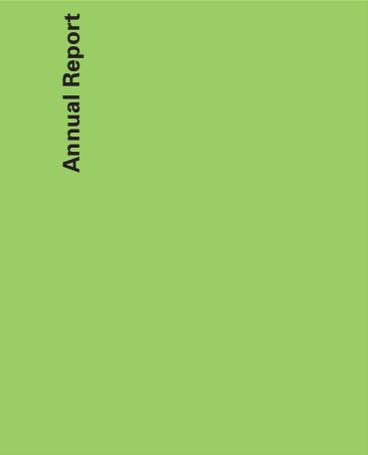


2003



Annual Report



**PPF** – one of the most significant financial groups in the Czech Republic, positions itself as a strategic investor that successfully manages assets, develops its activities in the region of Central & Eastern Europe, and conducts itself as a good corporate citizen. An important part of the philosophy of PPF is respect for Czech society, its values, and shared social responsibility for the direction the Czech Republic is taking. We express our relationship to society through long-term support for cultural, educational, and charity projects and accomplishments that bring lasting value and are beneficial to society as a whole.

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

**The Adventure of Photography** In the early 20<sup>th</sup> century, photography went through several fundamental stages of development. Technical enthusiasts endeavoring to achieve the most precise image of the photographed motif were replaced by artistic experimenters and photography began to be recognized as an artistic discipline. In past years, PPF Group's 20<sup>th</sup>-century Czech art photography collection was represented in the annual reports of PPF by our leading personalities: Josef Sudek, František Drtikol, and Jaroslav Rössler. This year, we present a cross-section of Czech art photography of the second half of the 20<sup>th</sup> century. Although not exhaustive by any means, it does give an idea of how many different and autonomous streams can be found in Czech photography and prove that both creating the art itself and watching the development of this remarkable medium can be a very interesting adventure.

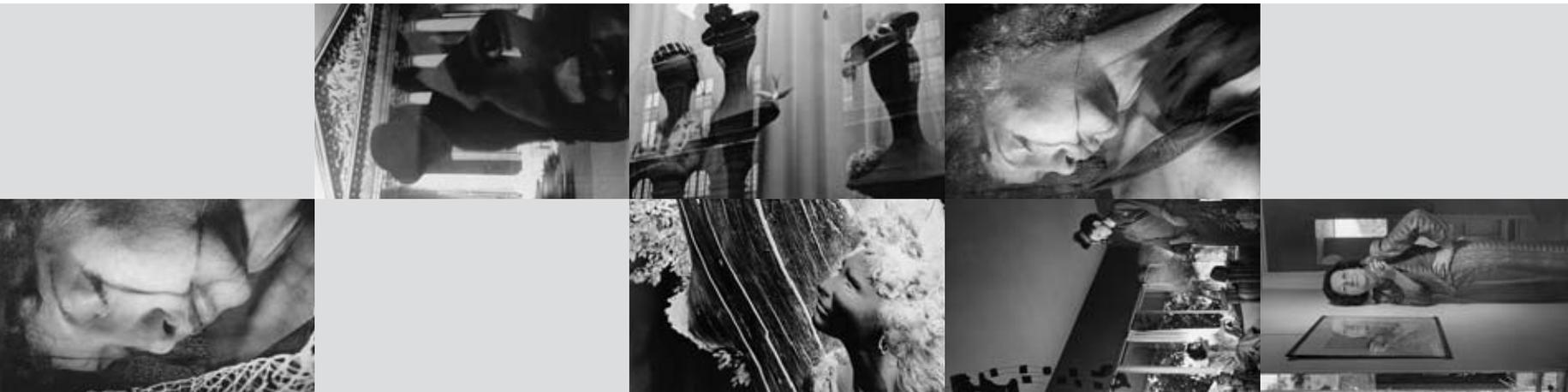
Alexandr Hackenschmied is represented by a unique series of poetic portraits of his then-wife, Maye Deren. Another unique figure in Czech photography is Emila Medková, whose work is valued for its fascinatingly mystical ambiguousness, allowing for a wide range of subjective interpretations. As a contrast to her highly celebrated and even revered works, we chose the clear and direct, almost journalistic images of Jan Lukas. The third quarter of the 20<sup>th</sup> century is represented by Vasil Stanko, who is part of a group of photographers known as the Slovak New Wave. Next to Stanko, and in counterpoint to him, we place his co-student, Peter Župník, whose work from the late 1990s is some of the most poetic of the group. The work of Gabina Fárová is represented here by a set of intimate still lifes entitled "Gabinettes", which flirt with the heritage of avant-garde photography. The classic portrait genre is represented by the work of Ivan Pinkava. His extensive collection of artistically stylized portraits occupies a dominant and indispensable place in Czech arranged photography.





Peter Župnik

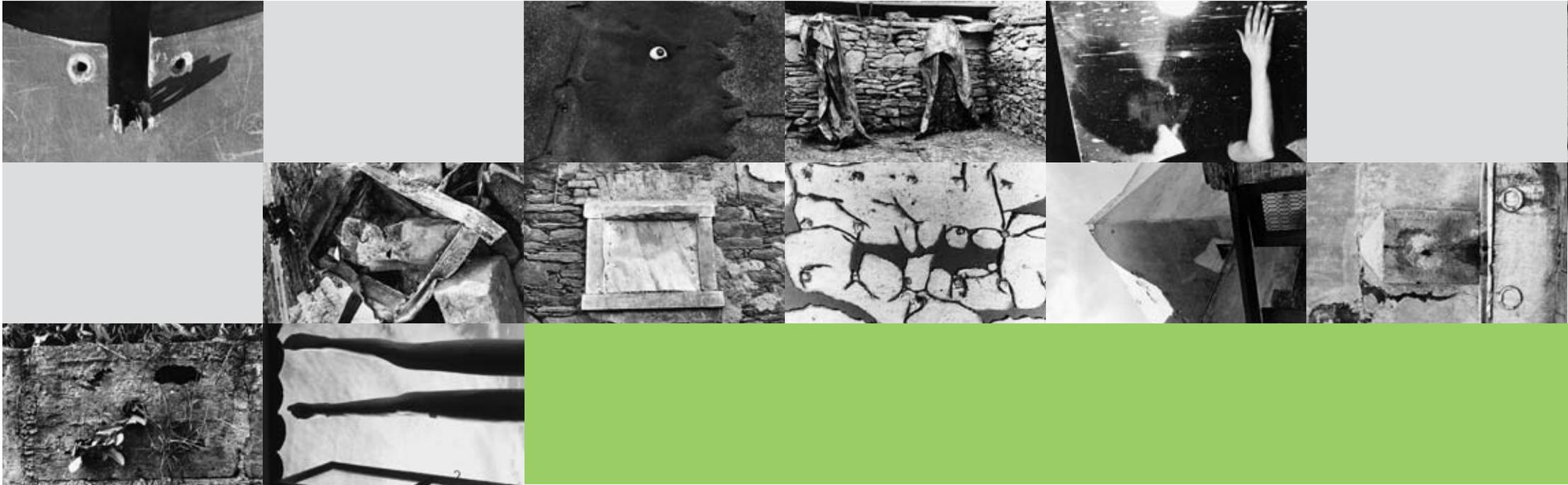
The search for different paths and approaches opens up potential for the formation of unique partnerships.



Alexandr Hackenschmied



Respect for timeless values that are the fruit of the striving of the human soul brings not just satisfaction with a job well done, but also inspiration and ideas for useful action.





Gabina Fárová

Courageous steps bring results that make a deeper impression on human consciousness.



Emila Medková





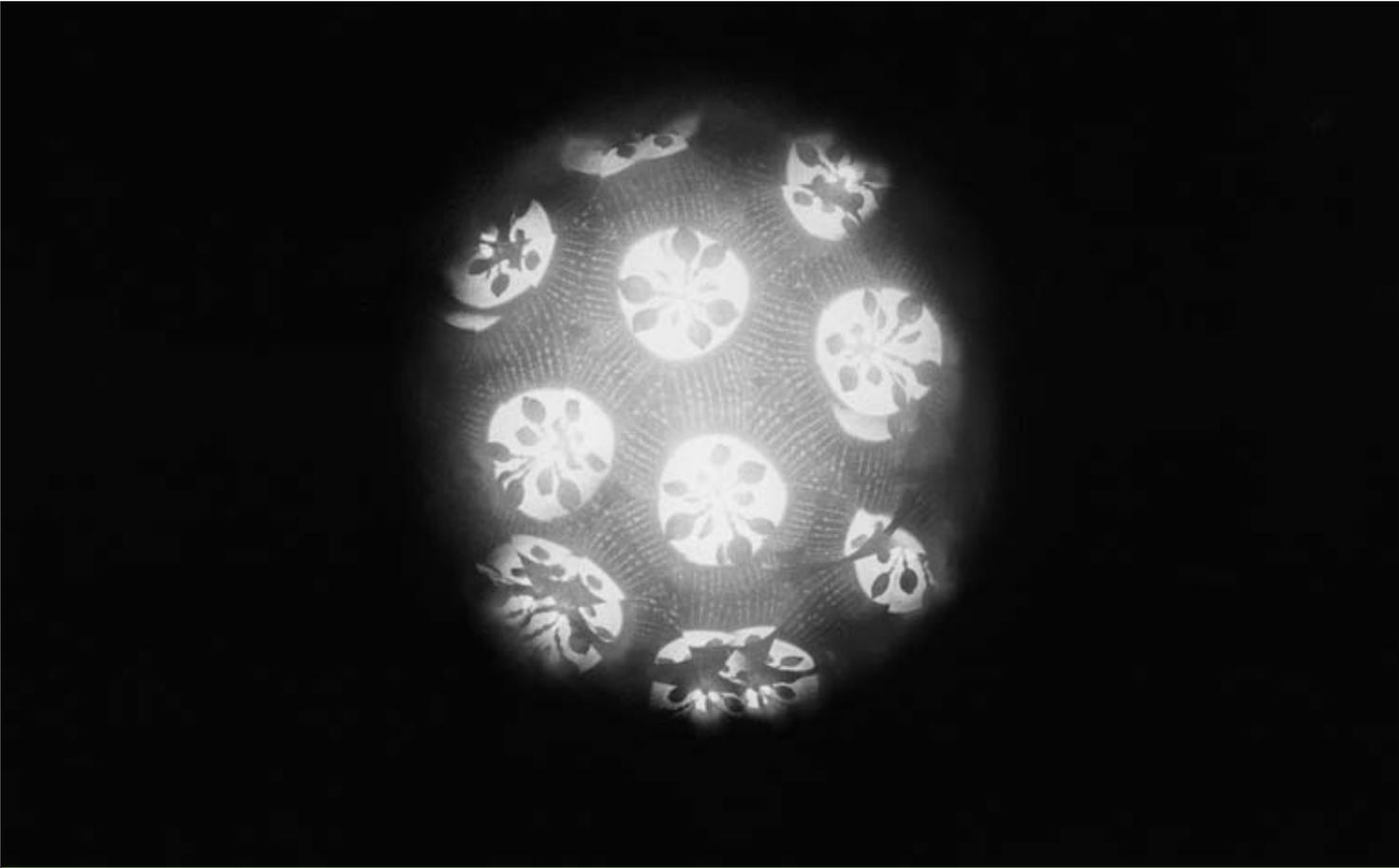
Alexandr Hackenschmied | 1943 | "Botticelli Shot", from the film Meshes of the Afternoon  
Peter Župnik | 1995/2003 | Dandelion





