Statement of group PARAMO (in ths. CZK as of 31.12.2002)

Type	TEXT	Line no.	Accounting period		Year 2000
			current	prior	
I.	Revenues from goods sold	01	532 451	583 133	607 149
A.	Costs of goods sold	02	456 120	479 676	519 028
+	Gross margin	03	76 331	103 457	88 121
II.	Operation	04	4 884 265	5 552 601	6 533 073
II. 1.	Revenues from finished products and services	05	4 847 818	5 581 677	6 447 745
2.	Changes in inventory	06	13 030	-64 172	46 924
3.	Capitalization	07	23 417	35 096	38 404
B.	Consumption from operation	08	4 404 128	4 966 937	6 115 259
B. 1.	Consumption of material and energy	09	4 137 119	4 709 390	5 861 962
B. 2.	Services	10	267 009	257 547	253 297
+	Value added	11	556 468	689 121	505 935
C.	Personnel Expenses	12	206 493	198 110	186 106
C. 1.	Wages	13	144 120	144 311	133 048
C. 2.	Bonuses to members of executive bodies of companies and co-ops	14	4 051	3 749	2 705
C. 3.	Social security expenses	15	52 119	46 426	46 473
C. 4.	Social costs	16	6 203	3 624	3 880
D.	Taxes and fees	17	5 293	6 377	10 589
E.	Amortization of tangibles and depreciation of tangibles	18	184 385	201 500	208 325
(+/-)	Amortization of consolidated difference	19	-19 510	1 447	1 446
III.	Revenues from intangible and tangible assets and materials sold	20	28 295	98 075	310 395
F.	Net book value of intangibles, tangibles and materials sold	21	26 013	89 905	347 345
IV.	Reversal of reserves and prepaid expenses	22	16 990	140 026	129 836
G.	Creation of reserves and prepaid expenses	23	22 499	39 433	147 634
V.	Reversal of provisions	24	153 003	253 863	64 595
H.	Creation of provisions	25	44 653	145 223	279 029
VI.	Other operational revenues	26	1 088 091	4 696 998	2 227 207
I.	Other operational expenses	27	1 124 401	4 724 203	2 248 833
VII.	Transfer of operational revenues	28	0	0	0
J.	Transfer of operational expenses	29	0	0	0
*	Net operating result	30	248 619	471 885	-191 339
VIII.	Revenues from sales of securities and deposits	31	31 601	33 211	1 250
K.	Sold securities and deposits	32	124 642	206 301	700
IX.	Revenues from long-term financial investments	33	411	233	80
IX. 1.	Revenues from intergroup securities and deposits	34	0	0	0
2.	Other revenues from long-term securities and deposits	35	411	233	80
3.	Other revenues from long-term financial investments	36	0	0	0
X.	Revenues from short-term financial assets	37	0	0	138
XI.	Reversal of financial reserves	38	1 963	30 799	31 951
L.	Creation of financial reserves	39	0	1 964	22 468
XII.	Reversal of provisions	40	86 450	115 896	0
M.	Creation of provisions	41	2 873	31 250	70 878
XIII.	Interests revenues	42	8 289	21 847	19 238
N.	Interests costs	43	52 423	95 181	104 857
XIV.	Other financial revenues	44	45 430	60 036	36 643
O.	Other financial costs	45	86 015	79 627	138 060
XV.	Transfer of financial revenues	46	0	0	0
P.	Transfer of financial costs	47	0	0	0
*	Consolidated net result from financial operations	48	-91 809	-152 301	-247 663
R.	Income tax from normal activities	49	-2 604	-14 562	-104 211
R. 1.	- due	50	-932	0	0
R. 2.	- deferred	51	-1 672	-14 562	-104 211
**	Consolidated net result from normal activities	52	159 415	334 146	-334 791
XVI.	Extraordinary revenues	53	30 663	31 566	1 654
S.	Extraordinary expenses	54	46 726	73 693	3 066
T.	Income tax from extraordinary activities	55	0	0	0
T. 1.	- due	56	0	0	0
T. 2.	- deferred	57	0	0	0
*	Net result from extraordinary activities	58	-16 063	-42 127	-1 412
***	Consolidated net result excluding equity income [loss]	59	143 352	292 019	-336 203
1.	Net profit/loss for the accounting period - group share	60	145 083	292 019	292 019
2.	Net profit/loss for the accounting period - minority share	61	-1 731	0	0
**	Profit/loss from equity method consolidation	62	0	0	0
***	Consolidates net income/loss for the accounting period	63	143 352	292 019	-336 203
***	Consolidates income/loss for the accounting period before tax	64	140 748	277 457	-440 414

PARAMO Group Cash Flow Statement (in ths. CZK as of 31.12.2002)

Type	TEXT	Mark	PARAMO GROUP
P	Cash and cash equivalent at the beginning of the accounting period		423 022
	CASH FLOW FROM MAIN OPERATIONAL ACTIVITIES		
Z.	Profit/loss from normal activities before tax	(+/-)	156 811
A. 1.	Modification of non-cash transactions		88 823
A. 1. 1.	Depreciation of fixed assets	(+)	184 475
A. 1. 2.	Change in adjustments, reserves	(+/-)	- 193 234
A. 1. 3.	Profit (loss) from sale of fixed assets	(-/ +)	79 361
A. 1. 4.	Dividends and profit revenues	(-)	- 237
A. 1. 5.	Accounted cost interests	(+/-)	37 968
A. 1. 6.	Possible adjustments for other non-cash operations (depreciation of consolidated		- 19 510
A. *	NCF before tax, changes in working capital, and extraordinary items		245 634
A. 2.	Change in non-cash items of working capital		- 155 809
A. 2. 1.	Change in receivables from operational activities of active accounts in CR and ac	(+/-)	15 195
A. 2. 2.	Change in short-term payables from operational activities of passive accounts in CR and passive conjecture accounts	(+/-)	- 267 027
A. 2. 3.	Change in inventories balance	(+/-)	96 023
A. 2. 4.	Change in short-term financial assets not included in pension assets and equivalents	(+/-)	-
A. **.	NCF before tax and extraordinary items		89 825
A. 3.	Interest expense paid with the exception of capitalized interest	(-)	- 45 814
A. 4.	Interest income received	(+)	8 377
A. 5.	Paid income tax from normal activities and tax arrears of previous periods	(-)	1 954
A. 6.	Income and costs related to extraordinary accounting items	(+/-)	9 723
A. ***.	NCF from operational activities		64 065
	CASH FLOW FROM INVESTMENT ACTIVITIES		
B. 1.	Expenses related to acquisitions of fixed assets	(-)	- 333 802
B. 2.	Income from sale of fixed assets	(+)	36 212
B. 3.	Loans and credits to related entities	(+/-)	1 399
B. 4.	Cash flow from company purchase (acquisition of KORAMO)		19 931
B. ***.	NCF from investment activities		- 276 260
	CASH FLOW FROM FINANCIAL ACTIVITIES		
C. 1.	Change in long or short-term debts included in fin. activities	(+/-)	- 130 504
C. 2.	Changes influencing equity and other cash contributions	(+/-)	- 1 645
C. 2. 1.	Increase of basic capital or reserve fund	(+)	-
C. 2. 2.	Refund of equity to shareholders	(-)	-
C. 2. 3.	Other cash donations of partners and shareholders	(+)	-
C. 2. 4.	Settling of loss by shareholders	(+)	-
C. 2. 5.	Direct payments debited to funds	(-)	- 1 645
C. 2. 6.	Paid out dividends and profit shares	(-)	-
C. 3.	Dividends and profit shares received	(+)	237
C. ***.	NCF from financial activities		- 131 912
F.	Net increase/decrease in cash flow		- 344 107
A.	Cash and cash equivalents at the end of accounting period		78 915

KORAMO, a.s., CONSOLIDATED BALANCE SHEET (in ths. CZK as of 31. 12. 2002)

Type	ASSETS	Line no.	Current year (2002)			Prior Year Net	Year 2000 Net
a	b	c	Gross 1	Provisions 2	Net 3	4	
	TOTAL ASSETS	1	3 020 234	- 1 594 672	1 425 562	1 603 099	1 726 080
A.	Stock Subscriptions Receivable	2					
B.	Intangible and tangible assets and investments	3	1 626 121	- 985 477	640 644	695 506	780 130
B. I.	Long-term intangible assets	4	16 269	- 15 663	606	977	2 516
B. I. 1.	Expenses of foundation and organization	5					
2.	Research and development intangibles	6					
3.	Software	7	16 269	- 15 663	606	977	2 516
4.	Patents, rights, and royalties	8					
5.	Other long-term intangible assets	9					
6.	Intangibles in progress	10					
7.	Advances for intangibles	11					
B.II.	Long-term tangible assets	12	1 570 015	- 946 109	623 906	656 375	726 180
B.II 1.	Property	13	14 211		14 211	8 512	8 450
2.	Buildings and constructions	14	675 987	- 258 427	417 560	436 095	451 176
3.	Separate movable items and groups of mov. it.	15	846 696	- 687 294	159 402	206 097	258 816
4.	Permanent growth	16	119	- 119			
5.	Livestock	17					
6.	Other long-term tangible assets	18					
7.	Tangibles in progress	19	33 002	- 269	32 733	5 536	7 494
8.	Advances for tangibles	20				135	244
9.	Adjustments to acquired property	21					
B.III.	Long-term financial assets	22	39 837	- 23 705	16 132	38 154	51 434
B.III. 1.	Majority shareholding interests and participating interest – majority sharehol	23	39 837	- 23 705	16 132	19 453	19 237
2.	Majority shareholding interests and participating interest – substantial share	24					
3.	Other securities and deposits	25				18 701	17 977
4.	Intergroup loans	26					
5.	Other financial assets	27					14 220
C.	Current assets	28	1 388 544	- 609 195	779 349	901 024	940 991
C.I.	Inventory	29	362 374	- 20 251	342 123	360 915	402 344
C.I. 1.	Materials	30	68 615	- 20 251	48 364	65 824	104 137
2.	Work in progress and semi-finished production	31	203 376		203 376	204 372	201 332
3.	Products	32	85 611		85 611	87 693	95 474
4.	Livestock	33					
5.	Goods	34	4 772		4 772	3 026	1 401
6.	Advances granted	35					
C.II.	Long-term receivables	36	343 734	- 281 757	61 977	59 532	62 951
C.II. 1.	Trade receivables	37	18 523		18 523	16 078	
2.	Receivables from partners and associates	38					
3.	Majority shareholding interests and participating interest – majority sharehol	39					
4.	Majority shareholding interests and participating interest – substantial share	40					
5.	Other receivables	41	325 211	- 281 757	43 454	43 454	62 951
C.III.	Short-term receivables	42	657 668	- 307 187	350 481	445 348	447 539
C.III. 1.	Trade receivables	43	644 395	- 307 187	337 208	416 111	427 913
2.	Receivables from partners and associates	44					
3.	Social security receivables	45	163		163	129	109
4.	Receivables from taxes and subsidies	46	8 169		8 169	29 044	19 211
5.	Deferred tax receivables	47					
6.	Majority shareholding interests and participating interest – majority sharehol	48					
7.	Majority shareholding interests and participating interest – substantial share	49					
8.	Other receivables	50	4 941		4 941	64	306
C.IV.	Financial Assets	51	24 768	0	24 768	35 229	28 157
C.IV. 1.	Cash	52	168		168	157	478
2.	Bank accounts	53	24 600		24 600	35 072	27 679
3.	Short-term financial assets	54					
D.	Other assets	55	5 569	0	5 569	6 569	4 959
D.I.	Temporary account assets	56	1 436	0	1 436	1 257	2 340
D.I. 1.	Prepaid expenses	57	1 436		1 436	1 257	1 034
2.	Unbilled revenues	58					
D.II.	Contingencies - gain	59	4 133		4 133	5 312	2 619
	Control number	999	12 076 803	-6 378 688	5 698 115	6 407 084	6 901 701

KORAMO, a.s., CONSOLIDATED BALANCE SHEET (in ths. CZK as of 31. 12. 2002)

Type	CAPITAL & LIABILITIES	Line no.	Current year	Prior year	Year 2000
a	b	c	5	6	7
	TOTAL CAPITAL & LIABILITIES	61	1 425 562	1 603 099	1 726 080
A.	Equity	62	792 255	417 851	419 927
A.I.	Basic capital	63	821 670	1 029 175	1 029 175
A.I. 1.	Basic capital	64	821 670	1 029 175	1 029 175
2.	Own and business shares	65			
A.II.	Capital funds	66	-2 969		20
A.II. 1.	Share premium (agio)	67			
2.	Other capital funds	68			20
3.	Revaluation of assets	69	- 2 969		
4.		70			
A.III.	Funds from profit	71	3 396	5 995	175 293
A.III. 1.	Legal reserve fund	72	9		148 248
2.	Indivisible fund	73			
3.	Statutory and other funds	74	3 387	5 995	27 045
A.IV.	Profit and loss of previous years	75	177	- 617 505	-447 043
A.IV. 1.	Retained earnings from previous years	76	177		
2.	Accumulated losses from previous years	77		- 617 505	-447 043
A.V.	Profit and loss of current accounting period	78	- 30 019	186	-337 518
B.	Liabilities	79	627 990	1 163 372	1 281 528
B.I.	Reserves	80	12 907	27 873	13 423
B.I. 1.	Legal reserves	81			
2.	Reserves for income tax	82		11 714	
3.	Other reserves	83	12 907	16 159	12 117
B.II.	Long-term liabilities	84	0	0	
B.II. 1.	Payables to related companies – majority shareholdings	85			
2.	Payables to related companies – substantial shareholdings	86			
3.	Long-term deposits received	87			
4.	Bonds payables	88			
5.	Long-term notes payables	89			
6.	Other long-term liabilities	90			
B.III.	Short-term liabilities	91	144 951	233 734	286 955
B.III. 1.	Trade payables	92	134 832	224 093	261 912
2.	Payables to partners and associations	93		138	143
3.	Payables to employees	94	5 497	5 017	4 525
4.	Social security payables	95	3 412	3 246	2 812
5.	State – tax payables	96	1 209	1 043	7 608
6.	Payables to related companies – majority shareholdings	97			
7.	Payables to related companies – substantial shareholdings	98			
8.	Other payables	99	1	197	357
B.IV.	Bank loans and notes	100	470 132	901 765	981 150
B.IV. 1.	Long-term bank loans	101	430 132	119 070	951 150
2.	Regular bank loans	102	40 000	782 695	30 000
3.	Short-term notes	103			
C.	Other liabilities – temp. accounts of liabilities	104	5 317	21 876	24 625
C.I.	Accruals	105		2 353	12
C.I. 1.	Deferred costs	106			
2.	Deferred income	107			
3.	Exchange rate variations - gain	108			
C.II.	Contingencies - loss	109	5 317	21 876	24 613
	Control number	999	5 726 950	6 390 334	7 217 225

Profit and Loss Statement of KORAMO, a.s. (in ths. CZK as of 31.12.2002)

Type	TEXT	Line no	Accounting period		Year 2000
			current	prior	
I.	Revenues from goods sold	1	25 044	69 488	41 289
A.	Costs of goods sold	2	24 497	61 943	39 323
+	Gross margin	3	547	7 545	1 966
II.	Operation	4	870 282	1 037 279	1 658 644
II. 1.	Revenues from finished products and services	5	872 188	1 060 357	1 461 804
2.	Changes in inventory	6	- 2 830	- 23 743	193 805
3.	Capitalization	7	924	665	2 935
B.	Consumption from operation	8	698 844	868 599	1 375 917
B. 1.	Consumption of material and energy	9	603 576	772 878	1 242 297
B. 2.	Services	10	95 268	95 721	133 620
+	Value added	11	171 985	176 225	284 693
C.	Personnel Expenses	12	95 902	97 622	99 693
C. 1.	Wages	13	68 515	71 010	71 892
C. 2.	Bonuses to members of executive bodies of companies and co-ops	14	2 116	1 477	1 445
C. 3.	Social security expenses	15	23 803	23 639	24 769
C. 4.	Social costs	16	1 468	1 496	1 587
D.	Taxes and fees	17	2 088	3 489	14 981
E.	Amortization of tangibles and depreciation of tangibles	18	72 474	82 177	84 191
III.	Revenues from intangible and tangible assets and materials sold	19	25 955	40 286	33 352
F.	Net book value of intangibles, tangibles and materials sold	20	24 638	31 479	35 936
IV.	Reversal of reserves and prepaid expenses	21		500	4 105
G.	Creation of reserves and prepaid expenses	22	1 181		12 117
V.	Reversal of provisions	23	35 691	95 664	106 428
H.	Creation of provisions	24	19 987	27 220	403 420
VI.	Other operational revenues	25	39 459	38 513	67 818
I.	Other operational expenses	26	51 167	37 177	79 268
VII.	Transfer of operational revenues	27			
J.	Transfer of operational expenses	28			
*	Net operating result	29	5 653	72 024	-233 210
VIII.	Revenues from sales of securities and deposits	30	22 801	1 505	11 876
K.	Sold securities and deposits	31	89 727	530	26 811
IX.	Revenues from long-term financial investments	32	1 042	936	440
IX. 1.	Revenues from intergroup securities and deposits	33			
2.	Other revenues from long-term securities and deposits	34	1 042	936	440
3.	Other revenues from long-term financial investments	35			
X.	Revenues from short-term financial assets	36			
XI.	Reversal of financial reserves	37		1 306	4 220
L.	Creation of financial reserves	38		4 542	1 306
XII.	Reversal of provisions	39	71 323	1 024	
M.	Creation of provisions	40	17 240		
XIII.	Interests revenues	41	2 659	10 738	19 278
N.	Interests costs	42	39 651	80 436	119 788
XIV.	Other financial revenues	43	13 876	9 265	6 527
O.	Other financial costs	44	17 719	13 757	11 188
XV.	Transfer of financial revenues	45			
P.	Transfer of financial costs	46			
*	Net result from financial operations	47	- 52 636	- 74 491	-116 752
R.	Income tax from normal activities	48	- 11 522	2 116	-13 479
R. 1.	- due	49	192		
2.	- deferred	50	- 11 714	2 116	-13 479
		51			
**	Net result from normal activities	52	- 35 461	- 4 583	- 336 483
XVI.	Extraordinary revenues	53	5 442	4 880	2 730
S.	Extraordinary expenses	54		111	3 765
T.	Income tax from extraordinary activities	55	0	0	0
T. 1.	- due	56			
2.	- deferred	57			
*	Net result from extraordinary activities	58	5 442	4 769	-1 035
U.	Income distribution to partners (+/-)	59			
***	Net income/loss for the accounting period (+/-)	60	- 30 019	186	-337 518
	Result of operation before tax (+/-)	61	- 41 541	2 302	-350 997
	Control number	99	3 935 685	4 813 111	6 282 811

KORAMO, a.s., Profit and Loss Statement , (in ths. CZK from 1. 11. to 31. 12. 2002)

Type	TEXT	Line no.	Accounting period current
I.	Revenues from goods sold	1	4 174
A.	Costs of goods sold	2	4 083
+	Gross margin	3	91
II.	Operation	4	145 047
II. 1.	Revenues from finished products and services	5	145 365
2.	Changes in inventory	6	-472
3.	Capitalization	7	154
B.	Consumption from operation	8	116 474
B. 1.	Consumption of material and energy	9	100 596
B. 2.	Services	10	15 878
+	Value added	11	28 664
C.	Personnel Expenses	12	15 984
C. 1.	Wages	13	11 419
C. 2.	Bonuses to members of executive bodies of companies and co-ops	14	353
C. 3.	Social security expenses	15	3 967
C. 4.	Social costs	16	245
D.	Taxes and fees	17	348
E.	Amortization of tangibles and depreciation of tangibles	18	12 079
III.	Revenues from intangible and tangible assets and materials sold	19	4 326
F.	Net book value of intangibles, tangibles and materials sold	20	4 106
IV.	Reversal of reserves and prepaid expenses	21	0
G.	Creation of reserves and prepaid expenses	22	197
V.	Reversal of provisions	23	5 949
H.	Creation of provisions	24	3 331
VI.	Other operational revenues	25	6 577
I.	Other operational expenses	26	8 528
VII.	Transfer of operational revenues	27	0
J.	Transfer of operational expenses	28	0
*	Net operating result	29	942
VIII.	Revenues from sales of securities and deposits	30	3 800
K.	Sold securities and deposits	31	14 955
IX.	Revenues from long-term financial investments	32	174
IX. 1.	Revenues from intergroup securities and deposits	33	0
2.	Other revenues from long-term securities and deposits	34	174
3.	Other revenues from long-term financial investments	35	0
X.	Revenues from short-term financial assets	36	0
XI.	Reversal of financial reserves	37	0
L.	Creation of financial reserves	38	0
XII.	Reversal of provisions	39	11 887
M.	Creation of provisions	40	2 873
XIII.	Interests revenues	41	443
N.	Interests costs	42	6 609
XIV.	Other financial revenues	43	2 313
O.	Other financial costs	44	2 953
XV.	Transfer of financial revenues	45	0
P.	Transfer of financial costs	46	0
*	Net result from financial operations	47	-8 773
R.	Income tax from normal activities	48	-1 920
R. 1.	- due	49	32
2.	- deferred	50	-1 952
		51	0
**	Net result from normal activities	52	-5 910
XVI.	Extraordinary revenues	53	907
S.	Extraordinary expenses	54	0
T.	Income tax from extraordinary activities	55	0
T. 1.	- due	56	0
2.	- deferred	57	0
*	Net result from extraordinary activities	58	907
U.	Income distribution to partners (+/-)	59	0
***	Net income/loss for the accounting period (+/-)	60	-5 003
	Result of operation before tax (+/-)	61	-6 924
	Control number	99	626 397