Gabina Fárová | 1997 | Darina

Emila Medková | 1978 | Puppet Show



Peter Župník | 1990/2003 | New Planet

## Contents

Chairman's Statement	14
Summary of Important Events	17
Structure of PPF Group	24
PPF Profile	26
PPF a.s. – the Management Company of PPF Group	27
Senior Management of PPF Group	28
Senior Management of PPF a.s.	32
Management of PPF Specialized Companies	34
Board of Directors Report on the Company's Operations and the State of Its Assets	36
Future Development of PPF	40
PPF – Successful Financial Investor	42
PPF – Socially Responsible Corporation	44
Specialized Companies of PPF	48
Supervisory Board Report	70
Companies Managed by PPF – Česká pojišťovna Group	76
Companies Managed by PPF – TV NOVA Group	128
Financial Section	140

## Chairman's Statement

Dear friends,

Over its 13 years in business, PPF has become a respected financial group, with over CZK 170 billion in assets under management, and one of the largest groups in the Czech Republic. PPF's activities in 2003 led to a reinforcement of the Group's position in the Czech market and successful development in foreign markets.

PPF's interest as an investor is to manage and grow the value of assets as effectively as possible, and this determines the Group's investment strategy and long-term plans, which rest on two basic pillars. The first pillar consists of our activities in the retail segment. Through its investments, PPF is very active in the retail markets of the Czech Republic, Slovakia, and Russia. PPF constantly monitors and analyzes markets with the objective of offering our existing financial services, in the insurance and consumer credit areas in particular, in other countries of Central & Eastern Europe as well. The second pillar is investments in promising companies. PPF constantly seeks for new investment opportunities, and in the markets where we operate we invest in companies with high intrinsic potential for future growth.

To a considerable extent, the success of investments in the Czech Republic depends on the development of the economy and capital markets. The Czech economy performed well in 2003, outpacing even the economies of advanced Western countries. The Gross Domestic Product (GDP) grew 3.1%, inflation remained low at 0.1%, and Foreign Direct Investment (FDI) in the Czech Republic totaled USD 2.6 billion for the year. The domestic equity market, as represented by the PX 50 Index, posted growth of nearly 42% in 2003. Rates of return on individual financial market instruments were influenced in large measure by low Czech National Bank interest rates.

The performance of the domestic economy and the continuing process of approximating Czech legislation to European Union standards contributed to increasing the Czech Republic's credibility at the international level. In and of itself, the Czech Republic's entry into the European Union did not bring any major change for PPF in terms of investments. Our investments in the region of Central Europe, and in the new EU Member States in particular, are well-established and long-standing, representing traditional brands in these countries' markets.

Acquisitions were another major activity area in 2003. In supplemental pension insurance, thanks to the purchases of Commercial Union penzijní fond and ABN AMRO penzijní fond, we managed to catapult Penzijní fond České pojišťovny into the position of Czech Republic market leader in terms of the number of clients. PPF also reinforced its position in TV NOVA, increasing its ownership stake to 66% and financially consolidating and stabilizing the overall situation in the TV NOVA Group. This was facilitated by the final resolution of court and arbitration disputes with CME and ČNTS. After CET 21, which owns the TV station's broadcasting license, is restored to standard legal standing, there will be no more obstacles to selling this investment to a foreign strategic partner. PPF was also very active in the area of receivables management: for example, we purchased the largest-ever package of receivables (in an aggregate face value of CZK 63 billion) in a Česká konsolidační agentura (Czech Consolidation Agency) tender. Another transaction related to the change in PPF's asset management and investment services strategy was the acquisition of Baader Securities and its subsequent renaming to PPF Asset management.



**Petr Kellner**, Chairman of the Board of Directors

Last year, PPF continued to build on its past successes in asset management and development of the Group as a whole. Home Credit maintained its position as one of the three largest consumer credit companies in the Czech market and reaffirmed its position as the leader in Slovakia. But it also did more: in just under two years, it became the number-two player in the consumer credit market in Russia. PPF sees the Russian market as a very promising opportunity for growth and intends to be active this region in the life assurance area as well.

2003 also saw certain changes made in the system used to manage the Group's investments. The financial management function was reinforced throughout the Group, especially in terms of optimizing financial flows and financial consolidation of the Group as a whole. The new system should enable us to more effectively bring our finances to bear on addressing the Group's commercial needs, react to regulatory changes relating, for example, the European Union entry, and keep up with global trends in this area. Starting in 2003, PPF began using a new corporate identity – consisting of a new logo and overall visual presentation. This change is a logical result of PPF's development to-date, which has made us a strong, recognized financial group at the Central European level that is also in the process of expanding into other regions. The new corporate identity reflects and communicates the position that PPF has achieved in the market and our plans for the future.

Since the end of 2003, PPF has been intensively monitoring China, which is one of the largest, most promising, and fastest growing emerging markets in the world. Here, PPF sees major potential investment opportunities, especially in retail financial services and receivables management.

PPF will continue to direct its investments into companies active in retail financial services, municipal finance, and receivables management. Investments activities at the international level will be focused in the region of Central and Eastern Europe.

PPF Group is respected for its activities not only in the world of finance, but also as a partner of high-quality projects in the area of culture and the arts. As a leading player in the Czech economy playing its part in creating and maintaining a stable economic environment in the country, PPF recognizes and accepts its social responsibility. We express our relationship to society in many ways, including long-term support for projects in the areas of Czech culture, the arts, charity, and education, thereby making a significant contribution to the development of cultural and social life in the Czech Republic.

The successes and results that PPF has achieved over its history in business pose an enormous challenge for us as we go forward. It is a duty based on the fundamental principles of professionalism, credibility, and quality. Our goal as we pursue and apply these principles is to ensure the further development of PPF, as well as the satisfaction and continued favor and trust of our clients and partners.

A handwritten signature in black ink, appearing to read 'Petr Kellner', with a stylized flourish at the end.

**Petr Kellner**  
Chairman of the Board of Directors

## Summary of Important Events

### January

PPF Group

Home Credit Group

Česká pojišťovna a.s.

ČP PARTNER, a.s.

ČP Leasing, a.s.

As of January 1, the companies of PPF Group begin using a new logo and new corporate identity achieves highest business volume in its history – CZK 5.6 billion – in 2002  
changes its approach to clients, introducing a new policy administration and claims handling model  
General Meeting passes resolution to wind up the company's activities  
increase in ČP Leasing, a.s. bond issue volume from CZK 2 billion to new maximum of CZK 2.5 billion

### February

eBanka, a.s.

Česká pojišťovna a.s.

Home Credit & Finance Bank Llc.

PPF banka a.s.

(formerly První městská banka, a.s.)

launch of PDA Banking; bank card sales grow by 65%  
begins offering a new whole-life insurance/savings product – DYNAMIK  
launches consumer credit program in the "Partia" store chain in Moscow  
sale of equity interest in CETELEM ČR, a.s.

### March

Home Credit Finance a.s.

Češskaya strachovaya kompaniya o.o.o.  
(Česká pojišťovna Russia)

Penzijní fond České pojišťovny, a.s.

Home Credit Slovakia a.s.

Home Credit & Finance Bank Llc.

increases its share capital by CZK 50 million to a total of CZK 300 million  
increases share capital from original RUR 9.6 million to approximately RUR 87 million (USD 2.75 million)  
shareholder approves merger of Penzijní fond České pojišťovny, a.s. and ČP penzijní fond (formerly Commercial Union Penzijní Fond, a.s.)  
Penzijní fond České pojišťovny, a.s. is the surviving company  
CRA Agency grants company rating of skA-/skP-2  
launch of consumer credit program in "Technosila" store chain in Moscow, St. Petersburg and Samara  
obtains legal entities and private individuals licenses to make bank transactions in foreign currencies as well as FKCP professional securities market participant license to engage in brokerage and dealing activity  
roll-out of a new credit repayment system – by telephone and over the Internet

2003

**April**

eBanka, a.s.

110 locations all over the Czech Republic (Česká pojišťovna, a.s. tellers and offices) added to eBanka, a.s. sales network, bringing the total number of locations to 142

AB - CREDIT a. s.

Česká pojišťovna a.s. becomes 100% shareholder of AB - CREDIT a. s. (formerly AB - Real Plzeň a.s.)

Home Credit &amp; Finance Bank LLC.

opening of Regional Offices in Ufa, St. Petersburg, and Kazan; launch of consumer credit program in "Technosila" store chain in Tollyatti

PPF banka a.s.

opening of new client service location in Prague 1, Mariánské náměstí 2, MHMP Building

**May**

PPF

becomes General Partner of the RHODOS Image Award competition for the second time

Česká pojišťovna a.s.

General Meeting resolves to pay a CZK 1,178-per-share dividend for 2002

Home Credit &amp; Finance Bank LLC.

launch of consumer credit program in "Polaris" store chain in Moscow

Home Credit Slovakia a.s.

launch of new distribution channel – Catalog Sales

Penzijní fond České pojišťovny, a.s.

General Meeting resolves to pay a 3.2% p.a. return on client balances for 2002

**June**

PPF

for the fourth time, PPF is General Partner of the Summer Shakespeare Celebration held at Prague Castle

Home Credit &amp; Finance Bank LLC.

opening of Regional Office in Rostov-on-Don

launch of consumer credit program in store chains "M – Video" and "Polaris" in Nizhniy Novgorod, "Partia" in St. Petersburg, "Technosila" in Rostov-on-Don, and the "Sibvez" store chain in Tomsk

Penzijní fond České pojišťovny, a.s.

Ministry of Finance of the Czech Republic approves merger of Penzijní fond České pojišťovny, a.s. with ČP penzijní fond (formerly Commercial Union Penzijní Fond, a.s.)