KORAMO, a.s., CASH FLOW STATEMENT (in ths. CZK as of 31. 12. 2002)

Text	Current acc. period Net	Prior acc. period Net	Year 2000 Net
Cash and cash equivalent at the beginning of the accounting period	35 229	28 157	37 890
Cash flow from main operational activities			
Profit/loss from normal activities before taxes	- 46 983	- 2 467	-349 962
Modification of non-cash transactions	89 613	149 316	195 311
Depreciation of fixed assets (+) with the exception of net book value of fixed assets sold, depreciation of receivables (+), and amortization of adjustment to acquired assets (+/-)	72 474	82 177	84 191
Change in adjustments, reserves, and temporary accounts of assets and liabilities (+/-), i.e. temporary accounts of assets and liabilities	-18 811	-1 623	11 050
Profit (loss) from sale of fixed assets (-/+)	0	0	0
Dividends and profit revenues with the exception of companies with investment activities [investment companies and funds] (-)	- 1 042	- 936	-440
Accounted cost interests (+) with exception of capitalized interests and accounted revenue interests (-)	36 992	69 698	100 510
Net cash flow from operational activities before taxes and before changes in working capital and extraordinary items	42 630	146 849	-154 651
Change in working capital	- 731 978	758 227	144 302
Change in receivables from operational activities (+/-)	92 422	5 610	111 020
Change in short-term payables from operational activities (+/-)	- 843 192	711 188	137 891
Change in inventories balance (+/-)	18 792	41 429	-104 609
Change in short-term financial assets	0	0	0
Net cash flow from operational activities before taxes and extraordinary items	- 689 348	905 076	-10 349
Interest expense paid with the exception of capitalized interest (-)	- 39 651	- 80 436	-119 788
Interest income received with the exception of companies with investment activities (inv. comps. & funds) (+)	2 659	10 738	19 278
Paid income tax from normal activities and tax arrears of previous periods (-)	11 522	- 2 116	13 479
Income and costs related to extraordinary accounting items creating an extraordinary profit/loss statement of paid income tax due from extraordinary activities	5 442	4 769	-1 035
Net cash flow from operational activities	- 709 376	838 031	-98 415
Cash flow from investment activities			
Expenses related to acquisitions of fixed assets	- 17 612	2 447	110 662
Income from sale of fixed assets	0	0	0
Loans and credits to related entities	0	0	0
Net cash flow from investment activities	-17 612	2 447	110 662
Cash flow from financial activities			
Change in long-term or short-term debts	311 062	- 832 080	-39 488
Changes in equity and other cash contributions	404 423	-2 262	17 068
Increase of cash and cash equivalents by reason of increase in basic capital or reserve fund to this increase (+)	- 210 660	337 518	47 952
Refund of equity to shareholders (-)	0	0	0
Cash gifts and donations to equity and other cash deposits of partners and shareholders (+)	0	-20	20
Settling of loss by shareholders (+)	0	0	0
Direct payments debited to funds (-)	615 083	- 339 760	-30 904
Paid out dividends and profit shares including paid holding tax related to these claims and financial compensation to partners in public trading co. and gen. partners in ltd. activities (-)	0	0	0
Dividends and profit shares received with exception of companies with investment activities (inv. comps. and funds) (+)	1 042	936	440
Net cash flow from financial activities	716 527	-833 406	-21 980
Net increase/decrease in cash flow	- 10 461	7 072	-9 733
Cash and cash equivalents at the end of the accounting period	24 768	35 229	28 157

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL NOCC, a.s., Trojská 13a, Praha 8, PSČ 182 21, IČO 43 00 42 11

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		77 597
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	10 852
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	8 827
B. III.	Long-term financial assets	2 025
C.	Current assets	65 468
C. I.	Inventory	31 541
C. II.	Long-term receivables	332
C. III.	Short-term receivables	32 379
C. IV.	Financial Assets	1 216
D.	Other Assets	1 277

CAPITAL & LIABILITIES		2002
Total capital & liabilities		77 597
A.	Equity	8 019
A. I.	Basic capital	2 100
	of which: basic capital registered in CR	2 100
A. II.	Capital funds	0
A. III.	Funds from profit	482
A. IV.	Profit and loss of previous years	5 109
A. V. 1.	Profit and loss of current accounting period	328
B.	Liabilities	68 497
B. I.	Reserves	0
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	62 947
B. IV.	Bank loans and notes	5 550
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	1 081

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	302 715
I+II. 1.	of which: Revenues from finished products and services	2 007
II. 2.	Changes in inventory	0
II. 3.	Capitalization	1 714
A+B	Costs of goods sold and consumption from operation	277 547
+	Value added	25 168
C	Personnel Expenses	19 118
E	Amortization of tangibles and depreciation of tangibles	1 904
IV+V	Reversal of reserves and prepaid expenses	858
G+H	Creation of reserves and prepaid expenses	1 063
III+VI+VII	Other operational revenues	15 732
D+F+I+J	Other operational expenses	14 435
*	Net operating result	5 238
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	2 175
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	12
K+L+M+P+Q+R+S	Financial costs	1 020
*	Financial net result	-3 183
**	Net result from normal activities	477
XVII	Extraordinary revenues	43
T+U	Extraordinary expenses	245
*	Net result from extraordinary activities	-149
***	Net income/loss for the accounting period	328

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 70,00 %
ing. Jan Lukavský, CSc. 26,19 %

Subsidiaries (name and office): MOGUL KORAK, a.s., Most - Velebudice, Skyřická 9, PSČ 434 01 100%

Receivables 180 days overdue: 413

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL PETROL a.s., Opavská 25/51, Hlučín, PSČ 748 01, IČO 60 79 28 84

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		58 800
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	18 827
B. I.	Long-term intangible assets	261
B. II.	Long-term tangible assets	18 566
B. III.	Long-term financial assets	0
C.	Current assets	36 055
C. I.	Inventory	9 749
C. II.	Long-term receivables	0
C. III.	Short-term receivables	24 091
C. IV.	Financial Assets	2 215
D.	Other Assets	3 918

CAPITAL & LIABILITIES		2002
Total capital & liabilities		58 800
A.	Equity	-1 711,09
A. I.	Basic capital	1 000
	of which: basic capital registered in CR	1 000
A. II.	Capital funds	0
A. III.	Funds from profit	200
A. IV.	Profit and loss of previous years	638
A. V. 1.	Profit and loss of current accounting period	-3 548,69
B.	Liabilities	60 152
B. I.	Reserves	3 711
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	43 691
B. IV.	Bank loans and notes	12 750
B. IV. 1.	of which: long-term bank loans	12 750
C.	Other liabilities	359

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation a prodej zboží	104 710
I+II. 1.	of which: Revenues from finished products and services	61
II. 2.	Changes in inventory	0
II. 3.	Capitalization	0
A+B	Costs of goods sold and consumption from operation	98 389
+	Value added	6 321
C	Personnel Expenses	5 616
E	Amortization of tangibles and depreciation of tangibles	2 318
IV+V	Reversal of reserves and prepaid expenses	3 562
G+H	Creation of reserves and prepaid expenses	6 829
III+VI+VII	Other operational revenues	18 812
D+F+I+J	Other operational expenses	16 849
*	Net operating result	-2 917
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	348
III+IX+X+XI+XIV+XV+XVI	Financial revenues	0
K+L+M+P+Q+R+S	Financial costs	1 051
*	Financial net result	-703
**	Net result from normal activities	-3 556
XVII	Extraordinary revenues	7
T+U	Extraordinary expenses	0
*	Net result from extraordinary activities	7
***	Net income/loss for the accounting period	-3 549

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 100,00 %

Subsidiaries (name and office):

Receivables 180 days overdue: 4 840

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL MORAVA, a.s., Brněnská 3540, Hodonín, PSČ 695 01, IČO 60 74 21 60

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		17 028
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	7 459
B. I.	Long-term intangible assets	9
B. II.	Long-term tangible assets	7 450
B. III.	Long-term financial assets	0
C.	Current assets	9 263
C. I.	Inventory	4 037
C. II.	Long-term receivables	145
C. III.	Short-term receivables	3 805
C. IV.	Financial Assets	1 276
D.	Other Assets	306

CAPITAL & LIABILITIES		2002
Total capital & liabilities		17 028
A.	Equity	-206
A. I.	Basic capital	4 200
	of which: basic capital registered in CR	4 200
A. II.	Capital funds	0
A. III.	Funds from profit	15
A. IV.	Profit and loss of previous years	-2 170
A. V. 1.	Profit and loss of current accounting period	-2 251
B.	Liabilities	17 111
B. I.	Reserves	136
B. II.	Long-term liabilities	-81
B. III.	Short-term liabilities	17 056
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	123

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	61 657
I+II. 1.	of which: Revenues from finished products and services	284
II. 2.	Changes in inventory	0
II. 3.	Capitalization	145
A+B	Costs of goods sold and consumption from operation	58 633
+	Value added	3 024
C	Personnel Expenses	3 742
E	Amortization of tangibles and depreciation of tangibles	419
IV+V	Reversal of reserves and prepaid expenses	693
G+H	Creation of reserves and prepaid expenses	249
III+VI+VII	Other operational revenues	1 163
D+F+I+J	Other operational expenses	2 634
*	Net operating result	-2 164
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	1
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	0
K+L+M+P+Q+R+S	Financial costs	70
*	Financial net result	49
**	Net result from normal activities	-2 251
XVII	Extraordinary revenues	0
T+U	Extraordinary expenses	0
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	-2 251

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 100,00 %

Subsidiaries (name and office):

Receivables 180 days overdue: 0

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL PROM, a.s., Újezd u Černé Hory 96, PSČ 679 22, IČO 60 75 52 45

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		19776
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	11745
B. I.	Long-term intangible assets	2
B. II.	Long-term tangible assets	11 743
B. III.	Long-term financial assets	0
C.	Current assets	7556
C. I.	Inventory	4 262
C. II.	Long-term receivables	0
C. III.	Short-term receivables	1 354
C. IV.	Financial Assets	1 940
D.	Other Assets	475

CAPITAL & LIABILITIES		2002
Total capital & liabilities		19776
A.	Equity	816
A. I.	Basic capital	1 200
	of which: basic capital registered in CR	1 200
A. II.	Capital funds	0
A. III.	Funds from profit	67
A. IV.	Profit and loss of previous years	65
A. V. 1.	Profit and loss of current accounting period	-516
B.	Liabilities	18860
B. I.	Reserves	641
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	18 219
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	100

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	57 105
I+II. 1.	of which: Revenues from finished products and services	28
II. 2.	Changes in inventory	0
II. 3.	Capitalization	34
A+B	Costs of goods sold and consumption from operation	51 069
+	Value added	6036
C	Personnel Expenses	4 484
E	Amortization of tangibles and depreciation of tangibles	962
IV+V	Reversal of reserves and prepaid expenses	668
G+H	Creation of reserves and prepaid expenses	595
III+VI+VII	Other operational revenues	1 000
D+F+I+J	Other operational expenses	1 336
*	Net operating result	327
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	2
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	0
K+L+M+P+Q+R+S	Financial costs	460
*	Financial net result	-458
**	Net result from normal activities	-106
XVII	Extraordinary revenues	0
T+U	Extraordinary expenses	410
*	Net result from extraordinary activities	-410
***	Net income/loss for the accounting period	-516

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 80,00 %

Subsidiaries (name and office):

Receivables 180 days overdue: 656

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL TANK PLUS a.s., Strakonice, Areál DMP Pracejovice, PSČ 386 01, IČO: 62 52 67 74

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		26 957
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	1 791
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	1 791
B.I II.	Long-term financial assets	0
C.	Current assets	24 626
C. I.	Inventory	6 765
C. II.	Long-term receivables	0
C. III.	Short-term receivables	17 686
C. IV.	Financial Assets	175
D.	Other Assets	540

CAPITAL & LIABILITIES		2002
Total capital & liabilities		26 957
A.	Equity	1 563
A. I.	Basic capital	12 000
	of which: basic capital registered in CR	12 000
A. II.	Capital funds	0
A. III.	Funds from profit	1
A. IV.	Profit and loss of previous years	-11 953
A. V. 1.	Profit and loss of current accounting period	1 515
B.	Liabilities	24 567
B. I.	Reserves	-91
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	24 658
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	827

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	100 029
I+II. 1.	of which: Revenues from finished products and services	102
II. 2.	Changes in inventory	0
II. 3.	Capitalization	812
A+B	Costs of goods sold and consumption from operation	91 652
+	Value added	8 377
C	Personnel Expenses	4 989
E	Amortization of tangibles and depreciation of tangibles	584
IV+V	Reversal of reserves and prepaid expenses	1 487
G+H	Creation of reserves and prepaid expenses	2 166
III+VI+VII	Other operational revenues	18 552
D+F+I+J	Other operational expenses	18 803
*	Net operating result	1 874
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	2
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	0
K+L+M+P+Q+R+S	Financial costs	199
*	Financial net result	-197
**	Net result from normal activities	1 545
XVII	Extraordinary revenues	2
T+U	Extraordinary expenses	32
*	Net result from extraordinary activities	-30
***	Net income/loss for the accounting period	1 515

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 98,33 %

Subsidiaries (name and office):

Receivables 180 days overdue: 1 272

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL OK OIL, a.s., Ovčárecká 314, Kolín, PSČ 280 26, IČO 25 06 17 55

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		17 386
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	2 045
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	2 045
B. III.	Long-term financial assets	0
C.	Current assets	15 041
C. I.	Inventory	8 738
C. II.	Long-term receivables	0
C. III.	Short-term receivables	5 454
C. IV.	Financial Assets	849
D.	Other Assets	300

CAPITAL & LIABILITIES		2002
Total capital & liabilities		17 386
A.	Equity	4 703
A. I.	Basic capital	1 000
	of which: basic capital registered in CR	1 000
A. II.	Capital funds	0
A. III.	Funds from profit	200
A. IV.	Profit and loss of previous years	2 077
A. V. 1.	Profit and loss of current accounting period	1 426
B.	Liabilities	12 381
B. I.	Reserves	145
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	6 196
B. IV.	Bank loans and notes	6 040
B. IV. 1.	of which: long-term bank loans	4 600
C.	Other liabilities	302

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	90 611
I+II. 1.	of which: Revenues from finished products and services	32
II. 2.	Changes in inventory	0
II. 3.	Capitalization	31
A+B	Costs of goods sold and consumption from operation	82 679
+	Value added	7 932
C	Personnel Expenses	5 659
E	Amortization of tangibles and depreciation of tangibles	138
IV+V	Reversal of reserves and prepaid expenses	102
G+H	Creation of reserves and prepaid expenses	269
III+VI+VII	Other operational revenues	1 425
D+F+I+J	Other operational expenses	363
*	Net operating result	3 030
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	7
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	0
K+L+M+P+Q+R+S	Financial costs	701
*	Financial net result	-694
**	Net result from normal activities	1 426
XVII	Extraordinary revenues	0
T+U	Extraordinary expenses	0
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	1 426

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 51,00 %
p. Karel Lettl 49,00 %

Subsidiaries (name and office):

Receivables 180 days overdue: 84

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL KORAK, a.s., Skyřická 9, Most - Velebudice, PSČ 434 01, IČO: 25 01 34 08

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		32 082
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	5 747
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	5 747
B. III.	Long-term financial assets	0
C.	Current assets	25 701
C. I.	Inventory	6 307
C. II.	Long-term receivables	68
C. III.	Short-term receivables	18 506
C. IV.	Financial Assets	820
D.	Other Assets	634

CAPITAL & LIABILITIES		2002
Total capital & liabilities		32 082
A.	Equity	2 025
A. I.	Basic capital	1 000
	of which: basic capital registered in CR	1 000
A. II.	Capital funds	0
A. III.	Funds from profit	144
A. IV.	Profit and loss of previous years	965
A. V. 1.	Profit and loss of current accounting period	-84
B.	Liabilities	29 898
B. I.	Reserves	1 367
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	23 308
B. IV.	Bank loans and notes	5 223
B. IV. 1.	of which: long-term bank loans	3 994
C.	Other liabilities	159

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	89 901
I+II. 1.	of which: Revenues from finished products and services	442
II. 2.	Changes in inventory	0
II. 3.	Capitalization	0
A+B	Costs of goods sold and consumption from operation	82 534
+	Value added	7 367
C	Personnel Expenses	4 383
E	Amortization of tangibles and depreciation of tangibles	285
IV+V	Reversal of reserves and prepaid expenses	1 643
G+H	Creation of reserves and prepaid expenses	2 885
III+VI+VII	Other operational revenues	17 394
D+F+I+J	Other operational expenses	17 216
*	Net operating result	1 635
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	3
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	0
K+L+M+P+Q+R+S	Financial costs	556
*	Financial net result	-553
**	Net result from normal activities	-84
XVII	Extraordinary revenues	0
T+U	Extraordinary expenses	0
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	-84

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): MOGUL NOCC, a.s. 100 %

Subsidiaries (name and office):

Receivables 180 days overdue: 1 113

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL TRAD OIL, a.s., Ovčárecká čp. 314, Kolín, PSČ 280 26, IČO: 25 65 14 12

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		4 079
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	0
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	0
B. III.	Long-term financial assets	0
C.	Current assets	4 054
C. I.	Inventory	576
C. II.	Long-term receivables	0
C. III.	Short-term receivables	2 965
C. IV.	Financial Assets	513
D.	Other Assets	25

CAPITAL & LIABILITIES		2002
Total capital & liabilities		4 079
A.	Equity	-12 272
A. I.	Basic capital	1 000
	of which: basic capital registered in CR	1 000
A. II.	Capital funds	0
A. III.	Funds from profit	0
A. IV.	Profit and loss of previous years	-2 280
A. V. 1.	Profit and loss of current accounting period	-10 992
B.	Liabilities	15 465
B. I.	Reserves	0
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	15 465
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	886

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	34 362
I+II. 1.	of which: Revenues from finished products and services	230
II. 2.	Changes in inventory	0
II. 3.	Capitalization	0
A+B	Costs of goods sold and consumption from operation	32 098
+	Value added	2 264
C	Personnel Expenses	2 445
E	Amortization of tangibles and depreciation of tangibles	50
IV+V	Reversal of reserves and prepaid expenses	687
G+H	Creation of reserves and prepaid expenses	11 211
III+VI+VII	Other operational revenues	2 590
D+F+I+J	Other operational expenses	2 769
*	Net operating result	-10 934
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	3
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	0
K+L+M+P+Q+R+S	Financial costs	79
*	Financial net result	-77
**	Net result from normal activities	-10 992
XVII	Extraordinary revenues	0
T+U	Extraordinary expenses	0
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	-10 992

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 51,00 %
p. Pavel Tvrdík 49,00 %

Subsidiaries (name and office):

Receivables 180 days overdue: 6 505

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL SERVIS, a.s., Ovčárecká ul., 314, Kolín V., okres Kolín, PSČ 280 26, IČO: 25 63 41 51

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		12 665
A.	Stock Subscriptions Receivable	0
B.	Intangible and tangible assets and investments	267
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	267
B. III.	Long-term financial assets	0
C.	Current assets	12 239
C. I.	Inventory	2 877
C. II.	Long-term receivables	41
C. III.	Short-term receivables	8 116
C. IV.	Financial Assets	1 205
D.	Other Assets	159

CAPITAL & LIABILITIES		2002
Total capital & liabilities		12 665
A.	Equity	5 307
A. I.	Basic capital	5 000
	of which: basic capital registered in CR	5 000
A. II.	Capital funds	0
A. III.	Funds from profit	73
A. IV.	Profit and loss of previous years	47
A. V. 1	Profit and loss of current accounting period	187
B.	Liabilities	6 995
B. I.	Reserves	-39
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	7 034
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	363