PPF banka a.s.

obtains securities brokerage license from Securities Commission

**July**

AB - CREDIT a. s.

wins Czech Consolidation Agency public tender for largest-yet package of receivables – with aggregate face value of CZK 62.343 billion

Home Credit &amp; Finance Bank LLC.

opening of Regional Office in Novosibirsk

launch of consumer credit program in “Eldorado” store chain in Ufa

becomes member of the Association of Regional Banks “Russia”

**August**

AB - CREDIT a. s.

purchase of receivables from Czech Consolidation Agency settled for purchase price of CZK 1.261 billion

eBanka, a.s.

achieves a radical, 155% year-on-year jump in volume of loans drawn by corporate clients

Home Credit &amp; Finance Bank LLC.

launch of consumer credit program in “Sibvez” store chain in Novosibirsk, Berdsk, Iskitim, Omsk, in the “Polaris” store chain in Rostov-on-Don and St. Petersburg, and in the “Eldorado” store chain in Nizhniy Novgorod

Penzijní fond České pojišťovny, a.s.

becomes second largest pension fund in the Czech Republic following merger

PPF majetková a.s.

completion of renovation and construction of buildings in the Vladislavova – Spálená complex in Prague

**September**

PPF Asset Management a.s.

obtains Securities Commission license to provide asset management services  
portfolio management function is transferred from PPF burzovní společnost a.s. to PPF Asset management a.s.

CM - CREDIT a.s.

company is reorganized in conjunction with purchase of loan portfolio from Czech Consolidation Agency

eBanka, a.s.

obtains Czech National Bank license to issue mortgage bonds

new mortgage product launched

Home Credit Finance a.s.

sale of first package of receivables from revolving loans in securitized structure

Home Credit &amp; Finance Bank LLC.

opening of Regional Office in city of Tyumen

launch of consumer credit program in “Sibvez” store chain in Barnaul, Novoaltaysk, and Krasnoyarsk and in the “Mir” store chain in Tyumen

**October**

PPF

closes a CZK 1.45 billion transaction to purchase an equity interest in Česká nezávislá televizní společnost, spol. s r.o. and settles with CME

acquires a 93.2% stake in Česká nezávislá televizní společnost, spol. s r.o.

Česká pojišťovna ZDRAVÍ a.s.

commences sale of innovated products

Home Credit Finance a.s.

begins regular (daily) assignment of receivables for securitization

Home Credit &amp; Finance Bank LLC.

launch of consumer credit program in "Technosila" store network in Tver, "Mir" store network in Moscow and Kazan, and "Eldorado" store network in Rostov-on-Don, Moscow, Samara, St. Petersburg, Kazan, Tomsk, and Krasnoyarsk

PPF Capital Management a.s.

Extraordinary General Meeting approves merger with EURONEWS, a.s.

**November**

PPF

in competition organized by CZECH TOP 100 entitled "100 Best Annual Reports of the Year", PPF wins second place overall, 1<sup>st</sup> place in the "Graphic Design" category, 1<sup>st</sup> place in the "Financial Institutions" category, and additionally, the Europe Prize for Graphics

PPF Group becomes a founding member of DONATOR Corporate Philanthropy Club

eBanka, a.s.

eBanka, a.s. Personal Account wins first place in the "Account of the Year 2003" category in "Bank of the Year" competition

Home Credit &amp; Finance Bank LLC.

opening of Regional Offices in Volgograd and Ekaterinburg

launch of consumer credit program in "Technosila" store chain in Ekaterinburg, "Mir" store chain in Rostov-on-Don, Novosibirsk, and Cheliabinsk, "Technosila" chain in Ivanov, and "Eldorado" chain in Ekaterinburg, Volgograd, and Krasnodar

PPF majetková a.s.

14, Spálená Street project wins the prestigious "Best of Realty" competition in the "Renovated Offices" category

## December

TV NOVA Group

PPF gains control over 66% of NOVA HOLDING, a.s. and TV NOVA HOLDINGS, B.V., which runs TV NOVA Group

Home Credit Finance a.s.

decision taken to change company's accounting period from calendar year to fiscal year

Home Credit & Finance Bank LLC.

launch of consumer credit program in "Technosila" store chain in Volgograd and Krasnodar, "Mir" in Ekaterinburg and "Eldorado" in Novosibirsk, Tver and Perm

Effective 4 December 2003, exchange intermediary license no. 622 obtained from Commodities Exchange Commission of the MAP RF for options and futures trading on the exchange

PPF banka a.s.

Czech National Bank issues bank license in accordance with Section 1(3) of Act No. 6/1993 Sb.

Česká pojišťovna a.s.

purchase of 69.7% interest in ABN AMRO penzijní fond from ABN AMRO Bank B.V.

## January

PPF

begins monitoring investment opportunities in the Chinese market

construction begins on future OPEN GATE – Boarding School campus in Babice near Říčany u Prahy – with the financial support of PPF Group

Home Credit & Finance Bank LLC.

launch of consumer credit program in "M – Video" store chain in Samara, St. Petersburg, Ekaterinburg, and Cheliabinsk

PPF Capital Management a.s.

1 January 2004 is strike date of merger of PPF Capital Management a.s. with EURONEWS, a.s.

Home Credit Finance a.s.

posts record turnover of CZK 5.2 billion for year-on-year growth of 44%

Česká poistovňa – Slovensko,  
akciová spoločnosť

purchase of 70,000-strong client portfolio from Allianz pojišťovna, a.s.

2003/2004

**February**

AB - CREDIT a. s.	agreement signed on final settlement of acquisition of loans package from Czech Consolidation Agency
ČP INVEST investiční společnost, a.s.	new product "Šikovná obálka" (Clever Envelope) launched in Czech market, distribution through branches of Česká pošta (Czech Post)
Home Credit & Finance Bank LLC.	agreement signed with ING Bank N.V. on acquisition of RUR 5 billion in ruble-denominated investments for a period of 3 years for company's expansion in Russia opening of Regional Offices in Tver, Ivanov, Krasnodar, and Krasnoyarsk launch of consumer credit program in "Technosila" store chain in Perm and "M – Video" chain in Rostov-on-Don
Home Credit Slovakia a.s.	SKK 3.4 billion syndicated loan agreement signed with consortium of banks
PPF burzovní společnost a.s.	posts 2003 trading volume of CZK 291 billion
PPF majetková a.s.	17, Vladislavova Street, a part-renovation, part-new-build project in Prague, receives final approval from building inspectors following completion of construction preparation for establishment of a specialized real estate fund in cooperation with ČP INVEST investiční společnost, a.s.
Česká pojišťovna a.s.	premiums rise 13% year-on-year to CZK 37.9 billion
Penzijní fond České pojišťovny, a.s.	posts record 2003 profit of CZK 295 million, year-on-year growth of 47%

**March**

PPF a.s.	first place in "Most Admired Financial Intermediaries" category in ranking of most admired corporations compiled by CZECH TOP 100
TV NOVA Group	Prague Municipal Court issues injunction preventing V. Železný from divesting 60% ownership interest in CET 21 spol. s r.o.
eBanka, a.s.	wins "Financial Product of the Year 2003" award for its product "Bank Card Abuse Insurance"
Home Credit Slovakia a.s.	reaffirmation of positive rating received in 2003
PPF majetková a.s.	privatization of sanatorium Lázně Velké Losiny completes acquisition of Česká spořitelna, a.s. real estate portfolio and begins managing this portfolio on behalf of its acquirer – RE INVESTMENT TRUST, a.s.
Česká pojišťovna a.s.	first place in "Insurance Companies" category in ranking of most admired corporations compiled by CZECH TOP 100

## April

PPF

negotiations begin with Chinese State authorities and institutions concerning specific possibilities for PPF Group to enter the Chinese market

wins "Excellent Product of 2004" prize for new PPF Group visual style

Home Credit & Finance Bank LLC.

opens Regional Bank Offices in Ulyanovsk and Perm

Česká pojišťovna a.s.

auditor confirms 2003 net profit of CZK 3.1 billion

profit for first quarter 2004 is CZK 1.6 billion – triple that posted 12 months prior

market share of Česká pojišťovna a.s. rises to 39% thanks to growth in premiums written

## May

PPF

for the third time, PPF becomes General Partner of RHODOS Image Prize competition

Česká pojišťovna a.s.

reopening of Česká pojišťovna Gallery in art nouveau palace at 14, Spálená Street in Prague

Home Credit Finance a.s.

volume of credit provided through YES card jumps by 45% in first quarter

Penzijní fond České pojišťovny, a.s.

decision to merge Penzijní fond České pojišťovny, a.s. and ABN AMRO Bank B.V. penzijní fond

Penzijní fond České pojišťovny, a.s. becomes market leader in terms of number of clients

## June

PPF

is General Partner of the Summer Shakespeare Celebration at Prague Castle – for the fifth time

Česká pojišťovna a.s.

General Meeting decides to pay CZK 670-per-share dividend

TV NOVA Group

High Court reverses Municipal Court decision in full and confirms non-existence of Vladimír Železný's ownership interest in CET 21 spol. s r.o.

Penzijní fond České pojišťovny, a.s.

credits 3.1% p.a. return to its clients' accounts for the year 2003

PPF banka a.s.

General Meeting resolves to change corporate name from První městská banka, a.s. to PPF banka a.s.

2004

### PPF Group Management Structure

#### PPF a.s. – the Management Company

##### **Česká pojišťovna a.s.**

Česká poisťovňa – Slovensko,  
akciová spoločnosť  
insurance services

Češskaya strachovaya kompaniya o.o.o.  
(ČP Russia)

insurance services

##### **Home Credit Finance a.s.**

consumer credit

##### **Home Credit & Finance Bank LLC.**

consumer credit

##### **Home Credit Slovakia a.s.**

consumer credit

##### **eBanka, a.s.**

banking services

##### **Penzijní fond České pojišťovny, a.s.**

supplemental pension insurance

##### **ČP INVEST investiční společnost, a.s.**

mutual funds

##### **ČP Leasing, a.s.**

leasing services

##### **AB - CREDIT a. s.**

receivables management

##### **Česká pojišťovna ZDRAVÍ a.s.**

commercial health insurance

##### **Specialized Companies of PPF**

##### **PPF Asset Management a.s.**

asset management, investment consulting

##### **PPF CONSULTING a.s.**

management of investment projects

##### **PPF burzovní společnost a.s.**

securities brokerage

##### **PPF majetková a.s.**

real property management

##### **PPF (CYPRUS) LIMITED**

asset management

##### **PPF SERVICES LIMITED**

securities brokerage

##### **PPF Capital Management a.s.**

management of strategic holdings

##### **PPF banka a.s.**

financial services for municipalities  
and corporations

##### **CM - CREDIT a.s.**

receivables management

##### **TV NOVA**

##### **TV NOVA HOLDINGS B. V.**

management and strategic  
development of TV NOVA group

##### **Česká produkční 2000, a.s.**

service organization – production  
of programs

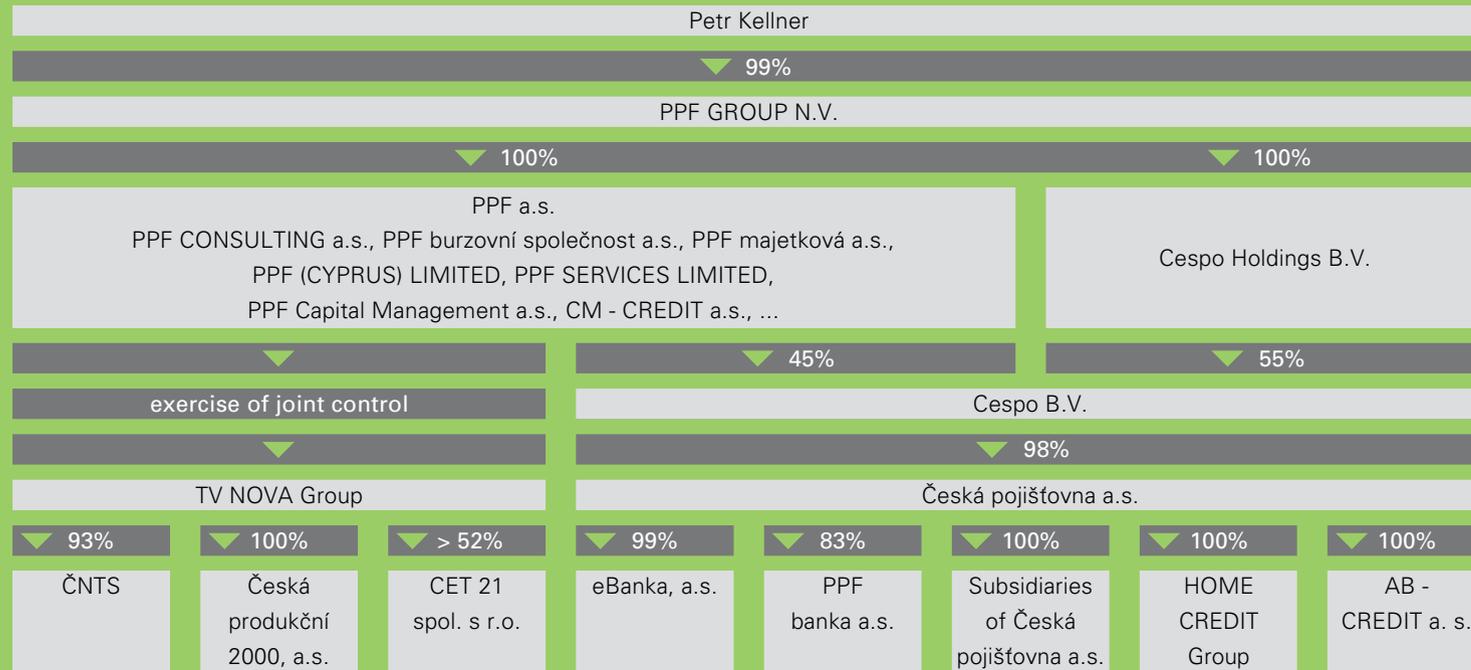
##### **CET 21 spol. s r.o.**

owner of broadcasting license

##### **MAG MEDIA 99, a.s.**

sale of advertising time

## PPF Group Ownership Structure



Remark: Percentages are rounded.

## PPF Profile

### **Successes Achieved**

During its 13 years in business, PPF has become one of the largest financial groups in the Czech Republic. The successes we have achieved over this period have made PPF a leading Czech investor and we are expanding in foreign markets as well.

### **Mission Statement**

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

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

### **Accountability to Society**

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

### **Investment Strategy**

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

### **Strategy for the Future**

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

### **Corporate Culture**

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

**PPF a.s. – the Management Company of PPF Group**

Date of inception:	18 November 1996
Address:	Na Pankráci 1658/121, 140 21 Prague 4, Czech Republic
Registered capital:	CZK 420 million
Auditor for 2003:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Petr Kellner – Chairman
	Milan Maděryč – Vice Chairman
	Ladislav Bartoníček, MBA – Vice Chairman
	Jan Blaško, MBA – Member
	Ladislav Chvátal – Member
Supervisory Board:	Štěpán Popovič – Chairman
	František Tlustoš – Member
	Jaromír Prokš, MBA – Member
Company management:	Aleš Minx – Executive Director
	Kamil Ziegler – Director of Finance, PPF Group (since 1 April 2004)
	Václav Šrajer, MBA – Director of Research
	Ivan Lackovič – Director of Marketing and Communication
	Jan Andrlík – Director of Finance
	Lubomír Král – Head of Legal Department
	Taťána Panýrová – Director of Personnel
	Ondřej Tyrpekl – Director of Information Systems
	Tomáš Krones – Director of Strategic Marketing
	Tomáš Soóky – Director of Strategic Acquisitions
	Lenka Šafránková – Director of Operations Department
Principal businesses:	advisory and consulting services for PPF Group in the following areas: financial, communications and marketing, information technology, human resources and organization development

PPF a.s.

## Senior Management of PPF Group



**Petr Kellner**  
Chairman of the Board

Born in 1964; graduated from the Prague University of Economics in industrial economics in 1986. A founder of PPF Group, Kellner became Chairman of the Board of Directors and CEO of PPF investiční společnost a.s. in 1991. Since January 1998, when PPF a.s. became the Group's management company, he has served as Chairman of the Board of Directors, and from this position he is responsible mainly for the strategic development and direction of the entire PPF Group in the medium and long term.



**Milan Maděryč**  
Vice Chairman of the Board

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



**Ladislav Bartoníček, MBA**  
Vice Chairman of the Board

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



**Jan Blaško, MBA**  
Member of the Board

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



**Ladislav Chvátal**  
Member of the Board



**Aleš Minx**  
Executive Director

Born in 1963; a graduate of the Prague University of Economics. After university Chvátal served as Board Member and Personnel Director at AVIA Praha Letňany. Upon joining PPF in 1994, he served as Director of Marketing. Starting in 1995 he was director of PPF Capital Management a.s. In 1999 – 2001 he was Executive Director of PPF a.s. Since June 2002 he has been a Member of the Board of Directors of Česká pojišťovna a.s. with responsibility for the subsidiaries eBanka a.s., ČP Leasing, a.s. and Home Credit Group, where he acts as Chairman of the Board of Directors and director of Home Credit International a.s., which runs the group's business activities at home and abroad.

Born in 1964; a graduate of the Prague University of Economics, Faculty of Manufacturing Economics. In 1987 – 1992 he was employed at PAL a.s. as head of the finance department. After joining PPF in 1992, Minx was Director of Finance until June 2001. Since July 2001 he has been Executive Director of PPF a.s.



**Petr Dvořák, MBA**  
**Management**  
**of Media Investments**

Born in 1964; a graduate of the Czech Technical University in Prague, Faculty of Electrical Engineering, where he majored in technical cybernetics. In 1999, he was awarded an MBA from the University of Chicago. Dvořák joined PPF Group in 1999, as manager of the MTPL Insurance 2000 project at Česká pojišťovna a.s. In 2000 – 2001 he headed a new strategic project for the former EXPANDIA BANKA, a.s. (now eBanka, a.s.). As of 2002, he is responsible for the Group's media investments. After PPF gained a 50% stake in TV NOVA, Dvořák was elected to Board seats in TV NOVA Group. As of May 2003, he is also CEO of CET 21 spol. s r.o., the company which holds the television broadcasting license.



**Kamil Ziegler**  
**Director of Finance,**  
**PPF Group**

Born in 1962; a graduate of the Prague University of Economics, Faculty of Commerce. Ziegler is also a graduate of the Southwestern Graduate School of Banking at Southern Methodist University. He spent his entire previous professional career in the banking sector, where he held a number of senior positions such as Executive Director and Finance Director of Komerční banka a.s., Deputy CEO and Member of the Board of Česká spořitelna a.s. He also served as CEO and Chairman of the Banking Council of Konsolidační banka Praha s.p.ú. and, most recently, Chairman of the Board and CEO of Raiffeisenbank Praha. He joined PPF Group in April 2004.



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

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



**Jiří Šmejč**  
**Asset Management**

Born in 1971; a graduate of the Charles University, Prague, Faculty of Mathematics and Physics, where he specialized in mathematical economics. In 1992, he went into business and in 1993 he became the executive officer and director of PUPP Consulting s.r.o. In 1995, he served as sales director at Middle Europe Finance s.r.o., which was a securities trader with a focus on acquisitions. He joined TV NOVA in 1999, and since July 1999 he has been CEO of Česká produkční 2000, a.s. Šmejč is a 34% owner of TV NOVA Group and one of the Executive Officers of CET 21, spol. s r.o., the license holder. In PPF Group, he is in charge of the asset management area and financing of the Group's activities.



**Tomáš Brzobohatý**  
**Investment Projects  
Management**

Born in 1968, Brzobohatý is a graduate of the Charles University Law Faculty, where in 1998 he completed a postgraduate course of study in financial law and was awarded a Ph.D. He began practicing law in 1991 as a junior attorney at the commercial law offices of Eduard Němeček, where he focused on financial and business law. In 1996 – 1999 he worked as an advocate at the Prague office of Burns & Schwarz. From 2000 to June 2004 he was Managing Partner in the law office of Brzobohatý Brož & Honsa, v.o.s. He joined PPF Group in July 2004, where he is responsible for the areas of Corporate Finance, Private Equity, Real Estate, and Investment Banking.

## Senior Management of PPF a.s.

**Václav Šrajcr, MBA**  
Director of Research

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

**Ivan Lackovič**  
Director of Marketing  
and Communications

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

**Jan Andrlík**  
Director of Finance

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

**Lubomír Král**  
Director of Legal Department

Born in 1972; a graduate of the Prague University of Economics and the Charles University Law Faculty, where he is currently pursuing a post-graduate degree. Following a short tenure with a law firm, in 1997 – 1999 he worked as a lawyer for the Prague Stock Exchange clearing center. Král has been with PPF since 1999.

**Tatána Panýrová**  
Director of Personnel

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

**Ondřej Tyrpekl**  
Director of Information  
Systems

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

**Tomáš Krones**  
Director of Strategic  
Marketing

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

**Tomáš Soóky**  
Director of Strategic  
Acquisitions

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

**Lenka Šafránková**  
Director of Operations  
Department

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

## Management of PPF Specialized Companies



**Kateřina Vašková**  
Executive Director,  
PPF Asset Management a.s.

Born in 1974, Vašková graduated from the Prague University of Economics, where she specialized in corporate finance and management. She began her career in 1997 as a fixed income trader at Conseq Finance, a.s. and continued there as a senior fixed income trader and member of the Investment Committee. She joined PPF burzovní společnost a.s. in 2000, when she accepted the position of senior portfolio manager, and starting in 2003 she is a senior portfolio manager at PPF Asset Management a.s.



**Tomáš Brzobohatý**  
Member of the Board,  
PPF CONSULTING a.s.

Born in 1968, Brzobohatý is a graduate of the Charles University Law Faculty, where in 1998 he completed a postgraduate course of study in financial law and was awarded a Ph.D. He began practicing law in 1991 as a junior attorney at the commercial law offices of Eduard Němeček, where he focused on financial and business law. In 1996 – 1999 he worked as an advocate at the Prague office of Burns & Schwarz. From 2000 to June 2004 he was Managing Partner in the law office of Brzobohatý Brož & Honsa, v.o.s. He joined PPF Group in July 2004, where he is responsible for the areas of Corporate Finance, Private Equity, Real Estate, and Investment Banking.