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	43 228
I+II. 1.	of which: Revenues from finished products and services	43 111
II. 2.	Changes in inventory	57
II. 3.	Capitalization	59
A+B	Costs of goods sold and consumption from operation	24 155
+	Value added	19 072
C	Personnel Expenses	18 637
E	Amortization of tangibles and depreciation of tangibles	39
IV+V	Reversal of reserves and prepaid expenses	85
G+H	Creation of reserves and prepaid expenses	155
III+VI+VII	Other operational revenues	2 552
D+F+I+J	Other operational expenses	2 172
*	Net operating result	707
XII+XIII	Reversal of reserves and prepaid expenses	0
N+O	Creation of reserves and prepaid expenses	6
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	0
K+L+M+P+Q+R+S	Financial costs	213
*	Financial net result	-204
**	Net result from normal activities	187
XVII	Extraordinary revenues	0
T+U	Extraordinary expenses	0
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	187

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 100,00 %

Subsidiaries (name and office):

Receivables 180 days overdue: 2 008

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL SLOVAKIA s.r.o., U Ihriska č. 300, Hradište pod Vrátnom, Slovenská republika, IČO: 36 22 29 92

Auditor's statement without qualifications

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		70 802
A.	Stock Subscriptions Receivable	
B.	Intangible and tangible assets and investments	17 222
B. I.	Long-term intangible assets	115
B. II.	Long-term tangible assets	17 107
B. III.	Long-term financial assets	0
C.	Current assets	53 341
C. I.	Inventory	5 258
C. II.	Long-term receivables	0
C. III.	Short-term receivables	44 615
C. IV.	Financial Assets	3 467
D.	Other Assets	240

CAPITAL & LIABILITIES		2002
Total capital & liabilities		70 802
A.	Equity	-5 714
A. I.	Basic capital	151
	of which: basic capital registered in CR	151
A. II.	Capital funds	
A. III.	Funds from profit	2
A. IV.	Profit and loss of previous years	-5 348
A. V. 1.	Profit and loss of current accounting period	-519
B.	Liabilities	75 954
B. I.	Reserves	19
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	75 935
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	562

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	93 667
I+II. 1.	of which: Revenues from finished products and services	93 667
II. 2.	Changes in inventory	
II. 3.	Capitalization	
A+B	Costs of goods sold and consumption from operation	89 490
+	Value added	4 177
C	Personnel Expenses	3 367
E	Amortization of tangibles and depreciation of tangibles	1 042
IV+V	Reversal of reserves and prepaid expenses	
G+H	Creation of reserves and prepaid expenses	0
III+VI+VII	Other operational revenues	495
D+F+I+J	Other operational expenses	740
*	Net operating result	-478
XII+XIII	Reversal of reserves and prepaid expenses	
N+O	Creation of reserves and prepaid expenses	
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	
K+L+M+P+Q+R+S	Financial costs	
*	Financial net result	-80
**	Net result from normal activities	-558
XVII	Extraordinary revenues	
T+U	Extraordinary expenses	
*	Net result from extraordinary activities	39
***	Net income/loss for the accounting period	-519

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 100,00 %

Subsidiaries (name and office):

Receivables 180 days overdue: 2 008

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL HUNGARIA, Szugyi út 54, 2660 Balassagyarmat, Magyarország

Estimated results

BALANCE SHEET in ths. CZK

ASSETS	2002
Total Assets	28 104
A. Stock Subscriptions Receivable	
B. Intangible and tangible assets and investments	4 521
B. I. Long-term intangible assets	57
B. II. Long-term tangible assets	4 464
B. III. Long-term financial assets	0
C. Current assets	23 565
C. I. Inventory	12 095
C. II. Long-term receivables	0
C. III. Short-term receivables	9 281
C. IV. Financial Assets	2 189
D. Other Assets	17

CAPITAL & LIABILITIES	2002
Total capital & liabilities	28 104
A. Equity	13 175
A. I. Basic capital	2 671
of which: basic capital registered in CR	2 671
A. II. Capital funds	
A. III. Funds from profit	0
A. IV. Profit and loss of previous years	6 174
A. V. 1. Profit and loss of current accounting period	4 330
B. Liabilities	14 929
B. I. Reserves	0
B. II. Long-term liabilities	0
B. III. Short-term liabilities	14 929
B. IV. Bank loans and notes	0
B. IV. 1. of which: long-term bank loans	0
C. Other liabilities	0

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	67 451
I+II. 1.	of which: Revenues from finished products and services	67 451
II. 2.	Changes in inventory	
II. 3.	Capitalization	
A+B	Costs of goods sold and consumption from operation	60 472
+	Value added	6 979
C	Personnel Expenses	3 096
E	Amortization of tangibles and depreciation of tangibles	97
IV+V	Reversal of reserves and prepaid expenses	
G+H	Creation of reserves and prepaid expenses	0
III+VI+VII	Other operational revenues	280
D+F+I+J	Other operational expenses	125
*	Net operating result	3 941
XII+XIII	Reversal of reserves and prepaid expenses	
N+O	Creation of reserves and prepaid expenses	
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	
K+L+M+P+Q+R+S	Financial costs	
*	Financial net result	394
**	Net result from normal activities	4 334
XVII	Extraordinary revenues	
T+U	Extraordinary expenses	
*	Net result from extraordinary activities	-4
***	Net income/loss for the accounting period	4 330

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 74,50 %
ing. Jozef Vince 24,5 %

Subsidiaries (name and office):

Receivables 180 days overdue:

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL BEOGRAD, Tošin Bunar 162 35, 11 000 Novi Beograd, Jugoslávie

Estimated results

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		11 807
A.	Stock Subscriptions Receivable	
B.	Intangible and tangible assets and investments	465
B. I.	Long-term intangible assets	15
B. II.	Long-term tangible assets	450
B. III.	Long-term financial assets	0
C.	Current assets	11 342
C. I.	Inventory	8 694
C. II.	Long-term receivables	0
C. III.	Short-term receivables	2 437
C. IV.	Financial Assets	210
D.	Other Assets	0

CAPITAL & LIABILITIES		2002
Total capital & liabilities		11 807
A.	Equity	600
A. I.	Basic capital	159
	of which: basic capital registered in CR	159
A. II.	Capital funds	
A. III.	Funds from profit	0
A. IV.	Profit and loss of previous years	183
A. V. 1.	Profit and loss of current accounting period	258
B.	Liabilities	11 207
B. I.	Reserves	0
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	11 207
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	0

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	16 928
I+II. 1.	of which: Revenues from finished products and services	16 928
II. 2.	Changes in inventory	
II. 3.	Capitalization	
A+B	Costs of goods sold and consumption from operation	15 795
+	Value added	1 133
C	Personnel Expenses	749
E	Amortization of tangibles and depreciation of tangibles	126
IV+V	Reversal of reserves and prepaid expenses	
G+H	Creation of reserves and prepaid expenses	0
III+VI+VII	Other operational revenues	0
D+F+I+J	Other operational expenses	0
*	Net operating result	258
XII+XIII	Reversal of reserves and prepaid expenses	
N+O	Creation of reserves and prepaid expenses	
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	
K+L+M+P+Q+R+S	Financial costs	
*	Financial net result	0
**	Net result from normal activities	258
XVII	Extraordinary revenues	
T+U	Extraordinary expenses	
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	258

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 70,00 %
Gledja N 1, s.r.o. 30,00 %

Subsidiaries (name and office):

Receivables 180 days overdue:

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL SLOVENIJA, 3320 Velenje, Preloška cesta 1, Slovinsko

Estimated results

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		5 647
A.	Stock Subscriptions Receivable	
B.	Intangible and tangible assets and investments	1 758
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	1 758
B. III.	Long-term financial assets	0
C.	Current assets	3 889
C. I.	Inventory	1 251
C. II.	Long-term receivables	0
C. III.	Short-term receivables	1 913
C. IV.	Financial Assets	724
D.	Other Assets	0

CAPITAL & LIABILITIES		2002
Total capital & liabilities		5 647
A.	Equity	-194
A. I.	Basic capital	2 736
	of which: basic capital registered in CR	2 736
A. II.	Capital funds	
A. III.	Funds from profit	21
A. IV.	Profit and loss of previous years	-1 549
A. V. 1.	Profit and loss of current accounting period	-1 403
B.	Liabilities	5 841
B. I.	Reserves	0
B. II.	Long-term liabilities	273
B. III.	Short-term liabilities	5 568
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	0

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	7 048
I+II. 1.	of which: Revenues from finished products and services	7 048
II. 2.	Changes in inventory	
II. 3.	Capitalization	
A+B	Costs of goods sold and consumption from operation	6 429
+	Value added	619
C	Personnel Expenses	2 092
E	Amortization of tangibles and depreciation of tangibles	0
IV+V	Reversal of reserves and prepaid expenses	
G+H	Creation of reserves and prepaid expenses	0
III+VI+VII	Other operational revenues	531
D+F+I+J	Other operational expenses	384
*	Net operating result	-1 326
XII+XIII	Reversal of reserves and prepaid expenses	
N+O	Creation of reserves and prepaid expenses	
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	
K+L+M+P+Q+R+S	Financial costs	
*	Financial net result	-77
**	Net result from normal activities	-1 403
XVII	Extraordinary revenues	
T+U	Extraordinary expenses	
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	-1 403

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 100,00 %

Subsidiaries (name and office):

Receivables 180 days overdue:

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL POLSKA, Kępa, ul. Opolska 11, 43 022 Luboszyce, Polsko

Estimated results

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		1 629
A.	Stock Subscriptions Receivable	
B.	Intangible and tangible assets and investments	0
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	0
B. III.	Long-term financial assets	0
C.	Current assets	1 629
C. I.	Inventory	787
C. II.	Long-term receivables	0
C. III.	Short-term receivables	708
C. IV.	Financial Assets	134
D.	Other Assets	0

CAPITAL & LIABILITIES		2002
Total capital & liabilities		1 629
A.	Equity	-2 361
A. I.	Basic capital	394
	of which: basic capital registered in CR	394
A. II.	Capital funds	
A. III.	Funds from profit	0
A. IV.	Profit and loss of previous years	-1 983
A. V. 1.	Profit and loss of current accounting period	-771
B.	Liabilities	3 990
B. I.	Reserves	0
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	3 990
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	0

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	3 164
I+II. 1.	of which: Revenues from finished products and services	3 164
II. 2.	Changes in inventory	
II. 3.	Capitalization	
A+B	Costs of goods sold and consumption from operation	2 975
+	Value added	189
C	Personnel Expenses	669
E	Amortization of tangibles and depreciation of tangibles	47
IV+V	Reversal of reserves and prepaid expenses	
G+H	Creation of reserves and prepaid expenses	0
III+VI+VII	Other operational revenues	0
D+F+I+J	Other operational expenses	16
*	Net operating result	-543
XII+XIII	Reversal of reserves and prepaid expenses	
N+O	Creation of reserves and prepaid expenses	
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	
K+L+M+P+Q+R+S	Financial costs	
*	Financial net result	-228
**	Net result from normal activities	-771
XVII	Extraordinary revenues	
T+U	Extraordinary expenses	
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	-771

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 100,00 %

Subsidiaries (name and office):

Receivables 180 days overdue:

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL OIL MOSKVA, 2ja Tverskaja Jamskaja 31 35, 125 047 Moskva, Rusko

Estimated results

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		4 856
A.	Stock Subscriptions Receivable	
B.	Intangible and tangible assets and investments	6
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	6
B. III.	Long-term financial assets	0
C.	Current assets	4 851
C. I.	Inventory	611
C. II.	Long-term receivables	0
C. III.	Short-term receivables	4 166
C. IV.	Financial Assets	74
D.	Other Assets	0

CAPITAL & LIABILITIES		2002
Total capital & liabilities		4 856
A.	Equity	359
A. I.	Basic capital	8
	of which: basic capital registered in CR	8
A. II.	Capital funds	
A. III.	Funds from profit	0
A. IV.	Profit and loss of previous years	24
A. V. 1.	Profit and loss of current accounting period	328
B.	Liabilities	4 497
B. I.	Reserves	0
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	4 497
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	0

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	7 097
I+II. 1.	of which: Revenues from finished products and services	7 097
II. 2.	Changes in inventory	
II. 3.	Capitalization	
A+B	Costs of goods sold and consumption from operation	6 622
+	Value added	474
C	Personnel Expenses	38
E	Amortization of tangibles and depreciation of tangibles	0
IV+V	Reversal of reserves and prepaid expenses	
G+H	Creation of reserves and prepaid expenses	0
III+VI+VII	Other operational revenues	17
D+F+I+J	Other operational expenses	117
*	Net operating result	336
XII+XIII	Reversal of reserves and prepaid expenses	
N+O	Creation of reserves and prepaid expenses	
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	
K+L+M+P+Q+R+S	Financial costs	
*	Financial net result	0
**	Net result from normal activities	328
XVII	Extraordinary revenues	
T+U	Extraordinary expenses	
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	328

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %):	KORAMO, a.s. Kolín	70,00 %
	Bašev S. V.	15,00 %
	Donskoj V. V.	15,00 %

Subsidiaries (name and office):

Receivables 180 days overdue:

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

Financial Statements of KORAMO, a.s., subsidiaries for the year 2002

MOGUL UKRAJINA, Entuziastov 13 06, 253 154 Kijev, Ukrajina

Estimated results

BALANCE SHEET in ths. CZK

ASSETS		2002
Total Assets		3588
A.	Stock Subscriptions Receivable	
B.	Intangible and tangible assets and investments	142
B. I.	Long-term intangible assets	0
B. II.	Long-term tangible assets	142
B. III.	Long-term financial assets	0
C.	Current assets	3266
C. I.	Inventory	1 868
C. II.	Long-term receivables	0
C. III.	Short-term receivables	1 058
C. IV.	Financial Assets	340
D.	Other Assets	181

CAPITAL & LIABILITIES		2002
Total capital & liabilities		3588
A.	Equity	532
A. I.	Basic capital	521
	of which: basic capital registered in CR	521
A. II.	Capital funds	
A. III.	Funds from profit	11
A. IV.	Profit and loss of previous years	0
A. V. 1.	Profit and loss of current accounting period	0
B.	Liabilities	3056
B. I.	Reserves	0
B. II.	Long-term liabilities	0
B. III.	Short-term liabilities	3 056
B. IV.	Bank loans and notes	0
B. IV. 1.	of which: long-term bank loans	0
C.	Other liabilities	0

Profit and Loss Statement (in ths. CZK)

Type	Description	2002
I+II	Operation and goods sold	6 803
I+II. 1.	of which: Revenues from finished products and services	6 803
II. 2.	Changes in inventory	
II. 3.	Capitalization	
A+B	Costs of goods sold and consumption from operation	6 356
+	Value added	447
C	Personnel Expenses	351
E	Amortization of tangibles and depreciation of tangibles	28
IV+V	Reversal of reserves and prepaid expenses	
G+H	Creation of reserves and prepaid expenses	0
III+VI+VII	Other operational revenues	0
D+F+I+J	Other operational expenses	0
*	Net operating result	68
XII+XIII	Reversal of reserves and prepaid expenses	
N+O	Creation of reserves and prepaid expenses	
VIII+IX+X+XI+XIV+XV+XVI	Financial revenues	
K+L+M+P+Q+R+S	Financial costs	
*	Financial net result	-68
**	Net result from normal activities	0
XVII	Extraordinary revenues	
T+U	Extraordinary expenses	
*	Net result from extraordinary activities	0
***	Net income/loss for the accounting period	0

Placement of Annual Report: Company headquarters

Persons w/ more than 20% share in BC (+ deposit in %): KORAMO, a.s. Kolín 100,00 %

Subsidiaries (name and office):

Receivables 180 days overdue:

Payables 180 days overdue:

Tangibles (net book value) pledged as security or encumbered by lien

PARAMO, a.s., BALANCE SHEET – LONG FORM FOR THE YEAR 2002

PARAMO TRYSK, a.s., Přerovská 560, Pardubice, PSČ 530 06, IČO: 64 25 97 90

Standalone Financial Statement in ths. CZK as of 31. 12. 2002

Type	ASSETS	Line no.	Current year (2002)			Prior year	Year 2000
			Gross	Provisions	Net		
a	b	c	1	2	3	4	5
	TOTAL ASSETS	1	538 777	133 424	405 353	422 225	482 796
A.	Stock Subscriptions Receivable	2	0		0		0
B.	Intangible and tangible assets and investments	3	456 470	117 196	339 274	364 687	393 652
B. I.	Long-term intangible assets	4	355	347	8	100	192
B. I. 1.	Expenses of foundation and organization	5	0	0	0	0	0
2.	Research and development intangibles	6	0	0	0	0	0
3.	Software	7	355	347	8	100	192
4.	Patents, rights, and royalties	8	0	0	0	0	0
5.	Other long-term intangible assets	9	0	0	0	0	0
6.	Intangibles in progress	10	0	0	0	0	0
7.	Advances for intangibles	11	0	0	0	0	0
B.II.	Long-term tangible assets	12	456 115	116 849	339 266	364 587	393 460
B. II. 1.	Property	13	20 647		20 647	20 647	22 647
2.	Buildings and constructions	14	284 022	33 384	250 638	258 608	266 169
3.	Separate movable items and groups of mov. it.	15	150 631	83 465	67 166	84 517	102 400
4.	Permanent growth	16	0	0	0	0	0
5.	Livestock	17	0	0	0	0	0
6.	Other long-term tangible assets	18	0	0	0	0	0
7.	Tangibles in progress	19	815		815	815	2 066
8.	Advances for tangibles	20	0	0	0	0	178
9.	Adjustments to acquired property	21			0		
B.III.	Long-term financial assets	22	0	0	0	0	0
B. III. 1.	Majority shareholding interests and participating interest – majority sharehol	23			0		
2.	Majority shareholding interests and participating interest – substantial share	24			0		
3.	Other securities and deposits	25	0	0	0	0	0
4.	Intergroup loans	26	0	0	0	0	0
5.	Other financial assets	27	0	0	0	0	0
6.	Financial assets in progress	28	0	0	0	0	0
7.	Advances for long-term financial assets	29	0	0	0	0	0
C.	Current assets	30	73 927	16 228	57 699	48 851	69 647
C.I.	Inventory	31	15 407	0	15 407	12 332	14 715
C. I. 1.	Materials	32	0	0	0	0	0
2.	Work in progress and semi-finished production	33	0	0	0	0	0
3.	Products	34	0	0	0	0	0
4.	Livestock	35	0	0	0	0	0
5.	Goods	36	15 407	0	15 407	12 332	14 715
6.	Advances granted	37	0	0	0	0	0
C.II.	Long-term receivables	38	0	0	0	0	0
C. II. 1.	Trade receivables	39	0	0	0	0	0
2.	Receivables from partners and associates	40	0	0	0	0	0
3.	Majority shareholding interests and participating interest – majority sharehol	41	0	0	0	0	0
4.	Majority shareholding interests and participating interest – substantial share	42	0	0	0	0	0
5.	Other receivables	43	0	0	0	0	0
C.III.	Short-term receivables	44	50 365	16 228	34 137	27 181	47 052
C. III. 1.	Trade receivables	45	47 146	16 228	30 918	27 181	47 052
2.	Receivables from partners and associates	46	0	0	0	0	0
3.	Social security receivables	47	0	0	0	0	0
4.	Receivables from taxes and subsidies	48	3 219	0	3 219	0	0
5.	Deferred tax assets	49	0	0	0	0	0
6.	Majority shareholding interests and participating interest – majority sharehol	50	0	0	0	0	0
7.	Majority shareholding interests and participating interest – substantial share	51	0	0	0	0	0
8.	Other receivables	52	0	0	0	0	0
C.IV.	Financial Assets	53	8 155	0	8 155	9 338	7 880
C. IV. 1.	Cash	54	30	0	30	18	27
2.	Bank accounts	55	8 125	0	8 125	9 320	7 853
3.	Short-term financial assets	56	0	0	0	0	0
4.	Short-term financial assets in progress	57	0	0	0	0	0
D.	Other assets	58	8 380	0	8 380	8 687	19 497
D.I.	Temporary account assets	59	8 380	0	8 380	6 724	19 475
D. I. 1.	Prepaid expenses	60	2 162	0	2 162	2 983	3 658
2.	Unbilled revenues	61	6 218	0	6 218	3 741	5 510
D.II.	Contingencies - gain	62	0	0	0	1 963	10 307