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

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



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

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



**Miroslav Horský**  
Executive Director,  
PPF (CYPRUS) LIMITED,  
PPF SERVICES LIMITED

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



**Zbyněk Štěrba**  
Executive Director,  
PPF Capital Management a.s.

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



**Zbyněk Babor**  
CEO,  
PPF banka a.s.

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



**Ladislav Řezníček**  
Executive Director,  
CM - CREDIT a.s.

Born in 1959; a graduate of the Czech Technical University, Electrical Engineering Faculty. After graduation, Řezníček worked at the Nuclear Research Institute in Řež. In 1991, he joined the Czechoslovak State Bank (later the Czech National Bank), where he worked in risk management. Starting in 1997, he headed up the CNB's subsidiary, Česká finanční, s.r.o. In 1999, he moved to Konsolidační banka Praha, s.p.ú., where he served first as Deputy CEO and then as CEO. He joined PPF in 2002. Řezníček completed a three-year World Bank course in risk management and has served a number of internships abroad.

PPF a.s. is the management company of PPF Group, which is owned by Netherlands-based PPF GROUP N.V., the company that acts as the holding company for the entire PPF Group and engages in activities related to the Group's financing. PPF GROUP N.V. is 99% owned by Petr Kellner. The Board of Directors of PPF a.s. make decisions concerning the strategic plans and long-term vision for developing PPF's entire financial group, which is structured to allow for effective management and growth in the value of the Group's investments. The biggest Czech investor, PPF manages assets in excess of CZK 170 billion through its specialized companies that provide comprehensive asset management-related services in their respective areas of business – management of strategic investments and investment projects, asset management, management of a venture capital fund, securities trading, real estate management, and receivables management. The narrow specializations of the various companies enable the Group to run its current investments and develop new ones in a very effective and successful manner.

### **Comprehensive Asset Management**

#### **Asset Management**

As an investor, PPF endeavors to achieve the most effective possible return on the assets under its management. As part of the comprehensive management of the Group's own assets and those of our clients, 2003 saw changes take place in how investment services are provided throughout the whole Group. The new strategy also relates to the acquisition of Baader Securities a.s. and its renaming to PPF Asset Management a.s. The objective of the new strategy is to separate asset management activities from securities trading, in accordance with standard international practice. Another reason is to enable the company to specialize to a greater and deeper degree in its designated field, leading to an expanded array of services with improved quality.

In accordance with the new strategy, PPF Asset Management a.s. became the Investment Center for the entire financial group and now provides investment consulting and asset management services to the financial institutions in the Group.

The new strategy also had an impact on PPF burzovní společnost a.s., which is another brokerage operating within PPF Group. PPF burzovní společnost a.s. changed its business focus and is now engaged in providing Private Investment (Private Banking) services to foreign and domestic private individuals. These services are based on the "Total Return" concept and are being implemented using a mixture of traditional and alternative investment instruments. All Group-wide activities associated with trading in domestic and foreign securities will be carried out by PPF banka a.s.

The implementation of the plan described above is conditional upon the consent of the Securities Commission in the form of granting a license to PPF Asset Management a.s. to provide the corresponding investment services. This license was obtained in September of last year. From September to November 2003 institutional clients were transferred from PPF burzovní společnost a.s. to PPF Asset Management a.s., along with the professional teams that manage portfolios in PPF Group.

At year end 2003 the company managed over CZK 95 billion in assets, putting it in first place among Czech asset managers focusing on individual portfolio management. The company's key clients are financial institutions (insurance companies, pension funds, etc.). The growth in assets under management was achieved thanks in particular to high-quality management. Cash entrusted to the company was invested mainly in highly liquid, low-risk instruments. Emphasis was placed on qualitative portfolio diversification and thorough monitoring and risk management of individual portfolios.

In the consulting area, 2003 saw several interesting projects realized. The company was hired by a Luxembourg company to consult a program of bond issues focused on investments in Central and Eastern Europe. The CZK 10 billion program was approved for listing on the Luxembourg Stock Exchange and the first issue (CZK 3 billion) was successfully placed. In the financial engineering area, the company helped to develop several structured products, the most important of which was a RUB 1 billion, two-year hedging structure for a client with activities in the Russian market.

### **Securities Trading**

The largest brokerage in PPF Group is PPF burzovní společnost a.s. Despite a significant decline in the number of trades taking place on the Prague Stock Exchange in 2003, PPF burzovní společnost a.s. retained its position as a leading securities broker in the Czech market.

The year 2003 saw a decline in the overall trading volume on the Prague Stock Exchange, which reached CZK 1,367.5 billion, or 23.7% less than in 2002. The lower liquidity in the overall market was caused by a slump in bond trading volume, which fell by 30.4% to CZK 1,110.1 billion. The main cause was lower liquidity in the bond market. In the equity market, on the other hand, the total trading volume grew 30.4% to CZK 257.4 billion. PPF burzovní společnost a.s. realized trades in a total volume of CZK 291 billion, compared to CZK 352 billion in 2002. This decline was caused by the drop in bond market liquidity, which occurred in the wake of a massive buying wave in 2002. The company is still one of the eight market-makers for Czech government bonds and a direct participant in government bond auctions.

PPF burzovní společnost a.s. boosted trading in foreign securities by 225% in 2003. The growth occurred both in foreign equities (volume jumped 63% to CZK 11.8 billion) and foreign bonds (volume up 24.5% to CZK 31.3 billion).

Services similar to those of PPF Asset Management a.s. and PPF burzovní společnost a.s. are also offered by two of PPF's foreign subsidiaries – Cyprus-based PPF (CYPRUS) LIMITED and PPF SERVICES LIMITED. Both companies provide financial services to investors that are interested in investing in the Czech capital market. The companies go on to manage those investments and provide comprehensive services in administering them as well. Both companies hold permits from the Cyprus National Bank to provide these services. Assets under management of both Cyprus-based members of PPF Group at year end 2003 totaled USD 132 million.

#### **Management of Investment Projects**

The PPF Group company in charge of this area is PPF CONSULTING a.s., which provides investment consulting services throughout the PPF Group. This relates primarily to activities connected with corporate governance, corporate finance, Private Equity, M & A transactions, structured finance, Group financial and non-financial acquisitions, etc. The company will newly provide structured finance services with the objective of obtaining financing for pursuing Group activities in Central and Eastern Europe and Asia.

PPF CONSULTING a.s. also plays the role of venture capital management company. It took over responsibility for this area from PPF Capital Management a.s. In accordance with the plan formulated by PPF Group management to consolidate business activities, and in accordance with the company's Articles of Association, the General Meeting approved a plan to merge PPF Capital Management a.s. with EURONEWS, a.s., with the latter as the surviving company and the former as the merged company.

PPF CONSULTING a.s. regularly evaluates the state of all the investments, including analyzing earnings performance and investment of capital in individual projects, and then, based on the current evaluation and anticipated market conditions, it submits recommendations for further action. The company's active search for new investment opportunities and its efforts to effectively manage existing investments are fully in line with the shareholders' objective of achieving a return on their investments over the medium-to-long term.

#### **Real Property Management and Development**

PPF majetková a.s. is responsible for all real estate projects in PPF Group in the same scope as the term "management and development of real estate funds" is understood in developed foreign markets. PPF majetková a.s. provides realty services, construction project management, economic analyses, and property management for all the commercial properties in the company's portfolio in the domestic market. These properties represent a value exceeding CZK 8.5 billion. Despite a highly competitive business environment, the company's professional expertise and know-how have made it one of the largest and most qualified players in its segment of the Czech market.

Income generated from leases of the real estate funds under management was stable in 2003. Measures implemented based on an evaluation of the rates of return on individual properties are leading to more effective property utilization and management, thereby further increasing the value of the real estate portfolio as a whole.

In 2003, PPF majetková a.s. put its past experience in managing real property funds to work by taking over the management of the extensive real estate portfolio of RE INVESTMENT TRUST a.s., which purchased a set of sixty buildings from Česká spořitelna, a.s. PPF majetková a.s. played a significant role in preparing for and realizing this major purchase, which is one of the biggest transactions of its kind in the Czech realty market. The acquisition of management over these properties added buildings from all over the Czech Republic to the management portfolio, in a total value of nearly CZK 750 million.

#### **Receivables Management**

The acquisition and management of receivables is an important activity of PPF in terms of its investment plans, and the company has been involved in this activity for a number of years now. 2003 saw the biggest portfolio acquisition to-date – a package of receivables from companies in bankruptcy with an aggregate face value of CZK 62 billion from the Czech Consolidation Agency (Česká konsolidační agentura). With this portfolio, which is already under our management, PPF Group became the largest private investor and manager in this segment of the domestic market. In conjunction with this transaction, Group-wide receivables management activities were restructured. Ownership and management of receivables in the Česká konsolidační agentura portfolio were assigned to AB - CREDIT a.s., and a portion of the CM - CREDIT a.s. work force was transferred to that company. Nonetheless, both companies work together closely both in preparing for acquisitions of receivables and in their subsequent management.

AB - CREDIT a. s. and CM - CREDIT a.s. offer a truly comprehensive service range in the area of receivables management. The range covers everything from taking over and analyzing individual cases and arranging for legal services all the way to organizing active collection efforts to ensure cash is received as quickly as possible for the benefit of the company's clients. The provision of comprehensive receivables management services is made possible by the company's considerable expertise, know-how and high-quality team of specialists in the field.

In 2003, PPF a.s. did not have any research and development expenditures, did not acquire any treasury shares or shares of its Controlling Entity, nor has it established any foreign organizational units.

## Future Development of PPF

The number-one goal of PPF's activities is to generate returns on its investments in the most efficient manner possible. The investment strategy of PPF rests on two basic pillars: the first is expansion – constantly seeking out new investment opportunities in the markets and investing in promising companies. The second pillar is well-chosen acquisitions, through which the Group endeavors to maximize the strength and viability of its investments in existing markets.

### Central & Eastern Europe

During its 13 years in business, PPF has stabilized its position in the Czech market, where it has become one of the leading financial groups. PPF will continue to position itself as a private Czech investor that focuses on developing its existing activities inside the borders of the Czech Republic and beyond them as well. As investment opportunities in the Czech market are considerably limited, in the future PPF will focus primarily on the region of Central & Eastern Europe. In terms of developing financial services for the retail market, PPF sees especially high potential in the Russian market. The successful penetration of this region in the area of consumer credit is to be accompanied by considerable activities in other areas, life assurance in particular.