PARAMO, a.s., BALANCE SHEET – LONG FORM FOR THE YEAR 2002

PARAMO TRYSK, a.s., Přerovská 560, Pardubice, PSČ 530 06, IČO: 64 25 97 90

Standalone Financial Statement in ths. CZK as of 31. 12. 2002

Type	CAPITAL & LIABILITIES	Line no.	Current year	Prior year	Year 2000
a	b	c	5	6	7
	TOTAL CAPITAL & LIABILITIES	63	405 353	422 225	482 796
A.	Equity	64	137 700	141 811	107 934
A.I.	Basic capital	65	133 500	133 500	133 500
A.I. 1.	Basic capital	66	133 500	133 500	133 500
2.	Own and business shares	67	0	0	0
3.	Changes in basic capital	68	0	0	0
A.II.	Capital funds	69	0	0	0
A.II. 1.	Share premium [agio]	70	0	0	0
2.	Other capital funds	71	0	0	0
3.	Revaluation of assets	72	0	0	0
4.	Revaluation from transformations	73	0	0	0
A.III.	Funds from profit	74	2 550	1 030	1 030
A.III. 1.	Legal reserve fund	75	2 550	1 030	1 030
2.	Indivisible fund	76	0	0	0
3.	Statutory and other funds	77	0	0	0
A.IV.	Profit and loss of previous years	78	-1 828	-26 596	6 768
A.IV. 1.	Retained earnings from previous years	79	5 761	0	6 768
2.	Accumulated losses from previous years	80	-7 589	-26 596	0
A.V.	Profit and loss of current accounting period (+/-)	81	3 478	33 877	-33 364
B.	Liabilities	82	267 576	278 900	374 650
B.I.	Reserves	83	18 417	5 921	14 307
B.I. 1.	Legal reserves	84	7 916	3 958	0
2.	Reserves for income tax	85	0	0	0
3.	Other reserves	86	0	1 963	4 000
4.	Deferred tax due (debt)	87	10 501	0	0
B.II.	Long-term liabilities	88	0	0	0
B.II. 1.	Payables to related companies – majority shareholdings	89	0	0	0
2.	Payables to related companies – substantial shareholdings	90	0	0	0
3.	Long-term deposits received	91	0	0	0
4.	Bonds payables	92	0	0	0
5.	Long-term notes payables	93	0	0	0
6.	Other long-term liabilities	94	0	0	0
B.III.	Short-term liabilities	95	111 500	112 088	138 574
B.III. 1.	Trade payables	96	110 900	111 301	136 295
2.	Payables to partners and associations	97	0	0	0
3.	Payables to employees	98	193	222	222
4.	Social security payables	99	99	99	102
5.	State – tax payables	100	308	466	1 955
6.	Payables to related companies – majority shareholdings	101	0	0	0
7.	Payables to related companies – substantial shareholdings	102	0	0	0
8.	Other payables	103	0	0	0
B.IV.	Bank loans and notes	104	137 659	160 891	221 769
B.IV. 1.	Long-term bank loans	105	82 415	160 891	221 769
2.	Regular bank loans	109	55 244	0	0
3.	Short-term notes	110	0	0	0
C.	Other liabilities – temp. accounts of liabilities	111	77	1 514	212
C.I.	Accruals	112	20	48	127
C.I. 1.	Deferred costs	113	16	44	56
2.	Deferred income	114	4	4	4
C.II.	Contingencies - loss	116	57	1 466	85

PARAMO, a.s., BALANCE SHEET – LONG FORM FOR THE YEAR 2002

PARAMO TRYSK, a.s., Přerovská 560, Pardubice, PSČ 530 06, IČO: 64 25 97 90

Profit and Loss Statement (in ths. CZK as of 31. 12. 2002)

Type	TEXT	Číslo řádku	Accounting period current (2002)	Accounting period prior (2001)	Year 2000
I.	Revenues from goods sold	01	863 842	976 536	997 593
A.	Costs of goods sold	02	787 548	872 584	908 862
+	Gross margin	03	76 294	103 952	88 731
II.	Operation	04	6 470	6 788	6 642
II. 1.	Revenues from finished products and services	05	6 470	6 788	6 642
2.	Changes in inventory	06	0	0	0
3.	Capitalization	07	0	0	0
B.	Consumption from operation	08	14 838	17 844	13 399
B. 1.	Consumption of material and energy	09	1 687	1 796	2 976
2.	Services (acc. group 51)	10	13 151	16 048	10 423
+	Value added	11	67 926	92 896	81 974
C.	Personnel Expenses	12	5 562	5 121	4 409
C. 1.	Wages	13	3 559	3 246	3 203
2.	Bonuses to members of executive bodies of companies and co-ops)	14	692	752	86
3.	Social security expenses	15	1 244	1 123	1 120
4.	Social costs	16	67	0	0
D.	Taxes and fees	17	383	163	125
E.	Amortization of tangibles and depreciation of tangibles	18	25 438	25 699	24 198
III.	Revenues from intangible and tangible assets and materials sold	19	561	5 991	0
F.	Net book value of intangibles, tangibles and materials sold	20	666	5 991	0
IV.	Reversal of reserves and prepaid expenses	21	0	4 000	5 500
G.	Creation of reserves and prepaid expenses	22	3 958	3 958	14 307
V.	Reversal of provisions	23	5 303	6 547	393
H.	Creation of provisions	24	2 522	12 057	10 535
VI.	Other operational revenues	25	1 708	95	6
I.	Other operational expenses	26	22 056	22 032	18 380
VII.	Transfer of operational revenues	27	0	0	0
J.	Transfer of operational expenses	28	0	0	0
*	Net operating result	29	14 913	34 508	15 919
VIII.	Revenues from sales of securities and deposits	30	0	7 000	0
K.	Sold securities and deposits	31	0	32 620	0
IX.	Revenues from long-term financial investments	32	0	0	0
IX. 1.	Revenues from intergroup securities and deposits	33	0	0	0
2.	Other revenues from long-term securities and deposits	34	0	0	0
3.	Other revenues from long-term financial investments	35	0	0	0
X.	Revenues from short-term financial assets	36	0	0	0
L.	Financial assets expenses	37	0	0	0
XI.	Revenues from re-pricing of securities and deposits	38	0	0	0
M.	Expenses from re-pricing of securities and deposits	39	0	0	0
XII.	Reversal of financial reserves	40	1 963	10 308	0
N.	Creation of financial reserves	41	0	1 963	0
XIII.	Reversal of provisions	42	0	32 620	0
O.	Creation of provisions	43	0	0	32 620
XIV.	Interests revenues	44	15	53	110
P.	Interests costs	45	6 817	12 679	14 654
XV.	Other financial revenues	46	1 873	91	5
Q.	Other financial costs	47	2 686	801	2 284
XVI.	Transfer of financial revenues	48	0	0	0
R.	Transfer of financial costs	49	0	0	0
*	Financial net result	50	-5 652	2 009	-49 443
S.	Income tax from normal activities	51	1 949	3 225	0
S. 1.	- due	52	-964	3 225	0
2.	- deferred	53	2 913	0	0
**	Net result from normal activities	54	7 312	33 292	-33 524
XVII.	Extraordinary revenues	55	0	1 774	695
T.	Extraordinary expenses	56	3 834	1 189	535
U.	Income tax from extraordinary activities	57	0	0	0
U. 1.	- due	58	0	0	0
2.	- deferred	59	0	0	0
*	Net result from extraordinary activities	60	-3 834	585	160
W.	Income distribution to partners (+/-)	61	0	0	0
***	Net income/loss for the accounting period (+/-)	62	3 478	33 877	-33 364
	Result of operation before tax (+/-)	63	5 427	37 102	-33 364

PARAMO, a.s., BALANCE SHEET – LONG FORM FOR THE YEAR 2002

PARAMO TRYSK, a.s., Přerovská 560, Pardubice, PSČ 530 06, IČO: 64 25 97 90

Cash Flow Statement (in ths. CZK as of 31. 12. 2002)

Text	Current acc. period Net	Prior acc. period Net	Year 2000 Net
P. Cash and cash equivalent at the beginning of the accounting period	9 338	7 879	1 193
CASH FLOW FROM MAIN OPERATIONAL ACTIVITIES			
Z. Profit/loss from normal activities before tax	9 261	36 516	-33 525
A.1 Modification of non-cash transactions	31 558	40 585	75 064
A.1.1 Depreciation of fixed assets with the exception of net book value of fixed assets sold, depreciation of receivables, and amortization of adjustment to acquired assets	25 438	25 724	24 198
A.1.2 Change in adjustments, reserves	- 787	-23 385	36 322
A.1.3 Profit (loss) from sale of fixed assets	105	25 620	0
A.1.4 Dividends and profit revenues	0	0	0
A.1.5 Accounted cost interests	6 802	12 626	14 545
A.1.6 Modifications by non-cash transactions			
A * Net cash flow from operational activities before taxes and before changes in working capital and extraordinary items	40 819	77 102	41 540
A.2 Change in working capital	- 9273	-8 293	25 512
A.2.1 Change in receivables from operational activities of temporary accounts of liabilities and contingencies - loss	- 4 173	14 336	-18 753
A.2.2 Change in short-term payables from operational activities of temporary account assets and contingencies - gain	- 2 025	-25 012	46 143
A.2.3 Change in inventories balance	- 3 075	2 383	-1 878
A.2.4 Change in short-term financial assets not included in pension assets	0	0	0
A ** Net cash flow from operational activities before taxes and extraordinary items	31 546	68 809	67 051
A.3 Interest expense paid with the exception of capitalized interest	- 6 817	-12 679	-14 655
A.4 Interest income received	15	53	109
A.5 Paid income tax from normal activities and tax arrears of previous periods	1 270	-4 699	9
A.6 Income and costs related to extraordinary accounting items	- 3 834	585	160
A.7 Dividends and profit shares received	0	0	0
A *** Net cash flow from operational activities	22 180	52 069	52 676
CASH FLOW FROM INVESTMENT ACTIVITIES			
B.1 Expenses related to acquisitions of fixed assets	- 692	-2 725	-44 562
B.2 Income from sale of fixed assets	561	12 991	0
B.3 Loans and credits to related entities	0	0	0
B *** Net cash flow from investment activities	- 131	10 266	-44 562
CASH FLOW FROM FINANCIAL ACTIVITIES			
C.1 Change in long-term or short-term debts	- 23 232	-60 878	-6 427
C.2 Changes in equity and other cash contributions	0	0	5 000
C.2.1 Increase of cash and cash equivalents by reason of increase in basic capital or reserve fund to this increase	0	0	0
C.2.2 Refund of equity to shareholders	0	0	0
C.2.3 Cash gifts and donations to equity and other cash deposits of partners and shareholders	0	0	0
C.2.4 Settling of loss by shareholders	0	0	0
C.2.5 Direct payments debited to funds			0
C.2.6 Paid out dividends and profit shares	0	0	0
C.3 Dividends and profit shares received	0	0	0
C *** Net cash flow from financial activities	- 23 232	-60 878	-1 427
F. Net increase/decrease in cash flow	- 1 183	- 1 458	6 686
R. Cash and cash equivalents at the end of the accounting period	8 155	9 337	7 879

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

1. DESCRIPTION OF THE SUBJECT

1.1. Establishment and the character of the parent company

PARAMO, a.s. ("the Company") is a Czech legal entity, a joint-stock company, it was incorporated on January 1. 1994 by registration in the Commercial Register at the Regional courthouse in Hradec Králové, section B, folder 992. Based on the date from the Commercial Register its primary business activity is processing of crude oil into refinery and asphalt products. During the year 2000 70,87% of its shares, owned up until then by the National Property fund, were sold to Unipetrol, a.s. Kralupy nad Vltavou.

1.2. Registered office:

PARAMO, a.s.
Přerovská 560
530 06 PARDUBICE

1.3. Company owners above 10 %

Physical and legal entities, who hold shares of the Company's basic capital shown in the following table:

Shareholder	% share in BC
Unipetrol, a.s. Kralupy nad Vltavou	73,52 %
SPGroup	13,87 %
Investment funds and other small shareholders	12,61 %
Total	100 %

1.4. Changes and amendments in the Commercial Register

On April 17. 2001 a regular General meeting took place, which relieved 6 members and elected 4 new members of the Supervisory Board.

1.5. Members of the Board of Directors and the Supervisory Board as of December 31, 2001

Board of Directors	Post	Name
	Chairman	Ing. Pavel Švarc, CSc
	Vice chairman	Ing. Martin Borovička
	Vice chairman	Ing. Václav Příbyl
	Member of the Board	Ing. Jiří Perk
	Member of the Board	Ing. Radomír Věk
Supervisory Board	Post	Name
	Member of the Board	Ing. Josef Žák
		JUDr. Magdalena Frischová
		Ing. Jindřich Bartoniček
		Ladislav Urbánek
		Doc. JUDr. Eduard Němeček
		Ing. Jiří Stříteský

The consolidation is composed of the Company and the sister companies of the group which were included in the consolidation whole in respect to their share on the equity and the turnover within the consolidation as a whole.

1.6. Structure of the group

The companies were included in the consolidation whole in 2001:

Trade name:	PARAMO, a.s.	Paramo Trysk a.s.
Registered office:	Pardubice	Pardubice
Area of enterprise:	Crude oil processing	Operation of petrol stations
Basic capital share	n/a	100%
Total Assets:	3 544 508	422 225
Equity:	1 529 953	141 811
Basic capital:	1 330 078	133 500
Capital funds:	2 053	-
Funds created from profit:	248 889	1 030
Retained profit (loss) of previous years	-320 005	29 821
Current year profit	268 938	37 102
Share purchase price		133 600
Share nominal price		133 500
Share internal price		141 811
Dividends and profit shares received during the year		-

Other subsidiaries and affiliated companies (see paragraph 4c) were excluded from the consolidation whole with respect to their insignificant share of the net turnover and their equity of the consolidation whole.

The financial statements of PARAMO, a.s. as of 31. 12. 2001 were verified by PRIMASKA AUDIT, a.s., license no. 209, without qualification. The financial statements of Paramo Trysk a.s. were verified by SYSTEMA AUDIT, a.s., license no. 237, without qualification. The main subject of the consolidation group is PARAMO, a.s., being also the parent company of consolidation group.

The term "group" in the following text is used in reference to the consolidation group as a whole.

1.7. The fusion of PARAMO, a.s. and PARAMET, a.s.

The main event influencing the financial statement of the parent company as of 31. 12. 2001 was the fusion of PARAMET, a.s. (closing down company), with PARAMO, a.s. (successor). The successor holds 100 % of the closing down company's shares.

The main event influencing the financial statement of the parent company as of 31. 12. 2001 was the fusion of PARAMET, a.s. (closing down company), with PARAMO, a.s. (successor).

The successor takes over all assets of the dissolved company, including its rights and responsibilities that relate to the work and legal relationships.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

1.8. Accounting implications of the merger

The day of the merger is January 1. 2001. Starting this day, all negotiations of the dissolved company are viewed, from the accounting point of view, as those of the successor company's.

As part of putting together the consolidated balance sheet, mutual relationships were terminated, i.e. long term financial assets, receivables, and payables between the two companies. The capital of the dissolved company, together with the differences in the valuation of assets and payables in the accounting of both companies, create a new "Other capital fund" (account 413) of the successor company in the sum of 1.999 thousand CZK.

The dissolving company keeps in evidence, in the final financial statement of 31. 12. 2000 the following constituent part of liabilities, which is not an obligation:

Description	Line of balance sheet	Sum in CZK
Other reserves	083	1 535 010,00

This part of liabilities was taken over by the successor company in the same structure and amount and was accounted into an identical account within the successor company's accounting. The takeover and its accounting is documented in the introductory balance sheet done by the day of the merger.

The dissolving company keeps in evidence, in the final financial statement of 31. 12. 2000 the following constituent part of assets:

Description	Line of balance sheet	Sum in CZK
Adjustments to acquired property	021	1 348 313,77
Adjustments of the adjustments to acquired assets	021	- 179 775,16

This part of assets was taken over by the successor company in the same structure and amount and was accounted into an identical account within the successor company's accounting. The takeover and its accounting is documented in the introductory balance sheet done by the day of the merger (see Footnotes no. 1).

2. BASIS FOR THE FINANCIAL STATEMENTS

The financial statement was prepared in accordance with the Law on Accounting and appropriate accounting procedures for entrepreneurs as applicable for the year 2001.

The consolidated financial statements were performed in accordance with the consolidation procedures by one-stage consolidation system. Its goal is to represent the real state of the assets, liabilities, and equity and to show the results of management of the consolidation group. The purpose is to inform the shareholders and the creditors.

The method of full consolidation at companies with majority shareholdings and participating interests (shares > 50% účast, i.e. in subsidiaries) was used to perform the consolidated financial statements.

Both financial statements entering the consolidation were performed by December 31, 2001.

Both companies use identical valuation methods set by consolidated rules of the PARAMO group. With regard to the relatively insignificant consolidation corrections impact on consolidated financial statements, the detailed consolidation principles are not given in the footnotes. The full wording of these principles is available at the registered office of the parent company.

3. METHODS OF VALUATION

3.a) Long-term intangible fixed assets

Intangible fixed assets are valued at their acquisition costs and other related costs.

Small intangible items [up to 60 ths. CZK] are shown in the balance sheet at their acquisition costs and are depreciated into the costs.

Intangible fixed assets are depreciated into the costs over their estimated useful life that may not exceed five years.

3.b) Long-term tangible fixed assets

Long-term tangible fixed assets are recorded at their acquisition cost which includes purchase price, transport costs, customs, and duty, and other related costs.

Internally acquired long-term tangible fixed assets are recorded at their own cost which includes direct material and labour costs and production overheads.

Interests and other financial expenses incurred during the construction of tangible fixed assets are also capitalized.

The costs of technical improvements of fixed assets increase its acquisition costs. Repair and maintenance costs are accounted for in the costs.

Small tangible items [up to 20 ths. CZK] are accounted to the costs and carried in a subsidiary ledger.

Small tangible items [from 20 ths. to 40 ths. CZK] are accounted to the costs and carried in the accompanying balance sheet as fully depreciated.

Depreciation is calculated on the basis of acquisition costs and the estimated useful life of the related assets. For the purpose of accounting the depreciation it was decided that depreciation begins the following month after the asset was put in use..

Category	no. of years
Buildings and constructions	25 - 77
Machinery, equipment	4 - 30
Vehicles	4 - 17
Furniture and fixtures	8 - 17
Other TFA	4 - 8

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

3.c) Long-term financial assets

Publicly traded securities [except for the shares of companies included in the group or subsidiaries] are valued at purchase price or at market value if the market value is lower.

Holdings in group and associated companies are not included in the consolidation are recorded at their purchase price.

In case the accounted balance of deposits at these companies decreases [for ex. because of negative equity] the difference is taken as temporary value decrease and is accounted as adjustment.

Securities, which are not publicly traded, are recorded at purchase price. The value of these securities is temporarily reduced by accounted adjustment. The adjustment arises from the difference between the purchase price of the interest and the value of the company's interest in shareholder's equity.

3.d) Inventory

Purchased inventory is valued at acquisition cost using weighted average cost. Costs of purchased inventories include other related costs, [e.g. transport costs, customs, etc].

Products and work in progress are valued at planned standard costs. Costs of inventories produced internally include direct material and salary costs and production overheads. The correction of the valuation was performed as of the date of the financial statement according to the current price of crude oil

3.e) Receivables

Receivables are accounted at their nominal value. The doubtful receivables are reduced by the adjustments accounted into the costs, to its current value.

When determining the adjustments for the sister companies receivables, which are not included in the consolidated whole, we estimated the ability of the company to settle its debts on the basis of preliminary results as of 31. 12. 2001.

The adjustments for other companies were counted on basis of time structure of the debts as follows:

Type of Receivables	Adjustment
Before time due	0 %
90 to 180 days overdue	25 %
181 to 360 days overdue	50 %
More than 360 days overdue	100 %
In bankruptcy	100 %

3.f) Equity

The basic capital of the parent company is shown at the amount recorded in the Commercial Register maintained by the Regional Court.

In accordance with the Commercial Code, the parent company has created a reserve fund from profit or from amounts contributed by partners above their contributions.

Within the first year the profit is generated, a joint-stock company must allocate 20 % of profit after tax [however, not more than 10 % of basic capital] to the reserve fund. In the subsequent years, the reserve fund must be allocated 5 % of profit after tax until the value of 20 % of basic capital is achieved. These funds must be used exclusively for loss compensation.

Based on the Regulations, the company may also create other funds.

3.g) Credits received

Short and long-term credits are recorded at nominal value. That portion of long-term credit, which is due within one year of the financial report, is regarded as a short-term credit.

3.h) Financial leases

The group accounts for the leased assets by including the lease payments into the costs and activates the relevant amount of the leased assets at the time of expiration of the lease contract and uses the possibility of purchase. The payments paid before it's due are time-differentiated.

3.i) Foreign currency transactions

Assets acquired in foreign currencies were converted into Czech crowns according to the exchange rate valid at the time of acquisition of the assets.

Financial assets, receivables and payables denominated in foreign currencies are converted into Czech crowns at the current exchange rate and are adjusted according to the exchange rates of December 31. as published by the Czech National Bank.

Realised exchange rate gains and losses and a reserve for un realized exchange rate losses are accounted to income or costs [respectively] for the year. Unrealized exchange rate gains and losses are not accounted to the income or costs, respectively, until collection or payment of the related foreign currency item occurs and is reflected in other liabilities or assets, respectively. Unrealized exchange rate losses are reflected as assets and are offset by a reserve at the level of this loss to the debit of costs.

3.j) Accounting of revenues and expenses

Revenues and expenses are accounted on an accrual basis, i.e. to the related period.

In accordance with the accounting principle of prudence, the company accounts a creation of reserves and adjustments to the debit of costs to cover all risks, losses, and damages which are known as per date of the financial statement.

3.k) Income tax

The due income tax is calculated at the statutory tax rate on the basis of book income before taxes, increased or decreased by the appropriate permanent or temporary tax non-deductible costs and untaxed revenues [e.g. creation and accounting of reserves and adjustments, entertainment expenses, differences between book and tax depreciation, etc.].

Deferred income tax is based on previous differences:

1. accumulated depreciation of tangible and intangible assets,
2. adjustments for reserves,
3. adjustments for liabilities (except for companies in the group),
4. reserves for exchange rate differences,
5. other reserves
6. tax loss from previous years,
7. consolidation adjustments.

This base is multiplied by income tax with the rate valid in 2002 (31 %). PARAMO TRYSK, a.s., did not account the deferred tax.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

3.l) Active consolidation difference

The active consolidation difference is the positive difference at the first incorporating of the company to the consolidation group. The difference corresponds with the difference between the purchase price of the securities and contributions of the subsidiaries or affiliated companies and their evaluation according to the parent company's shareholdings on the actual equity [without the profit/loss statement of the current year] of the subsidiaries or affiliated companies. The calculation was performed at the initial of integration of the subsidiary to the consolidation group in 1997. The active consolidation difference is being depreciated at the value of 20 % per year.

4. FIXED ASSETS

4.a) Long-term intangible fixed assets (in ths. CZK)

	Acquisition costs	Software	Patents, rights, royalties	Others	Intangibles in progress and deposits	Total
Acquisition costs:						
Balance as of 1/1/01	0	11 299	100	6 810	3 105	21 314
Merger of PARAMET on 1/1/01	27	0	0	0	0	27
Increase	0	153	0	200	353	706
Decrease	0	0	0	0	-3 458	-3 458
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/01	27	11 452	100	7 010	0	18 589
Adjustments and depreciations:						
Balance as of 1/1/01	0	8 882	100	4 066	3 105	16 153
Merger of PARAMET on 1/1/01	11	0	0	0	0	11
Depreciation expenses	5	1 482	0	1 092	0	2 579
Depreciations to decreases	0	0	0	0	0	0
Adjustments	0	0	0	0	-3 105	-3 105
Decrease	0	0	0	0	0	0
Balance as of 31/12/01	16	10 364	100	5 158	0	15 638
Final value as of 1/1/01	16	2 417	0	2 744	0	5 177
Final value as of 31/12/01	11	1 088	0	1 852	0	2 951

Total depreciation expenses of tangible fixed assets amounted to 2 578 ths. CZK in 2001. The group has created adjustments to intangibles in progress "Fuel Production" in the amount of 3 105 ths. CZK because of possible closure and non-realization of this investment.

Patents, rights, and royalties are depreciated over their useful lives as specified in the relevant contract.

4.b) Long-term tangible fixed assets (in ths. CZK)

	Property	Buildings and constructions	Machinery, equipment	Vehicles	Furniture and fixtures
Acquisition costs:					
Balance as of 1/1/01	396 865	1 078 887	2 184 586	77 422	11 675
Merger of PARAMET on 1/1/01	0	0	0	473	0
Increase	0	17 634	3 448	3 505	0
Decrease	-2 522	-13 682	-98 859	-2 905	-36
Sum carried over	0	0	0	0	0
Balance as of 31/12/01	394 343	1 082 839	2 089 175	78 495	11 639
Adjustments and depreciations:					
Balance as of 1/1/01	0	263 666	1 084 090	47 021	4 226
Merger of PARAMET on 1/1/01	0	0	0	97	0
Depreciations increase	0	40 614	166 043	7 941	1 300
Depreciations to decreases	0	-13 682	-98 859	-2 904	-36
Adjustments and value decreases	6 778	0	0	0	0
Balance as of 31/12/01	6 778	290 598	1 151 274	52 155	5 490
Final value as of 1/1/01	396 865	815 221	1 100 496	30 777	7 449
Final value as of 31/12/01	387 565	792 241	937 901	26 340	6 149

	Other LT tangible assets	LTA in progress	Advances given for LTA	Adjustments to acquired assets	Total
Acquisition costs:					
Balance as of 1/1/01	1 686	73 582	0	0	3 824 703
Merger of PARAMET on 1/1/01	0	0	0	1 348	1 821
Increase	1 149	32 618	1 944	0	60 298
Decrease	0	-88 869	-1 944	0	-208 817
Sum carried over	0	0	0	0	0
Balance as of 31/12/01	2 835	17 331	0	1 348	3 678 005
Adjustments and depreciations:					
Balance as of 1/1/01	1 540	61 916	0	0	1 462 459
Merger of PARAMET on 1/1/01	0	0	0	180	277
Depreciations increase	1 134	0	0	90*	217 122
Depreciations to decreases	0	0	0	0	-115 481
Adjustments and value decreases	0	-52 594	0	0	-45 816
Balance as of 31/12/01	2 674	9 322	0	270	1 518 561
Final value as of 1/1/01	146	11 666	0	1 168	2 363 788
Final value as of 31/12/01	161	8 009	0	1 078	2 159 444

* note: depreciation of adjustments for acquired assets are accounted in the account 557.

Total value of small tangible fixed assets not reflected in the accompanying balance sheet was 30 819 thousands of CZK at the acquisition costs as of December 31., 2001

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

Depreciation of tangible fixed assets of 199 012 ths. CZK was accounted into costs in 2001. The most important title for the increases of fixed assets was acquisition by purchase and the most important title for decreases was elimination and amortization.

The group has created a legal reserve (see paragraph 11) for repairs of tangible fixed assets. This reserve is based on annual estimates of the cost of the next overhaul or repair and on the time elapsed since the last overhaul or repair. Creation of the repairs reserve during 2001 was 20 193 ths. CZK and is accounted in the costs.

The group has created adjustments to investments in progress "Fuel production" in the amount of 59 560 ths. CZK out of possible termination and non-realization of this investment.

As of December 2000, assets [buildings, equipment, land] with an acquisition cost of 1 771 360 ths. CZK and a total net book value of 979 212 ths. CZK was pledged to Komerční banka, a.s. and ČSOB. (see paragraph 13) to secure a loan. The lien for the building according to the market value for revolving credit at the Komerční banka is 461 million CZK, for the investment credits at the KB is 517 million CZK and for revolving credits at ČSOB according to the market value is 90 million CZK. The lien is imposed on all real estate and land owned by PARAMO TRYSK, a.s., to cover the credits at the Komerční banka, a.s. and Raiffeisenbank a.s.

4.c) Long-term financial assets (in ths. CZK)

Long-term financial investments as of 31. 12. 2001 was composed of the following items:

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share / interest in CZK
<u>Sister companies with majority interest</u>						
PARAMET, a.s.	0	0	0	0	0	0
PARAMO OMA a.s.	0	0	0	0	0	0
PARAMO-BIONA s.r.o.	2 550	-2 550	0	51		2 550
PARAMO-KARIMPEX, a.s.	561	-561	0	51	51	10 000
PARAMOBIT spol.s r.o.	0	0	0	0		
PARAMO Slovakia a.s.	0	0	0	0	0	0
PARAMO NOVA, a.s.	0	0	0	0	0	0
PARAMOPLAST, a.s.	0	0	0	0	0	0
PARAMO-Bitumen s.r.o.	0	0	0	0	0	0
Total	3 111	-3 111	0			

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
<u>Companies with substantial interest</u>						
PARAMO Polska	0	0	0	0		
DŮM KULTURY PARAMO	0	0	0	0		
Total	0	0	0			

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
<u>Other financial investments</u>						
BENZINA, a.s.	88 576	-70 053	18 523		88 577	200
WIENERBERGER, a.s.	200	0	200		22 420	10
Provem a.s. HB	170	0	170		17	10 000
Chemapol Group	3 300	-3 300	0		4 400	1 000
Koramo, a.s.	1 464	0	1 464		18 811	1 000
ČSOB Praha	300	0	300		300	1 000
Technoexport	100	0	100		1	100 000
Total	94 110	-73 353	20 757			
Total financial investments	97 221	-76 464	20 757			
Long-term loans	1 882	-1 399	483			
Total	99 103	-77 863	21 240			

The decrease of share securities and deposits in companies with majority interests compiles the sales of PARAMO OMA, a.s., PARAMOBIT, PARAMO-Bitumen s.r.o., PARAMOPLAST, a.s., PARAMO Slovakia, a.s., and PARAMO NOVA, a.s. On January 1. 2001 the company merged with PARAMET, a.s.

The decrease of other share securities and deposits in companies with majority interests consists of the sale of shares of PARAMO Polska and DŮM KULTURY. The adjustment for the other securities represents a temporal decrease of the value of an investment in Benzina, a.s. It was set in view of the share value in equity of the company and its estimated market value.

Furthermore the adjustment represents decrease of investment value of Chemapol Group by the reason of declaration of bankruptcy.

The adjustments pertaining to loans reflect namely the risks of bad credit given to the former subsidiary PARAMO Slovakia, s.r.o.

The decrease of long-term loans consists of capitalization of these receivables into the financial investments of PARAMO-Bitumen and PARAMOBIT.

Long-term financial investments as of 31. 12. 2001 was composed of the following items:

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
<u>Sister companies with majority interest</u>						
PARAMET, a.s.	551	-551	0	100	100	10 000
PARAMO OMA a.s.	98	0	98	70	70	13 000
PARAMO-BIONA s.r.o.	2 550	-1 200	1 350	51		2 550
PARAMO-KARIMPEX	561	-561	0	51	51	10 000
PARAMOBIT spol.s r.o.	20 600	-20 600	0	88		17 600
PARAMO Slovakia a.s.	558	0	558	70	700	1 000 SKK
PARAMO NOVA, a.s.	32 620	-32 620	0	51		
PARAMOPLAST, a.s.	520	0	520	52	52	10 000
PARAMO-Bitumen s.r.o.	52	-52	0	52		52
Total	58 110	-55 584	2 526			

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
Companies with substantial interest						
PARAMO Polska	134	0	134	49	0	
DŮM KULTURY PARAMO	45	0	45	45		
Total	179	0	179			

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
Other financial investments						
BENZINA, a.s.	88 576	-70 053	18 523		88 577	1 000
LATER CHRUDIM a.s.	200	0	200		295	1 000
Provem a.s. HB	170	0	170		17	10 000
Chemapol Group	3 300	-3 300	0		4 400	1 000
ČSOB Praha	300	0	300		300	1 000
Technoexport	100	0	100		1	100 000
Total	92 646	-73 353	19 293			
Total financial investments	150 935	-128 937	21 998			
Long-term loans	34 608	-34 123	485			
Total	185 543	-163 060	22 483			

As of 31. 12. 2000 LATER CHRUDIM a.s. seized to exist by the reason of merging with WIENERBERGER Cihlářská, a.s.

In 2001 dividends from ČSOB Praha were paid out in the sum of 117 ths. CZK, from Technoexport 33 ths. and from Wienerberger in the sum of 83 ths. CZK.

5. INVENTORY

The group has partially dissolved the adjustment in the amount of 1 588 ths. CZK for spare parts and material in storage and fully dissolved the adjustment of 4 200 ths. CZK for the inventory of finished products (see paragraph 7).

6. RECEIVABLES

Adjustments for bad debts were created in 2001 based on receivable aging (see paragraph 7).

Receivables overdue for more than 180 days totalled 328 694 ths. CZK as of 31. 12. 2001.

In compliance with the Tax Law, receivables due by the end of 1994, which amounted to 1 340 ths. CZK as of 31. 12. 2001, were depreciated in 2001 in the amount of 267 ths. CZK. This amount represents the depreciation of a penalty related to 1993.

Also receivables in the amount of 3 487 ths. CZK were depreciated because of the lack of assets of the debtor (bankruptcy). As a result of selling the two companies PARAMO Bitumen, s.r.o. and PARAMOBIT, s.r.o. receivables in the amount of 16 907 CZK were also sold off to InterCapital Partners.

Receivables in the amount of 40 million CZK were pledged to cover a credit at BNP and CORFINA Praha. Other receivables are pledged for covering a credit at ČSOB (see paragraph 13). 70 % of the actual cumulative sum of nominal value of such receivables represent a claim to draw the credit limit.

In 1997 the group entered a transaction with SEZOOZ Group during which the group paid 4 832 thousand USD to SEZOOZ as an advance for purchase of crude oil. The group financed this advance payment by issuing and discounting a bill of exchange at the value of 5 000 thousand USD to the Bank of Commerce. Because the transaction was never realized nor the advanced payment returned from SEZOOZ Group, a reserve of 50 % was created in 1997 (80 047 ths. CZK), which in 1998 was counted into the account of adjustments for advances and brought up to 100 % (see paragraphs 5 and 7). In 2000 a part of the advance payment in the amount of 500 ths. USD (16 565 ths. CZK) was transferred back to receivables of SEZOOZ Oil. An interest in the amount of 11 012 ths. CZK was accounted into this advance as an unpaid revenue. The amount of the interest for the years 1997 through 2001 totals 55 256 ths. CZK. An adjustment of 100 % was created even for this amount (see paragraph 7).

Receivables from related parties (see paragraph 20).

7. ADJUSTMENTS (in ths. CZK)

	Balance as of 1.1.2001	Creation	Accounting	Balance as of 31.12.2001
Adjustments for long-term unfinished intangible assets	3 105	0	-3 105	0
Adjustments for long-term tangible assets	61 916	13 744	-59 560	16 100
Adjustments for long-term financial assets	162 509	31 250	-115 896	77 863
Adjustments for inventory material	28 718	0	-1 588	27 130
Adjustments for products	4 200	0	-4 200	0
Adjustments of reserves for inventories	143 528	0	0	143 528

	Balance as of 1.1.2001	Creation	Accounting	Balance as of 31.12.2001
Adjustments for receivables - legal	204 178	59 611	-21 985	241 804
Adjustments for receivables - non tax deductible	119 515	10 322	-55 732	74 105
Adjustments for receivables of subsidiaries	67 424	51 201	-50 871	67 754
Adjustments for other receivables	73 355	15 776	-73 355	15 776
Adjustments for unbilled revenues	44 244	11 012	0	55 256
Total adjustments	912 692	192 916	-386 292	719 316

8. FINANCIAL ASSETS

As of 31. 12. 2001 the group had 250 000 ths. CZK in restricted deposits at the Komerční banka, a.s.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

9. OTHER ASSETS

The deferred expenses include particularly leasing expenses, purchase of catalysts [used up over a long time period] product certification, rentals, insurance and are accounted into costs of the relevant period.

The accrued revenues include particularly the interests from the advance payment for purchase of crude oil in 1997 - 2001.

10. EQUITY

The basic capital of the parent company consists of 1 330 078 registered shares fully subscribed and paid with a nominal value of 1 ths. CZK. Other capital funds consist of value of the land purchased in the privatization process in 1995 and a sum resulting from the merger with PARAMET, a.s. on 1. 1. 2001. Its value was based on an expert assessment.

Following changes in the equity accounts took place in 2000 (in ths. CZK):

	No. of shares	Basic capital	Other capital funds
Balance as of 1. 1. 2001	1 330 078	1 330 078	54
Merger with PARAMET on 1. 1. 2001			1 999
Increase 2001	-	-	-
Decrease 2001	-	-	-
Balance as of 31.12.2001	1 330 078	1 330 078	2 053

Na základě stanov společnost vytváří následující fondy ze zisku:

(in ths. CZK)	Legal reserve fund	Other funds
Balance of fund as of 1.1.2001	244 637	7 204
Creation	-	428
Use	-	-2 450
Balance of fund as of 31.12.2001	244 637	5 182

Reserve fund is allocated 5 % of the profit after taxes until it reaches the legally prescribed 20 % of the basic capital. These resources are meant to cover the company losses.

Other funds are restricted for covering the social needs of the employees.

The development of profit of individual companies and the consolidation group in 2001 was as follows:

PARAMO,a.s. – profit	268 938
Paramo Trysk, a.s.- profit	37 102
Depreciation of active consolidating difference into the costs of 2001	- 1 447
Other consolidation corrections	- 12 574
Profit after consolidation corrections	292 019

Other consolidation changes include namely excluding the adjustment for financial investment created by the parent company to a subsidiary..

11. RESERVES (in ths. CZK)

	Reserves for repairs	Rezerva na kurzové ztráty	other	Total
Balance as of 1.1.2001	3 000	46 996	136 327	186 323
Deposit of PARAMET on 1. 1. 2001	0	0	1 535	1 535
Creation reserves	20 193	1 963	18 040	40 196
Drawing (dissolution) of reserves	-3 000	-30 798	-135 826	-169 624
Balance as of 31.12.2001	20 193	18 161	20 076	58 430

A legal reserve was established for fixed asset repairs based on the Law on Reserves (see paragraph 4b). The reserve for exchange losses arises from conversion of foreign denominated monetary items (see paragraph 3 i) to Czech crowns.

Other reserves are created and used in compliance with decisions of the companies' managements.

In the year 2001 there was a reserve dissolved in the amount of 100 % for the guarantee given for PARAMO Nova, a.s. in the amount of 122 653 ths. CZK, partially dissolved reserve for the guarantees given for PARAMOBIT (6 639 ths. CZK) and fully dissolved reserve for deduction tax in the amount of 1 835 ths. CZK. A reserve was created in 2001 for bonus payments in the amount of 9 390 ths. CZK, reserve for asset liquidation of 2 250 ths. CZK and a reserve for the loss from building sale of 6 400 ths. CZK. Reserve for possible decrease in revenues of petrol station on leased property in the amount of 4 000 ths. CZK was in the year 2001 accounted into revenues.

12. SHORT-TERM LIABILITIES

As of 31. 12. 2001 the group had short-term overdue liabilities totaling 20 509 ths. CZK. Liabilities more than 180 days overdue as of 31. 12. 2001 totalled 80 ths. CZK. Liabilities to related parties (see paragraph 20).

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

13. BANK LOANS AND NOTES

13.a) Short-term bank loans

Bank / creditor	Currency	Date due	Interest rate	Total limit	Sum in ths. CZK as of 31.12.2001	Sum in ths. CZK as of 31.12.2000
KB-revolving	CZK	30.4.2002	6M PRIBOR*	280 000	280 000	360 000
KB- discounted loan	CZK	-	-	-	-	4 584
KB-invest. acc.**	CZK	31.12.2002	6M PRIBOR*	-	42 163	42 163
KB-bill of exch.**	CZK	31.12.2002	6 % p.a.	-	23 750	23 750
KB-invest. acc.**	USD	31.12.2002	6M LIBOR*	-	24 022	25 051
KB-invest. acc.**	CHF	31.12.2002	-	-	12 045	11 596
KB-invest. acc.**	CZK	31.12.2002	-	-	15 200	11 124
ČSOB revolving	CZK	29.3.2002	1M PRIBOR*	350 000	150 927	250 499
ČSOB revolving	CZK	29.3.2002	1M PRIBOR*	100 000	100 000	100 000
ČSOB curr. acc.	-	-	-	-	-	-
with overdraft limit	CZK	-	-	-	-	79
BNP Dresdner Bank	DEM	30.9.2002	1M PRIBOR* (EURIBOR*)	38 925	38 126	39 470
Raiffeisenbank HK**	CHF	31.12.2002	-	-	35 111	38 157
Total					721 344	906 474

* The interest rate PRIBOR has been increased of an agreed upon surcharge.

** Part of a long-term loan due in 2002.

13.b) Long-term bank loans

Bank / creditor	Total limit	Date due	Interest rate	Sum in ths. CZK as of 31.12.2001	Sum in ths. CZK as of 31.12.2000
KB-invest. acc.	337 300 CZK	30.6.2004	6M PRIBOR*	62 930	105 093
KB-bill of exchange	190 000 CZK	31.1.2008	6% p.a.	130 625	154 375
KB- invest. acc.	5 300 USD	30.6.2004	6M LIBOR*	36 032	62 628
KB-invest. acc.**	3 415 CHF	15.12.2004	-	18 976	31 021
KB-invest. acc.**	63 000 CZK	15.12.2004	-	10 852	26 052
Raiffeisenbank HK	6 175 CHF	30.01.2005	-	68 707	103 818
Total				328 122	482 987

* The according interest rate has been increased of an agreed upon surcharge.