### Reinforcing Market Position

Beside the development of PPF through expansion into new markets, a no less important element in the investment policy is reinforcing the existing position of companies (investments) in markets where PPF already has a presence. After acquiring two smaller pension funds, Penzijní fond České pojišťovny, a.s. has become the largest pension fund in the Czech market in terms of client volume. Reinforcing the position is not just a matter of inorganic growth, however. It also means improving and expanding the existing offering of financial services and products. Therefore, the management of PPF is actively supporting the development of individual group companies with the objective of leveraging all possible synergies. In this manner, modern financial products are being produced throughout the Group, assuring comprehensive client service and satisfying client needs to the maximum extent possible.

### China

From the beginning of this year, PPF is intensively monitoring investment opportunities in the Chinese market – one of the largest, most promising, and most dynamic emerging markets in the world. PPF sees it as a major investment opportunity, but also one that must be subjected to a very detailed analysis in order to determine the best strategy. For PPF as an investor, it is important to be in the Chinese market in time, before it becomes liberal and opens up to the world – and therefore we have begun to investigate opportunities for developing our business there and the conditions under which we can effect market entry.

PPF has a clear China strategy in terms of which segment to focus on – i.e. what services to offer and in which region. The financial services offered would relate to consumer financing, insurance, and problematic assets. PPF's plan is to focus on activities in a specific region and put all its capabilities to bear in order to gain a foothold in the market. Of course, exactly which financial services PPF will offer in China in the future also depends on the positions and opinions of State and regulatory institutions, since all the segments PPF is considering are still subject to relatively stiff regulation (at least until 2006). PPF's investments will continue to be in companies with activities in the retail services, municipal finance, and receivables management segments.

The objective of the investments in retail services is to offer comprehensive financial services to the general public under established brands such as, in particular, Česká pojišťovna and Home Credit. The PPF brand, on the other hand, will be reserved for investment management services for institutional investors.

## PPF – Successful Financial Investor

PPF is a Czech financial investor that effectively and successfully manages and increases the value of assets and grows capital by making new investments and supporting existing ones, both in the Czech Republic and abroad. The plans of PPF are based on a long-term vision and strategy of developing the company's capital in the Czech Republic. As of 2002, PPF is also focusing on countries in the region of Central and especially Eastern Europe. PPF successfully penetrated the Russian market through the company Home Credit & Finance Bank LLC., which has become the number-two player in its segment in the Russian Federation. The year 2004 is characterized by monitoring of the Chinese market which, as one of the most promising and most dynamic emerging markets in the world, holds huge potential for growth.

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

PPF is a strong financial group whose portfolio includes a number of companies that are among the absolute elite in their respective segments. Often they are companies that occupy leading positions in terms of size, successfulness, and innovative approaches to their business activities. All of these companies together form the mosaic of PPF's success. During our 13 years in business, PPF has become the largest Czech financial investor – effectively and successfully managing assets of over CZK 170 billion. Through subsidiaries, we are active not only in the Czech Republic, but also in Slovakia, the Russian Federation, and Cyprus.

### **Česká pojišťovna – Market Leader**

PPF's largest strategic investment to-date is Česká pojišťovna a.s. PPF first bought into the company in 1996. Subsequently, we initiated a process of internal restructuring that resulted in the financial consolidation of the entire Česká pojišťovna Group, expansion of its range of insurance products, and increased service quality. During this time, the company has retained its position as the biggest domestic insurer and its market share in mid-2004 was 39%. PPF's intention is to transform Česká pojišťovna into a modern financial institution of European caliber that offers a wide range of *bancassurance* products and services. The high quality of the insurer's management and development is documented by sustained earnings growth and expansion in foreign markets – Slovakia and, lately, Russia. The company's financial strength is also appreciated by leading rating agencies, which have given Česká pojišťovna one of the highest ratings ever awarded to a Czech financial institution.

### **New Acquisitions**

In terms of investments, 2003 brought PPF not only reinforced positions in the Czech and Slovak markets, but also growth and expansion in foreign markets, especially those in the region of Central & Eastern Europe. Starting in mid-2002, PPF has been offering life assurance and consumer credit services in the Russian Federation as well, through Česká pojišťovna Russia and Home Credit & Finance Bank Llc. Recent acquisitions, too, have helped reinforce the positions of PPF investments. These acquisitions include Commercial Union Penzijní fond a.s., ABN AMRO penzijní fond a.s., První městská banka, a.s., Baader Securities a.s., as well as the purchase, from the Czech Consolidation Agency (Česká konsolidační agentura), of the largest package of receivables ever sold in the Czech Republic, with an aggregate face value of nearly CZK 62.3 billion. Another fruit of successfully managed investments is a rating obtained from CRA Agency a.s. for Home Credit Slovakia a.s., affirming that it is an entity with above-average capability to meet its financial obligations.

### **TV NOVA – Number One Market Player**

PPF's portfolio has continued to grow with the addition of more and more investments. In June 2002, PPF bought into the private television station TV NOVA, which is currently run by TV NOVA HOLDINGS B.V., in which PPF holds 66% and Jiří Šmejck 34%. PPF is a medium term strategic investor in TV NOVA. For us, getting into the television business is an attractive mid-term investment opportunity. The long-term steady 45% share of the Czech television market and consolidated earnings results of TV NOVA Group confirm the success of PPF's financial restructuring and stabilizing of this group. PPF expects to realize gains on this investment in the medium term, i.e. 2 – 4 years after entry.

PPF is respected for its activities not only in the world of finance and also as a long-term partner of high-quality projects in the areas of culture, education, social work, and charity, which bring lasting value and benefit to society as a whole. In advanced societies, strong and successful companies play an active role, thereby taking upon themselves a share of the responsibility for cultural advancement. As a leading player in the Czech economy we, too, recognize and accept our responsibility for Czech society. Therefore, we act as a good corporate citizen, actively providing long-term support to projects of cultural value. Through our support we want to clearly show our relationship to the society of which we are a necessary part. Each year, the support we provide goes into the tens of millions of CZK.

### **Partner of Czech Culture**

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

Through this approach, it is also our aim to be exceptional supporters of the arts. We at PPF have always been convinced that investment in the arts is investment in the future. Therefore, we decided to support projects that give rise to events of major social and cultural importance.

### **Czech Theatre**

#### **Summer Shakespeare Celebration**

The core project in our support for Czech theatre is the Summer Shakespeare Celebration. We are pleased that the quality of this festival and the positive response it evokes are growing and that our long-term support is one of the factors that has made it a leading cultural event of the year. This major theatre festival with a nearly 10-year tradition takes place in the summer months at Prague Castle. The unique idea for presenting the ageless works of the playwright William Shakespeare met with a huge positive response from the Czech public. PPF has been the Celebration's General Partner for five years now.

With the support of PPF, the Celebration has become a prestigious display of high-quality Czech theatre, which is annually visited by approximately 40,000 people in Prague and Brno. The festival has an international dimension as well, thanks to the addition of performances in Bratislava in 2002. This year, the festival will feature the premiere of a new production of Romeo and Juliet, as well as commemorating two anniversaries: 10 years since Romeo and Juliet was first performed at Prague Castle, and 440 years since the birth of the great playwright, William Shakespeare. It is only fitting, then, that this year's Celebration will feature two of his most famous and most popular works – Romeo and Juliet, and Hamlet.

### **Jára Cimrman Theatre in Žižkov**

The mystifying, poetic art of the Jára Cimrman Theatre in Žižkov is an undeniably unique phenomenon of Czech theatre. For 37 years now, the creations of Mr. Smoljak and Mr. Svěrák connected with this theatre have won the hearts of many admirers and their numbers are still growing. In early June 2003, the Jára Cimrman Theater put on its 10,000<sup>th</sup> performance. It is not by chance that PPF, a Czech company, has been supporting this unique Czech theatre project for five years now.

### **Czech Photography**

#### **Josef Sudek Studio**

The victory of man and his skills over the ephemerality of time – that, with a little exaggeration, could sum up the living monument to a man who exerted a great influence over entire generations of Czech photographers. In an act of recognition for the artistic heritage of this great Czech photographer, PPF initiated and financed the renewal of Josef Sudek's studio in the Újezd district of Prague. Since then, the Josef Sudek Studio has become a major gallery and earned an indispensable place in Prague cultural life. Since September 2000, when the renewed Studio was opened, it has been a place where the works of Czech photographic artists past and present are shown and the Studio has built up a reputation for quality exhibitions, with a firm place among Prague's popular galleries. The care we dedicate to this gallery is closely linked to our own activity as an art collector. For a long time now, we have been building up our private collection entitled "Photographer in Garden", which contains the works of a number of major Czech photographers such as Josef Sudek, František Drtikol and Jaroslav Rössler, as well as contemporary artists such as Ivan Pinkava, Jan Lukas, Emila Medková, Gabina Fárová, Vasil Stanek, and Peter Župník. Works of contemporary photographers represented in our collection are reproduced in this Annual Report.

The entire collection, including the development of the Josef Sudek Studio, is in the care of PPF majetková a.s.

### **Maximalist Photography**

This year, our interest in supporting Czech culture and the arts has grown exponentially with the addition of yet another exciting project connected with Prague Castle and the summer season. Together with the Prague Castle Administration and a group of leading professionals, we have prepared a unique exhibition project entitled "Maximalist Photography", which aims to bring as-yet unimagined perspectives on and aspects of the works of famous Czech photographers represented in PPF's collection, as well as presenting their works in an attention-grabbing, untraditional manner and making them accessible to each and every visitor to the Castle.

All summer long, a collection of twenty-seven large-format enlargements of photographs from PPF's collection is on display in selected areas of the Prague Castle. The exhibition is original and unprecedented in terms both concept and content. Traditionally, art photography has been viewed exclusively in the enclosed spaces of exhibition halls. The Prague Castle is a unique gallery where photographs can be shown in a different context, a gallery where the sky – literally – is the limit. The photographs will be installed so as to interact sensitively with the Castle architecture.

## Charity

### PIPAN

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

## Education and Social Projects

### OPEN GATE – Boarding School

As part of its activities focused on support for education, PPF Group has decided to support the Educa Foundation's OPEN GATE – Boarding School project. Inspired by the rich tradition of boarding schools elsewhere in the world, especially in Anglo-Saxon countries such as Great Britain and the USA, OPEN GATE is PPF Group's biggest corporate philanthropy project yet. Funding for construction of the school campus will be provided by PPF Group – the investment is estimated at approximately CZK 250 million.

Educa Foundation, which initiated the project and provided the necessary know-how, will provide financial, material, and organizational support for the project's implementation. The Foundation will also enable gifted children from socially marginalized environments to study at this private school by providing scholarships and other forms of financial assistance.

The project is being implemented by a team of expert pedagogues and psychologists working together with managers of PPF, which is supporting and financing the project. The goal of the project is to build a prestigious, private, eight-year boarding school that will provide students with more than just an education – multifaceted personality development, including year-round accommodation and a positive, stimulating environment in which to spend their free time.