13.c) Methods of Bank Loan Guarantees

The bank loans of PARAMO, a.s. at the Komerční banka, a.s. are guaranteed by own fixed property on LV 11610, loans at ČSOB Prague branch, are guaranteed by a pledge of selected business receivables, immovables (partially PARAMO, a.s.) and own blank bill of exchange. The loan at BNP is guaranteed by receivables. Loans of Paramo Trysk a.s. lent by Komerční bankou and Raiffeisenbank totaling 160 891 ths. CZK are secured by lien on all property and fixed assets of this company.

Interest costs pertaining to bank loans and guarantees for the year 2001 amounted to 95 316 ths. CZK, of which 0 ths. CZK was counted into the purchase price of investments.

14. OTHER LIABILITIES

The accrued expenses and estimated items include particularly non-invoiced deliveries of crude oil, energy, services and containers, guarantees of unpaid extra bonuses for 2001 and are accounted into the costs of the related periods of the year 2001.

15. INCOME TAX

The income tax for the year 2001 is 0,00 CZK because of the tax loss of previous years.

The group calculated the deferred tax on the basis of:

	Deferred tax basis (in ths. CZK)	Deferred tax (in ths. CZK)
Deferred tax from depreciations of LTA	456 894	
Deferred tax liabilities from overdue unpaid legal interests	850	
	457 744	- 141 900
Adjustment for spare part inventory	27 130	
Adjustment for liabilities (exc. group comps.)	281 956	
Reserve for exchange rate differences	16 198	
Reserve for property transfer tax	836	
Reserve for wages	9 390	
Reserve for asset liquidation	2 250	
Reserve for building sale in Plzeň	6 400	
Tax loss from 1998, 1999, and 2000	104 496	
Deferred tax liabilities for 2001	448 656	139 083
Consolidated corrections		144
Deferred tax result – guarantee for 2001		- 2 673

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

16. LEASING

The group is leasing fixed assets which are not recorded in the balance sheet account (see paragraph 3h).

Assets being used under the finance lease (i.e. the assets are purchased after the lease period expires) as of 31. 12. 2001:

Description	Cars	Trucks	WW Transporter	Production line	PC equipment	Total
Total of lease payments during the whole est. time of lease	1 785	732	1 245	98 583	298	102 643
Lease payments made from financ. lease as of 31. 12. 2001	1 658	625	1 088	72 549	296	76 216
<u>Schedule of remaining payments</u>						
- Due within a year	127	107	157	17 356	2	17 749
- Due after one year	0	0	0	8 678	0	8 678

17. ASSETS AND LIABILITY NOT IN THE BALANCE SHEET

The group has liabilities as of 31. 12. 2001 (monetary and non-monetary), which are not presented in the balance sheet. These are guarantees given to banks on behalf of other companies (guarantee declarations).

Guarantee given for	Amount (in ths. CZK)	Type of guarantee
PARAMOBIT spol. s r.o.	1 200	Declaration of guarantee
PARAMO-BIONA, s.r.o.	4 500	Bills of exchange
Total guarantees	5 700	

For guarantees on behalf of PARAMOBIT, spol. s r.o., there was a reserve created in full. Other companies, on whose behalf guarantees were given, are paying their debts in compliance with loan contracts and according to the management will be able to fulfil their obligations to banks also in the future.

18. CURRENT YEAR REVENUES

Table of company revenues from ordinary activities (in ths. CZK):

	Year	Domestic revenues	Export	Total
Products sold	2001	5 021 917	502 430	5 524 347
	2000	5 543 798	842 687	6 386 485
Services	2001	57 330	0	57 330
	2000	61 569	0	61 569
Revenues from goods	2001	579 529	3 604	583 133
	2000	604 005	3 144	607 149
Revenues from goods, services and goods total	2001	5 658 776	506 034	6 164 810
	2000	6 209 063	845 831	7 054 894
Revenues from sales of L.-T.A.	2001	21 553	0	21 553
	2000	2 558	0	2 558
Revenues from sales of material	2001	76 522	0	76 522
	2000	307 885	0	307 885
Revenues from sold receivables	2001	4 781 673	0	4 781 673
	2000	2 218 303	0	2 218 303
Total of other revenues	2001	4 781 639	0	4 781 639
	2000	2 528 746	0	2 528 746

The majority of group revenues as of 31. 12. 2001 is concentrated on 10 main customers engaging in asphalt products trading and 8 main customers engaging in fuel sales.

In case of revenues from receivables sold these are namely business receivables sold off to ČSOB (see paragraph 6).

19. PERSONNEL EXPENSES

The average number of employees in the year 2001 and related personnel expenses in ths. CZK were:

Year 2001	Total No. of employees	Of which directors and managers
Average no. of employees	733	54
Wages	144 311	25 715
Social security receivables	46 426	9 001
Social costs	3 624	260
Total – Personnel Expenses	194 361	34 976

In the year 2001 the members and former members of statutory, management and supervisory boards received bonuses totaling 3 749 ths. CZK.

20. RELATED ENTITY INFORMATION

No loans, guarantees, advance payments and other benefits were granted to the members of statutory bodies in 2001 and they hold no shares of the company. The directors have the advantage of using passenger cars for private use.

The group sells products to and purchases products from related entities in the ordinary course of business. In 2001 the volume of sales and purchases is shown in the following table.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2001)

Short-term receivables from and liabilities to related entities [current and former subsidiaries]
as of 31. 12. 2000 were in ths. CZK:

Company	Receivables	Receivables	Liabilities	Sales
PARAMET, a.s.	0	0	0	0
PARAMO OMA s.r.o.	35 790	0	250 584	4 066
PARAMO Polska	3 091	0	84 360	189
PARAMO-Slovakia, a.s. ¹⁾	6 573	0	44 191	0
PARAMO-BIONA s.r.o.	12 190	0	9 470	142
PARAMO Bitumen s.r.o.	7 985	18	36 382	1 194
PARAMO-KARIMPEX, a.s.	36 136	0	60 689	0
PARAMOBIT spol. s r.o.	6 485	0	21 911	0
PARAMOPLAST, a.s.	0	541	3 735	16 406
PARAMO NOVA, a.s.	0	7	22 505	134
Total	108 250	566	533 827	22 131

¹⁾ Name changed to PARAPETROL a.s.

The parent company regularly sells products to related entities of the group Unipetrol, a.s., and also buys products from them. There are yearly sale and purchase volumes resp., together with business receivables and payables as of 31. 12. 2001 shown in the table.

Company	Receivables	Receivables	Liabilities	Sales
UNIPETROL, a.s.	0	7 699	0	21 585
SPOLANA, a.s.	0	0	20	464
CHEMOPETROL, a.s.	12 450	0	805 293	211
CHEMOPETROL-DOPRAVA a.s.	0	472	0	4 392
CHEMOPETROL-BM, a.s.	2 632	0	22 665	0
B.U.T. s.r.o.	0	0	0	0
KAUČUK a.s.0	0	0	32 685	0
BENZINA a.s.	30 987	4	161 944	528
KORAMO, a.s.	905	0	10 281	5 294
ČESKÁ RAFINERSKA a.s.	315	54	61 671	41 751
ALLIACHEM Pardubice	1 042	20	2 271	273
AGROBOHEMIE a.s.	0	0	0	0
Total	48 331	8 249	1 096 830	74 498

21. RESEARCH AND DEVELOPMENT COSTS

The company spent 4 031 ths. CZK for research and development in 2001 and calculated it into the costs. The costs went towards quality control, tests and development of new products.

22. SIGNIFICANT ITEMS OF PROFITS AND LOSSES

The extraordinary revenues are created by activation of buildings of SPB in the amount of 17 561 ths. CZK (accounting adjustment from prev. years), turnover tax return from FO in the amount of 5 000 ths. CZK and insurance payment in the amount of cca 7 000 ths. CZK.

The extraordinary costs are created by depreciation of an unfinished investment for „Fuel production“ in the amount of 62 671 ths. CZK, costs of liquidation of inventories and costs of depreciation of interests from past due payments by PARAMET, a.s.

23. FOLLOWING EVENTS

Within the time period between the time the balance sheet and the financial statement were put together, there were no significant events that would have bearing on the financial or equity position of the company.

24. CASH FLOW OVERVIEW

The indirect method was used to make the cash flow overview.

Cash flow	PARAMO, a.s.	Paramo Trysk, a.s.
Operational activity	725 509	68 809
Investment activity	-163 892	10 266
Financial activity	-211 119	-60 878

25. RECORDS OF AFFILIATED COMPANIES

The financial statements of subsidiaries and affiliated companies for 2001 and 2000, prepared for publishing are attached in the following order:

- companies included in the consolidation
- companies excluded from the consolidation (the records of PARAMO-KARIMPEX, a.s. were not available at the time of statement).

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

1. DESCRIPTION OF THE SUBJECT

1.1. Establishment and the character of the parent company

PARAMO, a.s. ("the Company") is a Czech legal entity, a joint-stock company, it was incorporated on January 1. 1994 by registration in the Commercial Register at the Regional courthouse in Hradec Králové, section B, folder 992. Based on the date from the Commercial Register its primary business activity is processing of crude oil into refinery and asphalt products. During the year 2000 70,87% of its shares, owned up until then by the National Property fund, were sold to Unipetrol, a.s. Kralupy nad Vltavou.

1.2. Registered office:

PARAMO, a.s.
Přerovská 560
530 06 PARDUBICE

1.3. Company owners above 10 %

Physical and legal entities, who hold shares of the Company's basic capital shown in the following table:

Shareholder	% share in BC
Unipetrol, a.s. Kralupy nad Vltavou	73,52 %
SPGroup	13,87 %
Investment funds and other small shareholders	12,61 %
Total	100 %

1.4. Changes and amendments in the Commercial Register

On 20. 6. 2002 a company General Meeting took place and acknowledged resigning of 2 members of the Board and elected 2 new members, it also acknowledged the termination of one of the Supervisory Board member's post and elected 1 new member of the Supervisory Board.

1.5. Members of the Board of Directors and the Supervisory Board as of December 31, 2002

Board of Directors	Post	Name
	Chairman	Ing. Pavel Švarc, CSc
	Vice chairman	Ing. Petr Bláha
	Vice chairman	Ing. Václav Příbyl
	Member of the Board	Ing. Josef Fanta
	Member of the Board	Ing. Martin Borovička

Supervisory Board	Post	Name
	Member of the Board	Ing. Josef Žák
		JUDr. Magdalena Frischová
		Ing. Jindřich Bartoníček
		Ladislav Urbánek
		Ing. Jiří Peldřimovský
		Ing. Jiří Stříteský

The consolidation is composed of the Company and the Subsidiaries of the group, which were included in the consolidation whole in respect to their share on the equity and turnover within the consolidation as a whole.

Other subsidiaries and associates (see paragraph 4c) were excluded from the consolidation whole based on their insignificant share of net turnover and their equity of the consolidation whole respectively.

1.6. Description of the organizational structure

The managers of the business, production, financial, and personnel departments are subordinate to the General Director, as well as the quality control and internal affairs departments.

KORAMO, a.s. was included in the consolidation group PARAMO. Date of operation 1. 11. 2002.

1.7. Structure of the group

The companies were included in the consolidation whole in 2002

Trade name:	PARAMO, a.s.	Paramo Trysk a.s.	KORAMO, a.s.
Registered office:	Pardubice	Pardubice	Kolín
Area of enterprise:	Crude oil processing	Operation of petrol stations	Production of mineral and lubricating oils
Basic capital share	n/a	100%	65,43%
Total Assets:	3 181 087	405 353	1 452 562
Equity:	1 666 181	137 700	792 255
Basic capital:	1 330 078	133 500	821 670
Capital funds:	2 369	-	-2 969
Funds created from profit:	260 691	2 550	3 396
Retained profit (loss) of previous years	-64 514	1 828	177
Current year profit	137 557	3 478	-5 003*)
Share purchase price		133 600	131 212
Share nominal price		133 500	131 212
Share internal price		137 700	518 135
Dividends and profit shares received during the year		-	

*) Loss of KORAMO, a.s. from date of operation to 31.12.2002

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

Other subsidiaries and associates (see paragraph 4c) were excluded from the consolidation whole based on their insignificant share of net turnover and their equity of the consolidation whole respectively.

The financial statement of PARAMO, a.s. as of 31. 12. 2002 was verified by PRIMASKA AUDIT, a.s., and license no.: 209, without any qualification. The financial statement of Paramo Trysk a.s. was verified by SP AUDIT, s.r.o., and license no.: 340, without any qualification. The financial statement of KORAMO, a.s. was verified by Audit IB spol. s r.o., license no.: 146 without any qualification. The main consolidation unit is PARAMO, a.s., which is, at the same time, the parent company of the consolidation whole.

The term „Group“ in the following text is used for the consolidation whole.

2. BASIS FOR THE FINANCIAL STATEMENTS

The financial statement was prepared in accordance with the Law on Accounting and appropriate accounting procedures for entrepreneurs and according to regulations of MF, as applicable for the year 2002.

The consolidated financial statements were performed in accordance with the consolidation procedures by one-stage consolidation system. Its goal is to represent the real state of the assets, liabilities, and equity and to show the results of management of the consolidation group. The purpose is to inform the shareholders and the creditors.

The method of full consolidation at companies with majority shareholdings and participating interests (shares > 50%, i.e. in subsidiaries) was used to perform the consolidated financial statements. Within the consolidation shares and bonds of the subsidiaries were excluded and related equity; a consolidation difference and its depreciation was accounted together with minority shares on equity of subsidiaries and excluded were also accounting cases between companies of partial consolidation whole, which express mutual relationships (inventory sale and purchase, mutual costs and revenues and receivables and liabilities). The whole consolidation difference of PARAMO TRYSK, a.s. was fully depreciated as of 31.12.2001. The consolidation difference of KORAMO, a.s. will be depreciated evenly over a 20-year period. This consolidation difference was secured at the date of acquisition, i.e. as of 1.11.2002. Part of the financial result of KORAMO, a.s. for the period from 1.1. to 31.10.2002, corresponding to the parent company's share (i.e. 65,4 %), is reflected in the consolidation difference. The remaining part of the financial result for the corresponding period was, as part of the consolidation adjustments, transferred into the minority share on the financial result of previous years. The financial result of KORAMO, a.s. for the period from 1.11. to 31.12.2002 is documented in the included profit and loss overview. The financial result of this period, i.e. loss in the amount of – 5 003 ths. CZK includes a minority share in the amount of –1 731 ths. CZK and a parent company share of –3 272 ths. CZK.

Both financial statements entering the consolidation were performed by December 31. 2002.

All companies use identical valuation methods set by consolidated rules of the PARAMO group, except for KORAMO, which uses other method of inventory valuation (see item „d“) Inventory).

3. METHODS FOR VALUATION

3.a) Long-term intangible fixed assets

Long-term intangible fixed assets are valued at their acquisition costs and other related costs

Long-term small intangible items (up to 60 ths. CZK), up to December 31., 1998 – 40 ths. CZK resp., are depreciated into the costs for the period when it was put in use. Long-term intangible fixed assets are depreciated into the costs over their estimated useful life that may not exceed five years.

3.b) Long-term tangible fixed assets

Long-term tangible fixed assets are recorded at their acquisition costs, which include their purchase price, transport costs, customs, and duty, and other related costs. Internally acquired long-term tangible fixed assets are recorded at their own costs, which include direct material and labor costs and production overheads. Interests and other financial expenses included during the construction of tangible fixed assets are also capitalized.

The costs of technical improvements of fixed assets increase its acquisition costs. Repair and maintenance costs are accounted for in the costs.

Newly found tangible assets, gifts resp., is accounted into adjustments, capital funds resp., and is valued by reproduction purchase costs. Property acquired for free, i.e. gifts and newly found, is valued by reproduction purchase costs and is accounted into capital funds.

Long-term small tangible items (up to 40 ths. CZK) are accounted to the costs and carried in the accompanying balance sheet as fully depreciated.

3.* Depreciation

Depreciation is calculated on the basis of acquisition costs and the estimated useful life of the related assets. For the purpose of accounting the depreciation it was decided that depreciation begins the following month after the asset was put in use.

Category	no. of years
Buildings and constructions	25-77
Machinery, equipment	4-30
Vehicles	4-17
Furniture and fixtures	8-17
Adjustments to acquired property	15

3.c) Long-term financial assets

Publicly traded securities [except for the shares of companies included in the group or subsidiaries] are valued at purchase price or at market value if the market value is lower.

Shares in group and associated companies are valued at their purchase price. This cost includes other related costs. In case the accounted balance of deposits at these companies decreases [for ex. because of negative equity] the difference is taken as temporary value decrease and is accounted as adjustment.

At the time of the financial statement the selected bonds and securities (with the exception of bonds held up to payment in full, bonds representing shares with majority or substantial interests, and bonds emitted by the accounting unit), derivatives and partial assets secured by derivatives are valued at real value. The real value is determined at the level of market value, valuation by a qualified estimate or by an expert using valuation model, giving that the date used in this model could be attained or verified on active markets and also on the level of valuation according to special regulations. If the real value could not be determined the valuation by purchase price is used with possibility that an adjustment will be reflected in it.

Fixed gain bonds and securities are, at the time of the financial statement, valued at their acquisition price increased/decreased by interest rate revenues/costs.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

3.d) Inventory

Purchased inventory is valued at acquisition cost using weighted average cost. Costs of purchased inventories include other related costs, [e.g. transport costs, customs, etc]. KORAMO, a.s. – purchased inventory (material, spare parts, and goods) are valued at acquisition costs using the FIFO method.

Products and work in progress are valued at planned standard costs. Costs of inventories produced internally include direct material and salary costs and production overheads. The correction of the valuation was performed as of the date of the financial statement according to the current price of crude oil

The adjustments are created in case that the valuation used in accounting is higher than current market value of the inventory.

3.e) Receivables

Receivables are valued at their nominal value, when acquired for costs or as a deposit at their purchase price, receivables at time of creation at nominal value, at acquisition at purchase price.

Doubtful receivables are reduced by help of adjustments, accounted into costs, to their realized value. When determining the adjustments for the sister companies receivables, which are not included in the consolidated whole, we estimated the ability of the company to settle its debts on the basis of preliminary results as of 31.12.2002.

The adjustments for other companies were counted on basis of time structure of the debts as follows:

Type of Receivables	Adjustment
Before time due	0 %
90 to 180 days overdue	25 %
181 to 360 days overdue	50 %
More than 360 days overdue	100 %
In bankruptcy	100 %

3.f) Equity

The basic capital of the parent company is shown at the amount recorded in the Commercial Register maintained by the Regional Court. In accordance with the Commercial Code, the parent company has created a reserve fund from profit or from amounts contributed by partners above their contributions. Within the first year with the profit is generated, a joint-stock company must allocate 20 % of profit after tax [however, not more than 10 % of basic capital] to the reserve fund. In the subsequent years, the reserve fund must be allocated 5 % of profit after tax until the value of 20 % of basic capital is achieved. These funds must be used exclusively for loss compensation. Based on the Regulations, the company may also create other funds..

3.g) Credits received

Short and long-term credits are recorded at nominal value. That portion of long-term credit, which is due within one year of the financial report, is regarded as a short-term credit.

3.h) Financial leases

Within the financial statement (consolidated financial statement) and according to Czech accounting regulations are lease payments, in the case of financial leasing with following purchase, accounted into the time period to which the leased assets belong, physically and in time. At the time of purchase the leased assets are as such acquired assets accounted into corresponding account of long-term tangible assets at their purchase prices or reproduction purchase price.

3.ch) Reserves

A legal reserve is created for repairs and maintenance of long-term tangible assets. Other reserves are created for risks and future losses known at the time of financial report – expected costs related to pension payments and similar liabilities. Furthermore reserves are created for planned liquidations of tangible and intangible assets; these are reserves for necessary future costs related to the liquidation of such assets.

3.i) Foreign currency transactions

Foreign currencies conversions are done according to exchange rates published by the Czech National Bank („NB“) valid at the time of the transaction, or fixed exchange rate valid for a fixed time period used by the accounting unit for a time period stated in predated internal regulations.

On the day or at the time (at least quarterly) of the financial statement the exchange rate variations from asset valuations and liabilities are accounted into corresponding financial expense accounts or into financial revenues. At gradual creation of liabilities from credits and loans, for ex. within the frame of a contracted credit framework, and following gradual repayment of the liabilities an arithmetic exchange rate average is used for the time period of the credit or loan.

3.j) Accounting of revenues and expenses

Revenues and expenses are accounted on an accrual basis, i.e. to the related period.

In accordance with the accounting principle of prudence, the company accounts a creation of reserves and adjustments to the debit of costs to cover all risks, losses, and damages which are known as per date of the financial statement.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

3.k) Income tax

The due income tax is calculated at the statutory tax rate on the basis of book income before taxes, increased or decreased by the appropriate permanent or temporary tax non-deductible costs and untaxed revenues [e.g. creation and accounting of reserves and adjustments, entertainment expenses, differences between book and tax depreciation, etc.].

Deferred income tax is based on previous differences:

1. accumulated depreciation of tangible and intangible assets,
2. adjustments for reserves,
3. adjustments for liabilities(except for the companies in the group),
4. reserves for exchange rate differences,
5. other reserves,
6. tax loss from previous years.
7. consolidated adjustments.

The base is multiplied by the income tax using the rate valid for 2003 (31%).

3.l) Consolidated difference

Consolidated difference is a difference between the purchase cost of bonds and shares and deposits of the consolidated company and its valuation according to the parent company's shares on the amount of own equity represented by real value, which is the difference of real asset values and real foreign capital values at the date of acquisition or at the date of another share increase. The acquisition date is the date followed by the parent company's active influence over the consolidated company. The consolidated difference is being depreciated in 20 years by even depreciation, unless there are reasons for shorter period.

4. FIXED ASSETS

4.a) Long-term intangible fixed assets (in ths. CZK)

	Acquisition costs	Software	Patents, rights, royalties	Other	Intangibles in progress and deposits	Total
Acquisition costs:						
Balance as of 31/12/99	0	10 628	100	5 491	3 105	19 324
Increase	0	671	0	1 319	2 179	4 169
Decrease	0	0	0	0	-2 179	-2 179
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/00	0	11 299	100	6 810	3 105	21 314
Merger of PARAMET on 1/1/01	27	0	0	0	0	27
Increase	0	153	0	200	353	706
Decrease	0	0	0	0	-3 458	-3 458
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/01	27	11 452	100	7 010	0	18 589
KORAMO as of 1/1 02	0	15 721	0	0	0	15 721
Increase	0	2 087	0	1 200	12 967	16 254
Decrease	0	-2	-100	-1 695	-2 887	-4 684
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/02	27	29 258	0	6 515	10 080	45 880
Adjustments and depreciations:						
Balance as of 31/12/99	0	6 987	100	2 990	0	10 077
Depreciation expenses	0	1 896	0	1 076	0	2 972
Depreciations to decreases	0	0	0	0	0	0
Adjustments	0	0	0	0	3 105	3 105
Decrease	0	0	0	0	0	0
Balance as of 31/12/00	0	8 883	100	4 066	3 105	16 154
Merger of PARAMET on 1/1/01	11	0	0	0	0	11
Depreciation expenses	5	1 481	0	1 092	0	2 578
Depreciations to decreases	0	0	0	0	0	0
Adjustments	0	0	0	0	-3 105	-3 105
Decrease	0	0	0	0	0	0
Balance as of 31/12/01	16	10 364	100	5 158	0	15 638
KORAMO as of 1/1 02	0	14 744	0	0	0	14 744
Depreciation expenses	5	1 708	0	759	0	2 472
Depreciations to decreases	0	-2	-100	-1 695	0	-1 797
Adjustments	0	0	0	0	0	(0)
Decrease	0	0	0	0	0	0
Balance as of 31/12/02	21	26 814	0	4 222	0	31 057
Final value as of 31/12/00	0	2 416	0	2 744	0	5 160
Final value as of 31/12/01	11	1 088	0	1 852	0	2 951
Final value as of 31/12/02	6	2 444	0	2 293	10 080	14 823

Depreciation of long-term intangibles accounted into costs amounted to 2 472 ths. CZK in 2002, 2 577 ths. CZK in 2001 resp.

Copyrights, patents and licenses are depreciated during their useful life span, as stated in corresponding contract.

* note: depreciations to adjustment for acquired assets are accounted on the account no.: 557

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

4.b) Long-term tangible fixed assets (in ths. CZK)

	Property	Buildings and constructions	Machinery, equipment	Vehicles	Furniture and fixtures
Acquisition costs:					
Balance as of 31/12/99	392 172	984 208	2 144 457	83 653	10 967
Increase	4 693	97 006	69 633	1 029	722
Decrease	0	-2 327	-29 502	-7 261	-15
Sum carried over	0	0	0	0	0
Balance as of 31/12/00	396 865	1 078 887	2 184 588	77 421	11 674
Fusion of PARAMET as of 1/1 2001	0	0	0	473	0
Increase	0	17 634	3 448	3 505	0
Decrease	-2 522	-13 682	-98 859	-2 905	-36
Sum carried over	0	0	0	0	0
Balance as of 31/12/01	394 343	1 082 839	2 089 176	78 495	11 639
KORAMO as of 1/1 02	8 512	674 719	795 191	20 689	590
Increase	8749	1 268	31 800	9 408	179
Decrease	-3 051	-5 355	-15 624	-25 576	-13
Sum carried over	0	0	0	2	0
Balance as of 31/12/02	408 553	1 753 471	2 900 543	83 018	12 395
Adjustments and depreciations:					
Balance as of 31/12/99	0	241 084	941 644	45 705	2 968
Increase oprávek (odpisů)	0	24 909	171 948	8 577	1 273
Depreciations to decreases	0	-2 327	-29 502	-7 261	-15
Adjustments and value decreases	0	0	0	0	0
Balance as of 31/12/00	0	263 666	1 084 090	47 021	4 226
Merger of PARAMET on 1/1/01	0	0	0	97	0
Depreciations increase	0	40 614	166 043	7 941	1 300
Depreciations to decreases	0	-13 682	-98 859	-2 904	-36
Adjustments and value decreases	6 778	0	0	0	0
Balance as of 31/12/01	6 778	290 598	1 151 274	52 155	5 490
KORAMO as of 1/1 02	0	238 624	592 203	17 776	394
Depreciations increase	0	46 609	189 778	14 297	1 303
Depreciations to decreases	0	-5 355	-15 624	-25 576	-13
Adjustments and value decreases	0	6 400	0	0	0
Balance as of 31/12/02	0	576 876	1 917 631	58 652	7 174
Final value as of 31/12/00	396 865	815 221	1 100 496	30 400	7 449
Final value as of 31/12/01	387 565	792 241	937 901	26 340	6 149
Final value as of 31/12/02	408 553	1 176 594	982 912	24 366	5 221

	Permanent growth	other LTA	LTA in progress	Advances given for LTA	Adjustments to acquired assets	Total
Acquisition costs:						
Balance as of 31/12/99	0	1 480	60 744	32 610	0	3 710 291
Increase	0	214	181 443	34 346	0	389 086
Decrease	0	-7	-168 605	-66 778	0	-274 493
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/00	0	1 687	73 582	178	0	3 824 882
Merger of PARAMET on 1/1/01	0	0	0	0	1 348	1 821
Increase	0	1 149	32 618	1 944	0	60 298
Decrease	0	0	-88 869	-1 944	0	-208 817
Sum carried over	0	0	0	0	0	0
Balance as of 31/12/01	0	2 849	17 331	135	1 348	3 678 155
KORAMO as of 1/1 02	119	36 352	5 536	0	0	1 541 843
Increase	0	90	91 502	29 981	0	172 991
Decrease	0	-3 394	-55 205	-30 116	0	-138 334
Sum carried over	0	-2	0	0	0	0
Balance as of 31/12/02	119	35 895	59 164	0	1 348	5 254 505
Adjustments and depreciations:						
Balance as of 31/12/99	0	1 329	498	0	0	1 233 228
Depreciations increase	0	213	61 916	0	0	268 836
Depreciations to decreases	0	-2	-498	0	0	-39 605
Adjustments and value decreases	0	0	0	0	0	0
Balance as of 31/12/00	0	1 540	61 916	0	0	1 462 459
Merger of PARAMET on 1/1/01	0	0	0	0	180	277
Depreciations increase	0	1 134	0	0	90	217 122
Depreciations to decreases	0	0	0	0	()	-115 481
Adjustments and value decreases	0	0	-52 594	0	0	-45 816
Balance as of 31/12/01	0	2 674	9 322	0	270	1 518 561
KORAMO as of 1/1 02	119	36 352	0	0	0	885 468
Depreciations increase	0	23	0	0	90*	252 100
Depreciations to decreases	0	-3 235	0	0	0	-49 803
Adjustments and value decreases	0	0	-9 053	0	0	-9 431
Balance as of 31/12/02	119	35 814	269	0	360	2 596 895
Final value as of 31/12/00	0	147	11 666	178	0	2 362 423
Final value as of 31/12/01	0	161	13 544	0	1 078	2 815 684
Final value as of 31/12/02	0	81	58 895	0	988	2 657 610

Total value of small tangible fixed assets not reflected in the accompanying balance sheet was 32 738 ths. CZK at the acquisition costs as of 2002 (resp. for 2001 30 819 ths. CZK – valid for Paramo, a.s.), resp. for 2000 31 328 ths. CZK.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

Depreciation of tangible fixed assets of 244 780 ths. CZK was accounted into costs in 2002, for 2001 in the amount of 201 500 ths. CZK resp., for 2000 198 571 ths. CZK resp. The most important title for the increases of fixed assets was acquisition by purchase and the most important title for decreases was elimination and amortization.

The Company has created a legal reserve (see paragraph 11) for repairs of tangible fixed assets. This reserve is based on annual estimates of the cost of the next overhaul or repair and on the time elapsed since the last overhaul or repair. Creation of the repairs reserve during 2002 was 9 752 ths. CZK and is accounted in the costs, during 2001 20 283 ths. CZK resp.

The Company has depreciated into costs an adjustment to unfinished investments in the amount of 9 591 ths. CZK for reason of termination of these investments. The Company has created an adjustment in the amount of 6 400 ths. CZK for the sale of building Plzeň.

As of December 2002, assets [buildings, equipment, land] with an acquisition cost of 2 225 948 ths. CZK is pledged to Komerční banka, a.s. and Raiffeisenbank (see paragraph 13) to secure a loan. The lien is imposed on assets in the amount of 414 850 ths. CZK to cover the credits at the UNION BANK, a.s. and The Czech Consolidation Agency. The lien for the property according to the market value for investment credit at KB is 517 mil. CZK

Long-term tangible assets with real burden – with the right of user to walk and drive are burdened the properties of KORAMO, a.s., which are used by the company ÚPM, a.s.

4.c) Long-term financial assets (in ths. CZK)

Long-term financial investments as of December 31. 2002 was composed of the following items:

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share / interest in CZK
Subsidiaries						
with majority interest						
PARAMO-BIONA s.r.o.	0	0	0	0		0
PARAMO-KARIMPEX, a.s.	0	0	0	0	0	0
MOGUL NOCC, a.s.	4 200	0	4 200	70,00%	147	10 000
MOGUL PETROL, a.s.	1 400	-1 400	0	100,00%	50	20 000
MOGUL MORAVA, a.s.	4 200	-4 200	0	100,00%	1000	4 200
MOGUL PROM, a.s.	960	-308	652	80,00%	48	20 000
MOGUL TANK-PLUS, a.s.	11 800	-10 263	1 537	98,33%	590	20 000
MOGUL OK OIL, a.s.	660	0	660	51,00%	51	10 000
MOGUL TRAD OIL, a.s.	510	-510	0	51,00%	51	10 000
MOGUL SERVIS, a.s.	5 000	0	5 000	100,00%	50	100 000
PENZION KORAMO, s.r.o. in bankruptcy	250	-250	0	100,00%		
MOGUL SLOVAKIA, s.r.o.	153	-153	0	100,00%		
MOGUL HUNGARIA, a.s.	3 452	0	3 452	74,50%	147	100 000 HUF
					26	100 HUF
MOGUL POLSKA, s.r.o.	393	-393	0	100,00%		
MOGUL UKRAJINA, s.r.o.	519	0	519	100,00%		
MOGUL BÉLEHRAD, s. r. o.	105	0	105	70,00%		
MOGUL SLOVENIJA, s.r.o.	288	-288	0	100,00%		
MOGUL OIL s.r.o.	6	0	6	70,00%		
PETRA SLOVAKIA, s. r. o.	5 263	-5 263	0	70,00%		
FORTE a.s. in bankruptcy	677	-677	0	100,00%	10	100 000 SKK
Total	39 837	-23 705	16 132			
Other long-term financial investments						
BENZINA, a.s.	0	0	0		0	0
WIENERBERGER, a.s.	516	0	516		22 420	10
Provem a.s. HB	170	0	170		17	10 000
Chemapol Group	3 300	-3 300	0		4 400	1 000
ČSOB Praha	300	0	300		300	1 000
Technoexport	100	0	100		1	100 000
Agroslužby HB	483	0	483		3	100 000
					153	1 000
TECHNOEXPORT, a.s.	0			0,001%	1	100 000
CHEMAPOL GROUP, a.s.	0			0,07%	1 800	1 000
Total	4 869	-3 300	1 569			
Total financial investments	44 706	-27 005	17 701			
Long-term loans	0	0	0			
Total	44 706	-27 005	17 701			

Contracts were drawn up and signed for the sale of MOGUL SLOVENIJA, s.r.o. and MOGUL UKRAJINA, s.r.o. in 2002 but the actual sale will be realized in 2003.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share / interest in CZK
Subsidiaries with majority interest						
PARAMO-BIONA s.r.o.	2 550	-2 550	0	51		2 550
PARAMO-KARIMPEX	561	-561	0	51	51	10 000
Total	3 111	-3 111				

	Acquisition cost	Adjustments	Value of balance	Share of assets (%)	Number of shares	Nominal value per share in CZK
Other financial investments						
BENZINA, a.s.	88 576	-70 053	18 523		88 577	200
WIENERBERGER, a.s.	200	0	200		22 420	10
Provem a.s. HB	170	0	170		17	10 000
Chemapol Group	3 300	-3 300	0		4 400	1 000
ČSOB Praha	300	0	300		300	1 000
Technoexport	100	0	100		1	100 000
Total	92 646	-73 353	19 293			
Total financial investments	95 757	-76 464	19 293			
Long-term loans and S/B	1 882	-1 399	483			
Total	97 639	-77 863	19 776			

As of 31. 12. 2000 LATER CHRUDIM a.s. seized to exist by the reason of merging with WIENERBERGER Cihlářský průmysl, a.s.

In 2002 dividends from ČSOB Praha were paid out in the sum of 172 ths. CZK, from Technoexport 24 ths. CZK, from WienerBerger in the sum of 53 ths. CZK. and MOGUL HUNGARIA a.s. 1 030 ths. CZK.

5. INVENTORY

The company PARAMO has partially dissolved the adjustment in the amount of 2 138 ths. CZK for spare parts and material in storage, and in 2001 fully dissolved the adjustment of 1 588 ths. CZK, and newly created an adjustment of 998 ths. CZK for the inventory of finished products (see paragraph 7), and in 2001 dissolved the adjustment in the amount of 4 200 ths. CZK. The company KORAMO in 2002 partially dissolved the adjustment in the amount of 5 666 ths. CZK for low turnover products, material, and spare parts inventories.

6. RECEIVABLES

Short-term receivables lowered of adjustments in the amount of 675 572 ths. CZK were as of 31.12.2002 933 683 ths. CZK. The receivables more than 180 days overdue totaled 595 759 ths. CZK, for 12/2001 655 333 ths. CZK. Short-term trade receivables as of this date were 900 697 ths. CZK.

Long-term receivables lowered of adjustments in the amount of 281 757 ths. CZK were as of 31.12.2002 61 977 ths. CZK:

Long-term trade receivables in 2002:

Company	Description	Sum in ths. czk
GUMOTEX, a.s.	Trade receivables	12 000
SPOLANA, a.s.	Trade receivables	948
Benzina a.s.	down payment for credit card	42
CCS, a.s.	down payment for credit card	36
EUREST, a.s.	food advances	7
První brněnská strojírna, a.s.	down payment for turbine leasing	1 940
Česká pošta, a.s.	advance	5
Franfinance, s.r.o.	leasing down payment	3 255
CCB leasing	leasing down payment	193
Mantech	leasing down payment	96
Palác Kodaňská	card and food advance	1
Total		18 523

Long-term receivables – other receivables 2002:

Company	Description	Sum in ths. czk
CHEMAPOL GROUP, a.s.		
in bankruptcy	receivables from loans and credits in bankruptcy	123 112
PETRA, a.s.		
in bankruptcy	receivables from loans and credits in bankruptcy	45 126
C. H. CHEM, a.s.		
in bankruptcy	receivables from loans and credits in bankruptcy	122 104
AUTODOPLŇKY, a.s.		
in bankruptcy	receivables from loans and credits in bankruptcy	578
PETRA SLOVAKIA, s.r.o.	receivables from financial advances for petrol station construction in Slovakia	24 290
FORTE, a.s. „in bankruptcy“		
former MOGUL SLOVAKIA, a.s.	receivables from financial advances	10 000
Total		325 211
Long-term receivables celkem 2002		343 734

Unpaid receivables due before the end of 1994, which as of 31.12.2002 totaled 1 340 ths. CZK., were, in accordance with tax laws, depreciated for the year 2002 in the amount of 28 ths. CZK. This was depreciation of a fine from 1993.

Receivables in the amount of 40 million CZK monthly were pledged to cover a credit at BNP and CORFINA Praha.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

In 1997 the group entered a transaction with SEZOOZ Group during which the group paid 4 832 thousand USD to SEZOOZ as an advance for purchase of crude oil. The group financed this advance payment by issuing and discounting a bill of exchange at the value of 5 000 thousand USD to the Bank of Commerce. Because the transaction was never realized nor the advanced payment returned from SEZOOZ Group, a reserve of 50 % was created in 1997 (80 047 ths. CZK), which in 1998 was counted into the account of adjustments for advances and brought up to 100 % (see paragraphs 5 and 7). In 2000 a part of the advance payment in the amount of 500 ths.USD (16 565 ths. CZK) was transferred back to receivables of SEZOOZ Oil. In 2002 the interest for 8/2000-2001 was cancelled for reason of contract termination in 2000. The total interest for the years 1997-2000 is 37 884. ths. CZK. (After conversion using the exchange rate of 31.12.2002 the total is 33.403 ths. CZK) An adjustment of 100 % was created even for this amount (see paragraph 7).

Receivables from related parties (see paragraph 20).

7. ADJUSTMENTS (in ths. CZK)

	Adjustments for long-term unfinished intangible assets	Adjustments for long-term tangible assets	Adjustments for long-term financial assets	Adjustments for inventory material	Adjustments for products	Adjustments of reserves for inventories
Balance as of 31/12/99	0	498	92 182	0	10 377	160 093
Creation	3 105	61 418	70 878	28 718	0	0
Accounting	0	-498	0	0	-6 177	-16 565
Balance as of 31/12/ 00	3 105	61 916	162 509	28 718	4 200	143 528
Creation	0	13 744	31 250	0	0	0
Accounting	-3 105	-59 560	-115 896	-1 588	-4 200	0
Balance as of 31/12/ 01	0	16 100	77 863	27 130	0	143 528
KORAMO as of 1/1 02		0	78 688	25 917	0	
Creation	0	6 669	17 240	2 138	998	0
Accounting	0	-16 100	-146 786	-5 666	0	-12 949
Balance as of 31/12/02	0	6 669	27 005	49 519	998	130 579

	Adjustments for short-term and long-term receivables	Adjustments for unbilled revenues	Total adjustments
Balance as of 31/12/99	325 367	38 264	627 051
Creation	154 687	9 354	328 160
Accounting	0	-3 374	26 614
Balance as of 31/12/00	464 472	44 244	912 692
Creation	136 910	11 012	192 916
Accounting	-201 943	0	-386 292
Balance as of 31/12/01	399 439	55 256	719 316
KORAMO as of 1/1 02	599 251	0	703 856
Creation	84 909	0	111 954
Accounting	-126 270	-55 256	-363 027
Balance as of 31/12/02	957 329	0	1 172 099

8. FINANCIAL ASSETS

PARAMO, a.s. – as of 31.12.2002 current accounts with overdraft limit were drawn at Raiffeisenbank and ČSOB (see item.13a). Time limited deposit was not managed.

9. OTHER ASSETS

The deferred expenses include particularly leasing expenses, purchase of catalysts [used up over a long time period] product certification, rentals, insurance and are accounted into costs of the relevant period. The exchange rate variations /loss are, for the previous period, accounted in contingencies/gain.