The school's objective is not only to prepare pupils academically to study at universities both in the Czech Republic and abroad, but also to contribute to the formation of their human qualities and to introduce them to a range of ways of actively and meaningfully utilizing their spare time, preparing them for practical life. The program places the greatest emphasis on development of personality and talent and on teaching children to accept responsibility for society and to be sensitive to its needs. The education provided by OPEN GATE – Boarding School is based on teachers taking an individualized approach to students, enabling them to develop all their capabilities and talents.

Located in the village of Babice not far from Říčany u Prahy, OPEN GATE – Boarding School, with a capacity of 128 students, will be one of the first boarding schools in the Czech Republic. Construction of the school campus according to the approved project documentation commenced in January 2004. Completion is planned for April 2005. The school is to open its gates to the first students in the 2005/2006 school year.

The school, which will be barrier-free, will focus on teaching living languages, English in particular. Classes will be held in the Czech and English languages by native-speaking teachers. The school's specially-developed curriculum has been approved by the Ministry of Education, Youth and Sports. In addition to the classroom and dormitory facilities, the school will also have a full range of ancillary facilities such as library, theatre, and sports facilities.

#### **DONATOR Corporate Philanthropy Club**

In November 2003, PPF Group became one of the founding members of the DONATOR Corporate Philanthropy Club, which is a group of corporations that do business in the Czech Republic and actively participate in corporate philanthropy. These corporations acknowledge and honor the principal of corporate social responsibility and lend their support to the development of a civic society. The Corporate Philanthropy Club's objective is to define and put into practice standards of good corporate citizenship, ethical rules, and related standards, including raising awareness of the benefits of corporate philanthropy.

We will continue to actively support projects from the areas of theatre, Czech photography, education, and charity and contribute to their long-term development, thereby playing a role in improving the quality of cultural and social life in the Czech Republic.



PPF Asset Management a.s. was established in May 2003 following the successful acquisition of Baader Securities, a.s. and its renaming. PPF Group's strategic interest was to create a specialized company with the objective of unbundling asset management activities from the securities brokerage function. Immediately after its establishment, the company began to prepare to start its business activity. The principal task was to prepare a legislative and process base to enable the company to obtain a license to manage client assets and to trade in and administer derivatives and structured products. Another important step in the preparations was the creation of a new system of client portfolio record-keeping and monitoring. In late August, the Securities Commission granted the company the required license. Starting on 1 September 2003, the company was able to enter into contracts with its first clients. As of 1 October 2003, key employees transferred to the company from PPF burzovní společnost a.s. – most importantly, the experienced and highly motivated team of portfolio managers and analysts. This allowed the company to continue in and build on the tradition of excellent results achieved in past years in the area of asset management for institutional investors.

#### **Active Asset Management**

In accordance with the PPF Group strategy, PPF Asset Management a.s. became the investment center for the entire financial group, managing concentrations of surplus cash and engaging in centralized decision-making on how to invest them in financial and capital markets. To its clients, which are primarily financial institutions from PPF Group as well as other institutional clients and municipalities, the company offers two principal products:

- Active asset management – management of individual portfolios on a trust basis for the purpose of maximizing return at the level of risk defined by the client
- Passive asset management – consulting on investments in the region of Central and Eastern Europe, asset management and financial engineering; the company's principal objective here is to provide clients with the latest expertise and experience in this area at a world-class quality level

#### **Effective Returns on Portfolios**

The returns on individual client portfolios last year were in the range of 3.11 – 3.42% p.a. for money market portfolios, 1.39 – 3.85% for bonds, and 21.65 – 30.40% for equities. Compared with other financial instruments, these returns are high above average.

**Growth in Assets Under Management**

At year end 2003 the company managed nearly CZK 95 billion in assets, putting it in the number-one position among Czech asset managers focused on individual portfolio management. The company's key clients are financial institutions (insurance companies, pension funds, etc.). The growth in assets under management was achieved thanks in particular to high-quality management. Cash entrusted to the company was invested mainly in highly liquid, safe instruments. Emphasis was placed on qualitative portfolio diversification and thorough monitoring and risk management of individual portfolios.

In the consulting area, 2003 saw several interesting projects realized. The company was hired by a Luxembourg company to consult a program of bond issues focused on investments in Central and Eastern Europe. The CZK 10 billion program was approved on the LUX bourse and the first issue (CZK 3 billion) was successfully placed. In the financial engineering area, the company helped to develop several structured products, the most important of which was a RUB 1 billion, two-year hedging structure for a client with activities in the Russian market.

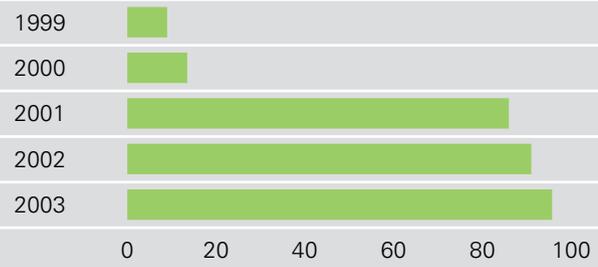
The company's registered capital is CZK 52 million and its shareholders' equity as of 31 December 2003 was CZK 73.9 million. Even though 2003 was the company's first year as an active member of PPF Group, it posted a net profit of CZK 39 million and its net profit per employee was over CZK 3 million.

**Activities in 2004**

2004 will be a challenging year for the company, because it is the year when the Czech Republic joins the European Union. For the country, EU membership will bring considerable changes in legislation that will have to be complied with in a relatively short time. Despite the size of the task of harmonizing operations with new legislative requirements, the company is continuing to endeavor primarily to improve its services for existing clients and to acquire new clients which, in the end, will lead to growth in the company's shareholder value. A big opportunity in this area is the European Passport for asset management which, if obtained, would allow the company to gain new clients from outside the Czech Republic.

Assets Under Management

1999 – 2003 (CZK billions)



PPF Asset Management a.s.

Note: PPF Asset management a.s. took over management of the activities of PPF burzovní společnosti a.s. in Autumn 2003.



The role of PPF CONSULTING a.s. within PPF Group received a major boost in 2003. From its original focus on management of portfolio investments, its activities expanded substantially. It was placed in charge of managing and administering non-strategic investment projects for the entire PPF Group. These are projects that do not fall under the portfolio management function.

#### **Qualified Consulting**

In the mentioned segment of investment activities, PPF CONSULTING a.s. will provide investment consulting throughout the PPF Group. This will relate primarily to activities connected with corporate governance, corporate finance, Private Equity, M & A transactions, structured finance, Group financial and non-financial acquisitions, etc.

PPF CONSULTING a.s. will also play the role of venture capital management company. The company regularly evaluates the state of all the investments, including analyzing earnings performance and investment of capital in individual projects, and then, based on the current evaluation and anticipated market conditions, it submits recommendations to the fund for further action. The company's active search for new investment opportunities and its efforts to effectively manage existing investments are fully in line with the shareholders' intent to achieve a return on their investments over the medium-to-long term.

Based on a detailed analysis of individual equity participations that takes into account both the macro and micro environments of selected corporations, PPF CONSULTING a.s. proposes solutions for its clients aiming to ensure the most effective possible returns on their equity participations. The result is the recommendation of further steps, including a specific description of how to proceed.

#### **Effective Generation of Investment Returns**

It is in the company's interests to ensure for its clients the maximum possible return on their equity holdings, especially through their sale at more advantageous terms than the prices prevailing on the public securities markets.

**Specialized Companies of PPF**

	The company is one of the biggest securities brokerages in the Czech market.
Area of business:	Securities brokerage, private investment
Date of inception:	23 December 1993
Address:	Na Pankráci 1658/121, 140 21 Prague 4, Czech Republic
Registered capital:	CZK 55 million
Activity permit:	License issued by Securities Commission
Relicensed:	23 June 1999
Memberships:	Member of the Prague Stock Exchange
	Special customer, RM-System (on-line)
Auditor for 2003:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Bohuslav Samec – Member
Supervisory Board:	Marcel Dostal – Chairman
	Martin Pavlík – Member
	Aleš Holcman – Member
Company management:	Bohuslav Samec – Member of the Board
Principal businesses:	Trading in domestic and foreign securities, private investment

The activities of PPF burzovní společnost a.s. in 2003 were influenced by the implementation of a new PPF Group strategy in the investment services area. Among other things, the new strategy relates to the acquisition of Baader Securities a.s. and its renaming to PPF Asset Management a.s. The strategy's objective is to separate, or "unbundle", asset management activities from securities trading, in accordance with standard international practice. Another reason is to enable the greater and deeper specialization of the company in its designated area, which will lead to an expanded array of services with improved quality.

In accordance with the new strategy, PPF Asset Management a.s. took over all activities relating to portfolio management. The actual unbundling took place in September 2003 and management of the assets of all institutional investors was transferred to PPF Asset Management a.s. by November 2003. Thus, PPF burzovní společnost, a.s. dealt mainly with trading in domestic and foreign securities.

Despite a significant decline in the number of trades on the Prague Stock Exchange in 2003, PPF burzovní společnost a.s. retained its position as a leading securities broker in the Czech market.

#### **Higher Trading Volume in Foreign Securities**

The year 2003 saw a decline in the overall trading volume on the Prague Stock Exchange (PSE), which reached CZK 1,367.5 billion, or 23.7% less than in 2002. The decline was significant especially in the bond market, which contracted by 30.4% to CZK 1,110.1 billion. The main cause was lower liquidity in the bond market. In the equity market, on the other hand, the total trading volume grew 30.4% to CZK 257.4 billion. PPF burzovní společnost a.s. realized trades in a total volume of CZK 291 billion, compared to CZK 352 billion in 2002.

The cause of the decline was decreased liquidity in the bond market as the market stabilized following a massive buying wave the year before. The company is still one of the eight market-makers for Czech government bonds and a direct participant in government bond auctions.

On the other hand, trading in foreign securities skyrocketed by 225%. The growth occurred both in foreign equities (volume jumped 63% to CZK 11.8 billion) and foreign bonds (volume up 24.5% to CZK 31.3 billion).

#### **Positive Earnings**

PPF burzovní společnost a.s. posted a profit in 2003, thereby furthering its string of positive earnings results from past years. The company's registered capital is CZK 55 million and the shareholders' equity as of 31 December 2003 was CZK 239 million.

#### **Activities in 2004**

As part of the new strategy, PPF burzovní společnost a.s. is to undergo a major shift in its business focus. In future, its primary activity will be to provide Private Investment (Private Banking) services to both foreign and domestic private individuals. These services will be based on the "Total Return" concept and will utilize a mix of traditional and alternative investment instruments. All PPF Group activities related to trading in domestic and foreign securities will be carried out by PPF banka a.s.