10. EQUITY

	Equity	Minority equity
Balance as of 1.1.2002 (w/o KORAMO)	1 550 427	0
Profit (loss) for 2002	145 083	- 1 731
Drawing funds from profit	- 1 645	
Valuation differences	316	
Deferred tax from previous years	- 7 589	
Changes in consolidation whole (KORAMO)		275 851
Balance as of 31.12.2002	1 686 592	274 120

Development of individual companies and the consolidation whole in 2002 was as follows:

PARAMO, a.s. – profit	137 557
Paramo Trysk, a.s.- profit	3 478
KORAMO, a.s. - loss	-5 003
Dissolution of consolidation variations of KORAMO	+19 510
Minority share on profit (loss) KORAMO	+1 731
Other consolidation adjustments	-12 190
Profit after consolidation corrections	145 083

Other consolidation changes include namely excluding the adjustment for financial investment created by the parent company to a subsidiary.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

11. RESERVES (in ths. CZK)

	Reserves for exchange rate losses	Reserves for taxation of tax base	Reserves for repairs	Other reserves	Total
Balance as of 31/12/99	51 671	0	16 300	110 036	178 007
Creation	32 775	0	1 000	136 327	170 102
Accounting	-37 451	0	-14 300	-110 036	-161 787
Balance as of 31/12/00	46 996	0	3 000	136 327	186 323
Deposit of PARAMET on 1. 1. 2001	0	0	0	1 535	1 535
Creation reserves	1 963	0	20 193	18 040	40 196
Drawing (dissolution) of reserves	-30 798	0	-3 000	-135 826	-169 624
Balance as of 31/12/ 01	18 161	0	20 193	20 076	58 430
KORAMO k 1/1 02	4 542	0	0	11 617	16 159
Creation reserves	0	109	9 752	13 731	23 592
Drawing (dissolution) of reserves	-22 703	0	0	-16 990	-39 693
Balance as of 31/12/02	0	109	29 945	28 434	58 488

A legal reserve was established for fixed asset repairs based on the Law on Reserves (see paragraph 4b). The reserve for exchange losses created in 2001 was transferred into other reserves where it was dissolved. Other reserves are created and used according to decision of the company management.

12. SHORT-TERM LIABILITIES

Short-term liabilities as of 31.12.202 totaled 551 547 ths. CZK, year 2001 652 093 ths. CZK, resp. Short-term business liabilities more than 180 overdue, as of this date totaled 20 894 ths. CZK, year 2001 17 206 ths. CZK, resp.

The company had no long-term liabilities as of 31.12.2002 .

Intergroup liabilities (see paragraph 20)

13. BANK LOANS AND NOTES

13.a) Short-term bank loans

Bank / creditor	Currency	Loan guarantee	Sum in ths. CZK as of 31.12.2002	Sum in ths. CZK as of 31.12.2001	Sum in ths. CZK as of 31.12.2000
KB-revolving	CZK		0	280 000	360 000
KB-invest. acc.*	CZK	Property	53 016	42 163	42 163
KB-bill of exch.**	CZK	Bill of exchange	23 750	23 750	23 750
KB-invest. acc.*	USD	Property	19 969	24 022	25 051
ČSOB revolving	CZK		0	150 927	250 499
ČSOB revolving	CZK	Receivables	50 000	100 000	100 000
ČSOB curr. acc.					
with overdraft limit	CZK	Receivables	55 409	-	
Raiffeisenbank	CZK	Property, receivables, letter of support	220 000	0	
Raiffeisenbank					
kontokorent	CZK	Property, receivables, letter of support	49 011	0	
Raiffeisenbank	CZK	Property and petrol stations guarantee	20 000	0	
KB-invest. acc. CHF	CHF	Guaranteed by property	12 176	12 045	11 596
KB-invest. acc. CZK	CZK	Guaranteed by property	13 202	15 200	11 124
RFB-invest. acc.	CZK	Guaranteed by property	9 866	35 111	38 157
BNP Dresdner Bank	EUR	Guaranteed by receivables	38 126	38 126	39 470
UNION BANKA, a.s.	CZK	Property - Transmotel Sokolov, secured Harmony Club Hotely, a.s. (valued at 53,9 mil. CZK); CP-); property –boiler room, secured KORAMO, a.s. (valued at 188,725 mil. CZK) bill of exch. drawn up by other party KORAMO, a.s., accepted Harmony Club Hotely, a.s.; own bill of exch. CHEMAPOL GROUP in the amount 300 mil. CZK, 2 pcs. bank bills of exch.	22 680	0	
Czech Consolidation Agency	CZK	property - RDH; property -building _OV, oil mixing room; movable assets. - technology of oil mixing room SO 01; 2 pcs. bank bills of exch.	1 424	0	
Czech Consolidation Agency	CZK	property - RDH; property - oil mixing room; movable assets. - technology of oil mixing room SO 01; RP - C.H.I., a.s. (C.H.CHEM, a.s.) 300 mil. CZK	12 812	0	
Czech Consolidation Agency	CZK	property - RDH;	1 332	0	
Czech Consolidation Agency	CZK	property - RDH; property - oil mixing room SO 01, waste incinerator; movable assets.- technology of oil mixing room SO 01, waste incinerator technology;	1 752	0	
Total			604 525	721 344	906 474

* The according interest rate PRIBOR has been increased of an agreed upon surcharge.

** Part of a long-term loan due within the following year.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

13.b) Long-term bank loans (v tis. Kč)

Bank / creditor	Date splatnosti	Interest rate	Loan guarantee	Sum in thousands CZK as of		
				31.12.2002	31.12.2001	31.12.2000
KB-invest. acc.	30.6.2004	6M PRIBOR*	Right of property guarantee	20 767	62 930	105 093
KB-bill of exchange	31.1.2008	6% p.a.	Bill of exchange	106 875	130 625	154 375
KB- invest. acc. USD	30.6.2004	6M LIBOR*	Right of property guarantee	9 985	36 032	62 628
KB-invest. acc. CHF	12/2004	6M LIBOR+ 2,9 %	Guaranteed by property	11 541	18 976	31 021
KB-invest. acc. CZK	12/2004	6M PRIBOR+ 2,5 %	Guaranteed by property	650	10 852	26 052
RFB-invest. acc.	12/2007	3M LIBOR+ 2,7 %	Guaranteed by property	70 224	68 707	103 818
UNION BANKA, a.s. /CZK	31.3.2007	12M PRIBOR	Property - Transmotel Sokolov, secured Harmony Club Hotely, a.s. (valued at 53,9 mil. CZK); CP-); property -boiler room, secured KORAMO, a.s. (valued at 188,725 mil. CZK) bill of exch. drawn up by other party KORAMO, a.s., accepted Harmony Club Hotely, a.s.; own bill of exch. CHEMAPOL GROUP in the amount 300 mil. CZK, 2 pcs. bank bills of exch.	73 710	0	
Czech Consolidation Agency / CZK	8.2.2009	3M PRIBOR	property - RDH; property -building ČOV, oil mixing room; movable assets.- technology of oil mixing room SO 01; 2 pcs. bank bills of exch.	29 335	0	
Czech Consolidation Agency /CZK	8.2.2009	3M PRIBOR	property - RDH; property - oil mixing room; movable assets.- technology of oil mixing room SO 01; RP - C.H.I., a.s.(C.H.CHEM, a.s.) 300 mil. CZK	263 653	0	
Czech Consolidation Agency /CZK	8.2.2009	3M PRIBOR	property - RDH;	27 436	0	
Czech Consolidation Agency /CZK	8.2.2009	3M PRIBOR	property - RDH; property - oil mixing room SO 01, waste incinerator; movable assets.- technology of oil mixing room SO 01, waste incinerator technology;	35 998	0	
Total				650 174	328 123	482 987

* The according interest rate has been increased of an agreed upon surcharge.

Interest costs pertaining to bank loans and guarantees for the year 2002 totaled 52 422 ths. CZK, for year 2001 174 663 ths. CZK, resp., of which 0 ths. CZK was counted into the purchase price of investments.

14. OTHER LIABILITIES

The accrued expenses and estimated items include namely non-invoiced deliveries of crude oil, energy, services and containers and are accounted into the costs of the relevant periods of 2002. The exchange rate variations in the amount of 15 911 ths. CZK and for the previous period are shown in the contingencies.

15. INCOME TAX

Estimated income tax due for the year 2002 is 109 ths. CZK (from foreign dividends) and a reserve were created from it.

The deferred tax from all previous differences was as follows:

	Deferred tax basis (in ths. CZK)	Deferred tax (in ths. CZK)
Deferred tax liabilities from .price balance L-TA (PARAMO)	462 515	
Deferred tax liabilities from .price balance L-TA (KORAMO)	77 283	
Deferred tax liabilities from total differences (PARAMO TRYSK)	33 877	
Deferred tax liabilities from overdue unpaid legal interests	1 252	
Adjustments for acquired assets	989	
Deferred tax from consolidated adjustments	129	
	576 045	- 178 574
Adjustment for LTTA	6 669	
Adjustments for products	998	
Adjustment for spare part inventory (PARAMO)	49 519	
Adjustments for inventories (KORAMO)	20 251	
Adjustment for liabilities (exc. group comps.) (PARAMO)	537 781	
Adjustments for liabilities (KORAMO)	298 365	
Reserve for property transfer tax	836	
Reserve for wages	8 800	
Reserve for asset liquidation	2 630	
Reserve for other Axens France liabilities	3 370	
Tax loss from 1998, 1999, 2000 and 2001	172 422	
Unused tax deductions (reinvestment)	7 376	
Deferred tax for 2002	1 109 017	343 795
Final deferred tax for – liability for 2002		+ 165 221

Based on the attained financial results of the last several years there exists an uncertainty of creating taxable revenues, against which deductible temporary differences and unused tax losses could be applied. This was the reason why deferred tax liabilities were accepted only up to the sum of the existing deferred tax liabilities of individual companies of the consolidation unit.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

Breakdown of balance of deferred tax in ths. CZK

Deferred tax for PARAMO	0
Deferred tax for KORAMO	0
Deferred tax for PARAMO TRYSK (guarantee)	10 501
Consolidation adjustments (guarantee)	40
Total	10 541

16. LEASING

The Company is leasing fixed assets, which are not recorded in the balance sheet account (see paragraph 3h).

Assets being used under the finance lease (i.e. the assets are purchased after the lease period has expired) as of 31.12. 2002 (in ths. CZK)

Description	Production line	Vehicles	Machinery, equipment, technologies	Other	Total
Total of lease payments during the whole estimated time of lease	98 583	2 364	886	0	101 833
Lease payments made from financial lease as of 31. 12. 2002	89 905	1 820	647	0	92 372
<u>Schedule of remaining payments</u>					
- Due within a year	8 678	314	173	0	9 165
- Due after one year	0	230	66	0	296

Assets leased in the form of financial leasing (i.e. the assets are purchased after the lease period has expired) as of 31.12. 2001:

Description	Cars	Trucks	WW Transporter	Production line	PC equipment	Total
Total of lease payments during the whole estimated time of lease	1 785	732	1 245	98 583	298	102 643
Lease payments made from financial lease as of 31. 12. 2002	1 658	625	1 088	72 549	296	76 216
<u>Schedule of remaining payments</u>						
- Due within a year	127	107	157	17 356	2	17 749
- Due after one year	0	0	0	8 678	0	8 678

17. ASSETS AND LIABILITY NOT IN THE BALANCE SHEET

The company has as of 31. 12. 2002 liabilities (monetary and non-monetary), which are not presented in the balance sheet. These are guarantees given by KORAMO, a.s. to the banks for other companies (letter of guarantee).

Company (for)	Type of liability	Purpose	Bank name	Amount in ths. CZK	From	To	Balance in ths. CZK
MOGUL OK OIL, a.s.	Warehouse bill – inventory KORAMO, a.s. min.sum of 25000 ths. CZK	loan guarantee	Union banka	10 000	13.6.2000	31.3.2007	6 400
MOGUL OK OIL, a.s.	2 pcs blank bills of exch.	loan guarantee	Union banka	10 000	13.6.2000	31.3.2007	6 400
MOGUL PETROL, a.s.	2 pcs blank bills of exch.	loan guarantee	Union banka	21 000	16.3.2000	31.3.2007	12 750
MOGUL KORAK, a.s.	2 pcs blank bills of exch.	loan guarantee	Union banka	8 500	26.5.2000	31.3.2007	5 223

Other guarantees not in the balance sheet

Company (for)	Type of liability	Purpose	Amount in ths. CZK	From	To	Balance in ths. CZK
GE-CB,a.s.	Own blank bill of exch.	securing monetary receivables from customs debt		18.8.1999		Up to the total of liability
UNION BANKA,a.s.	2 pcs blank bills of exch.	securing monetary receivables from customs debt		19.12.2001		Up to the total of liability
Ústav paliv a maziv	Contract about creating an encumbrance	Encumbrance created for property ownership		30.7.2001		

The companies, on whose behalf guarantees were given, are paying the debts in compliance with loan contracts and according to the management will be able to fulfill their obligations to bank also in the future.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

18. ACCEPTED GUARANTEES

Pertaining to KORAMO, a.s.:
2002

Company (from)	Type of guarantee	Purpose	Bank name	Amount in ths. CZK	From	To	Balance in ths. CZK
C.H.I., a.s.	letter of guarantee	loan guarantee	Czech cons. Agency	300 000	15.5.1997	8.2.2009	276 465
Chemapol Group, a.s.	own bill of exch.	loan guarantee	Union banka	300 000	13.3.1998	31.3.2007	96 390
Chem. Group Hotely, a.s.	property Transmotel Sokolov	loan guarantee	Union banka	53 900	13.3.1998	31.3.2007	96 390
Chem. Group Hotely, a.s.	accepted bill of exch. of other party(Koramo)	loan guarantee	Union banka	300 000	13.3.1998	31.3.2007	96 390

19. CURRENT YEAR REVENUES

Table of company revenues from ordinary activities (in ths. CZK):

Code SKP	Description	Year	Domestic revenues	Export	Total
23.2	Products sold - COR products *	2002	4 370 895	426 208	4 797 103
		2001	5 021 917	502 430	5 524 347
		2000	5 543 798	842 687	6 386 485
24.60	Products sold – lubricants and other products	2002	12 854	698	13 552
	Services	2002	36 828	335	37 163
		2001	57 330	0	57 330
		2000	61 569	0	61 569
23.2	Revenues from goods – COR products *	2002	17 631	0	17 631
		2001	17 456	0	17 456
		2000	19 182	0	19 182
50.5	Revenues from goods - fuel	2002	507 252	3 394	510 646
		2001	562 073	3 604	565 677
		2000	584 823	3 144	587 967
51.12	Revenues from goods	2002	4 151	23	4 174
	Total revenues from products, services and goods	2002	4 949 611	430 658	5 380 269
		2001	5 658 776	506 034	6 164 810
		2000	6 209 063	845 831	7 054 894

* COR products – crude oil refinery products

The majority of company revenues as of 31.12.2002 concentrates on 10 main customers engaging in asphalt product sales and 8 engaging in fuel sales.

20. PROFITS/LOSSES FROM INVENTORY SALES AMONG COMPANIES OF THE CONSOLIDATION WHOLE

Supplier	Customer	Profit+ / loss – from sale	
		2002	2001
PARAMO	PARAMO TRYSK	-6	-98
PARAMO	KORAMO	148	
KORAMO	PARAMO	- 736	
Total		- 588	-98

Note: these are intergroup profits and losses, which were, within the consolidation, taken out of unused inventories, i.e. these profits and losses are not pertaining to used supplies.

21. PERSONNEL EXPENSES

The average number of employees and management and personnel expenses in 2002, 2001, and 2000:

Category	No.	Wages	Social security and Medicare	Social costs
2002				
Employees	872	105 831	38 719	5 684
Management	79	38 289	13 400	519
Total	951	144 120	52 119	6 203
2001				
Employees	679	118 596	37 425	3 364
Management	54	25 715	9 001	260
Total	733	144 311	46 426	3 624
2000				
Employees	747	111 364	38 884	3 636
Management	51	21 684	7 589	244
Total	798	133 048	46 473	3 880

In the year 2002 the members and former members of statutory, management, and supervisory boards received bonuses totaling 4 051 ths. CZK.

Footnotes to the Consolidated Financial Statement PARAMO, a.s. (as of 31. 12. 2002)

22. RELATED ENTITY INFORMATION

No loans, guarantees, advance payments and other benefits were granted to the members of statutory bodies in 2002 and they hold no shares of the company. The directors have the advantage of using passenger cars for private use and company housing and in the year 2002 they have received material income in the amount of 270 ths. CZK.

The company KORAMO, a.s. paid out, in 2002, bonuses to its members of Statutory and Supervisory Boards 353 ths. CZK (see footnotes 3).

23. RESEARCH AND DEVELOPMENT COSTS

The company spent 6 350 ths. CZK for research and development in 2001 and calculated it into the costs, in 2001 4 031 ths. CZK, and in 2000 4 702 ths. CZK. The costs went towards quality control, tests and development of new products.

24. SIGNIFICANT ITEMS OF PROFITS AND LOSSES

The extraordinary costs are created by depreciation of unfinished investments in the amount of 9 332 ths. CZK, interest rate accounting adjustment from 2000 and 2001 from the SEZOOZ advance in the amount of cca 17 mil CZK, method change expenses (exchange rate variations of 2001) and income tax from 2001 (which the Company didn't account for in 2001).

Method change revenues – exchange rate variations from 2001 and the dissolving of reserves for exchange rate losses from 2001 create the extraordinary revenues.

25. 25. OTHER SUPPLEMENTARY INFORMATION

Important law suits: (valid for KORAMO, a.s.)

Československá obchodní banka, a.s., Praha 1, Na Příkopě 14
for damages in the amount of 60 270.434,26 CZK

Subject of dispute:
compensation for damages created by credit realization with Chemapol, a.s.

State: Our company figures in this case as the defendant. The subject of the lawsuit is the plaintiff's claim to damages, which was supposed to be caused by violation of the cogent regulation § 151i of the Civil Code on the side of our company as the sub-debtor. Our company performed on 25.9. 1998 and on 16.11. 1998 a credit of mutual receivables and liabilities existing between our company and Chemapol a.s. Československá obchodní banka, a.s. made a legal claim on 28.12. 2000. In view of the raised objection that the time for the claim has already lapsed as well as in view of the detailed legal study of the claim, it is very probable that the court will dismiss the claim and it is not necessary to create reserves for it.

26. FOLLOWING EVENTS

(Valid for KORAMO, a.s.)

On 12.2.2003 the Regional Court in Prague passed its decision in the case of a lawsuit by FK Kolin, a.s. (former FK MOGUL Kolin, s.r.o.), according to which KORAMO, a.s. has an obligation to pay to FK Kolin, a.s. a sum in the amount of 1 000 ths. CZK with an interest of 7,5% from default in payment since 1.1.2002 up to payment in full and furthermore the amount of 92,5 ths. CZK as a payment for legal costs. A reserve was created for the estimated sum of 1 181 ths. CZK.

On 21.2.2003 important changes pertaining to the operation of the Union bank, a.s., took place, where starting from that date up to the present (the day of this financial report) the company KORAMO, a.s. has its account balances at this bank frozen. This has negative bearing on the financing of the operational activities of the company.

Within the frame of optimization and reconstruction of the domestic commercial network a merger between MOGUL MORAVA, a.s. and MOGUL PETROL, a.s., took place on 1.2.2003 with the successor MOGUL MORAVA, a.s.

27. CASH FLOW OVERVIEW

The cash flow overview was done using an indirect method (see footnote no. 2). The company KORAMO, a.s. was included in the consolidation whole on 1.11.2002. Costs, revenues and the financial result for the period from 1.1.1. to 31.12.2002 were, for the purpose of the consolidation, determined by the ratio method, i.e. as 2/12 of the yearly sum. Using this method it is impossible to determine the corresponding state of assets and liabilities in the balance sheet at the date of the financial report as of 31.10.2002. This was the reason an overview of cash flow for the company KORAMO could not be put together for the period from 1.1.1. till 31.12.2002. The cash flows of KORAMO were included in the consolidated cash flow overview in the following fashion. Revenues of KORAMO in November and December 2002 is shown on line Z and a proportional part of the depreciations for the same time period is shown on line A.1.1. On line Z. is also shown the accounting of the consolidated difference followed by dissolution on line A.1.6. as a non-monetary operation. The revenues are further adjusted of consolidation adjustments resulting from inventory supplies. All other cash flows for the period from 1.1.1. to 31.12.2002 and monetary assets of KORAMO at the date of acquisition are shown in item B.4. To better inform the users there is a KORAMO, a.s. cash flow overview included for the whole of 2002 (operations pertaining to basic assets and equity took place before 1.11.2002) and an overview of profits and losses of this company during the time period starting from 1.1.1. till 31.12.2002 (see par. 2).

28. 28. RECORDS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The financial statements of subsidiaries and affiliated companies excluded from the consolidation in 2002 - see supplement no. 4.

The report about the relationships between the dominant and the subordinate entity and about the relationships between the subordinate entity and other entities ruled by the same dominate entity for the year 2002 is available to the shareholders in the headquarters of PARAMO, a.s., Přerovská 560, 530 06 Pardubice.

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