<b>Securities Trading in 2003 (CZK)</b>	
PSE for own account	167,406,195,591
PSE for clients' accounts	69,019,445,588
<b>PSE total</b>	<b>236,425,641,179</b>
RM-System for own account	891,733,411
RM-System clients' accounts	1,292,949,581
<b>RM-System total</b>	<b>2,184,682,992</b>
Trading in foreign securities for own account – equities	11,619,686,732
Trading in foreign securities for own account – bonds	3,572,521,071
Trading in foreign securities for clients' accounts – equities	170,549,268
Trading in foreign securities for clients' accounts – bonds	16,512,381,293
<b>Trading in foreign securities, total</b>	<b>31,875,138,364</b>
OTC trades for own account – equities – CZK	485,484
OTC trades for own account – bonds – CZK	6,662,197,910
OTC trades for clients' account – equities – CZK	1,902,371,334
OTC trades for clients' account – bonds – CZK	639,319,778
OTC trades for clients' account – bonds – foreign	11,250,518,617
<b>OTC trades, total</b>	<b>20,454,893,123</b>
<b>Total trading volume</b>	<b>290,940,355,658</b>



**Specialized Companies of PPF**

The company is one of largest private entities in the Czech Republic that is involved in comprehensive real property management.

Area of business:	management and development of real property
Date of inception:	8 June 1995
Address:	Na Klikovce 367/7, 140 00 Prague 4, Czech Republic
Registered capital:	CZK 1.27 million
Assets under management:	CZK 8.5 billion
Auditor for 2003:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Petr Javůrek – Chairman
	Jan Andrlík – Member (since 1 April 2004)
	Marta Horáková – Member
Supervisory Board:	Milan Maděryč – Chairman
	František Tlustoš – Member
	Aleš Minx – Member
Company management:	Petr Javůrek – Executive Director
Principal businesses:	management and development of real property, seeking out profitable investment and development projects, management and realization of same

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

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

#### **Comprehensive Real Property Management**

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

#### **Long-term Stable Income**

Income generated from leases of the real estate funds under management was stable in 2003. Measures implemented based on an evaluation of the rates of return on individual properties are leading to more effective property utilization and management, thereby further increasing the value of the real estate portfolio as a whole.

**Construction and Development Projects**

In 2003, PPF majetková a.s. successfully completed the new-build/renovation project of the Vladislavova-Spálená complex in Prague. The renovated historic palace at 14, Spálená Street won the fifth annual “Best of Realty” competition in the “Office Renovation Projects” category. A complete renovation of the Tokovo Palace in Prague’s Holešovice district also continued successfully.

For Česká pojišťovna a.s., the company prepared over two thousand new work stations in Česká pojišťovna Client Service buildings in Prague, Brno and Pardubice in 2003. The project was challenging both in terms of its size and its timeline, and PPF majetková a.s. executed every aspect of it from the very beginning – from acquiring the real property, through construction work and technical adaptations, to furnishings and fittings. The project was executed to the full satisfaction of the client.

The experience gained in managing real property funds was put to work by PPF majetková a.s. also by taking over the management of the extensive real estate portfolio of RE INVESTMENT TRUST a.s., which purchased a set of sixty buildings from Česká spořitelna. PPF majetková a.s. played a significant role in preparing for and realizing this major purchase, which is one of the biggest transactions of its kind in the Czech realty market. The acquisition of management over these properties added buildings from all over the Czech Republic to the management portfolio, in a total value of nearly CZK 750 million.

**Active Portfolio Diversification**

With the completion of the privatization process of Lázně Velké Losiny, PPF majetková a.s. created yet another opportunity to develop the rate of return on its portfolio of properties. With the transformation of what was originally a State-owned and operated sanatorium into a non-State healthcare facility, a move that was already made successfully three years ago at Sanatoria Klimkovice, the company will take another step towards active diversification of the portfolio of managed properties.

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



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

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

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

Both companies provide financial services to foreign investors who are interested in gaining exposure to and investing in the Czech capital market. Subsequently they provide for all aspects of managing investors' holdings in the Czech Republic. The principal aim is to offer foreign clients high-quality, professional management of their assets and ensure effective generation of returns on their investments over the desired time span. Assets under management of the two Cyprus-based members of PPF Group total 132 million U.S. dollars.



In 2003, PPF Capital Management a.s. continued in its business activities in the same direction established in 2002, when it provided comprehensive consulting and administration services for a venture capital fund and sought out new investment opportunities. The portfolio of companies managed did not see any substantial change compared to 2002. The company continued to focus on telecommunications (Vegacom a.s. and InWay a.s.) and services to motorists (Temposervis, a.s.). The biggest accomplishment of 2003 was the successful completion of the acquisition, by Vegacom, of Slovak Telecom's wiring and installation unit, making Vegacom a strong player in both the Czech and Slovak markets.

PPF Capital Management a.s. regularly evaluated the state of all the investments, including analyzing earnings performance and investment of capital in individual projects, and then, based on the current evaluation and anticipated market conditions, it submitted recommendations for the fund's further action. The company's active search for new investment opportunities and its efforts to effectively manage existing investments were fully in line with the shareholders' intent to achieve a return on their investments over the medium-to-long term.

In accordance with the plan formulated by PPF Group management to consolidate business activities, and in accordance with the company's Articles of Association, the General Meeting approved a plan to merge the company with EURONEWS, a.s., with the latter as the surviving company and PPF Capital Management a.s. as the merged company. The strike date of the merger was 1 January 2004. At the same time, the General Meeting ordered the Board of Directors to take all steps necessary to successfully complete the merger, including rationalizing equity interests in other legal entities and the scope of business activities in order to come to an agreement on termination of the company's management role in the venture capital fund and to phase out all of the company's other activities.

## Specialized Companies of PPF

	PPF banka a.s. is a banking institution offering financial services tailored to the municipal and	PPF banka a.s.
	corporate sectors. Pursuant a decision of the General Meeting taken on 23 June 2004, the Bank's	
	original name, První městská banka, a.s., was changed to PPF banka a.s. This change has not yet	
	been recorded in the Commercial Register.	
Area of business:	banking services for the municipal and corporate sectors	
Date of inception:	31 January 1995	
Registered capital:	CZK 500.02 million	
Shareholders' equity:	CZK 1.165 billion	
Total assets:	CZK 13.47 billion	
Board of Directors:	Zbyněk Babor – Chairman	
	Pavel Langr – Vice-Chairman	
	František Dombek – Member (since 29 July 2004)	
Supervisory Board:	Tomáš Brzobohatý – Chairman (since 29 July 2004)	
	Radovan Šteiner – Vice-Chairman	
	Jaroslav Melichar – Member	
	Jiří Šmejč – Member (since 29 July 2004)	
	Stanislav Kikoť – Member	
	Jan Blaško, MBA – Member	
Management of the Bank:	Zbyněk Babor – Managing Director	
	František Dombek – Sales Division Director	
	Pavel Langr – Operations and IT Division Director	
	Petr Jirásko – Financial Markets Division Director (since 30 April 2004)	
	Pavel Hrdina – Financial Management Division Director	
	Petr Polenda – Risk Management Division Director	
Principal businesses:	banking, financial, and consulting services for the municipal and corporate sectors	

PPF banka a.s., which was renamed from První městská banka, a.s. under a decision of the General Meeting taken on 23 June 2004, is a specialized banking institution serving the City of Prague and other large and mid-sized cities, corporations, and institutions whose activities have links to municipalities. První městská banka, a.s. also offers financial services to other clients and its range encompasses all the basic products or services commonly provided by banks that serve large and mid-sized corporate clients.

In 2003, thanks to the sale of its stake in CETELEM ČR, a.s., the Bank posted a high profit, but its operating profit was also very good. The Bank substantially grew its assets, acquired new clients from both the municipal and corporate segments, began providing a number of new services and, last but not least, made significant progress in its integration into PPF Group, to which it is now providing high-quality financial services.

2003 was a year of fundamental restructuring of the Bank, including new hiring, filling out the set of basic Bank internal regulations, upgrading the information system, moving into new space, and overall rationalization of the Bank's activities. Thus, the Bank entered 2004 in a state that will allow it to concentrate fully on banking activities as such.

The year 2003 confirmed the upturn in the financial performance of the Bank that began in 2000, when the Bank broke into the black. An increase in total assets (from CZK 10.70 billion to CZK 13.47 billion during the year) and a major, multiple jump in profit compared to the previous year's result prove that the choice of a strategy of thorough specialization in financial and consulting services for the municipal sector was the right one.

#### **Outlook for 2004**

In the future, the Bank will continue to focus on meeting the needs of clients in the municipal sector – especially by developing consulting services and more complex financial products specifically tailored to Prague and other cities. Similarly, the Bank will provide its services to large and mid-sized corporations, especially those backed by Czech capital, where it sees great potential for expansion. Also, the Bank's integration into PPF Group will be completed, particularly in that the Bank will serve as a securities broker for PPF Group member companies.

In June 2004, the General Meeting has approved a change in the Bank's name to PPF banka a.s. The Bank will begin to use the new name officially as of the effective date, i.e. the date the new name is recorded in the Commercial Register. The current Bank strategy remains the same, focusing on municipal banking, structured financing for large corporations, and banking services for PPF Group. The Bank's clients will not be affected by the name change in any way and will continue to receive the full range of high-quality services.

## Specialized Companies of PPF

	CM - CREDIT a.s. is one of the largest private debt managers in the Czech Republic.	CM - CREDIT a.s.
Area of business:	management of doubtful receivables	
Date of inception:	31 October 1996	
Address:	Kříženeckého náměstí 1079/5b, 150 00, Prague 5, Czech Republic	
Registered capital:	CZK 2 million	
Assets under management:	CZK 7 billion	
Auditor for 2003:	KPMG Česká republika Audit, spol. s r.o.	
Board of Directors:	Milan Krob – Chairman	
	Karel Pražák – Member	
	Vladimír Libich – Member	
Supervisory Board:	Zbyněk Štěrba – Chairman	
	Jan Blaško, MBA – Member	
	Milan Včeliš – Member	
Company management:	Ladislav Řezníček – Executive Director	
Principal business:	management of doubtful receivables	

The acquisition and management of doubtful receivables is an important activity of PPF Group, and one that the Group has been involved in for a number of years. 2003 saw the biggest portfolio acquisition to-date – a package of receivables from companies in bankruptcy with an aggregate face value of CZK 62 billion from Česká konsolidační agentura. With this portfolio, which is already under our management, PPF Group became the largest private investor and manager in this segment of the domestic market.

In conjunction with this transaction, Group-wide receivables management activities were restructured. Ownership and management of receivables in the Česká konsolidační agentura portfolio was assigned to AB - CREDIT a. s., and a portion of the CM - CREDIT a.s. work force was transferred to that company. Nonetheless, both companies work together closely both in preparing for acquisitions of receivables and in their subsequent management.

#### **Trading in and Management of Doubtful Receivables**

During the Czech Republic's economic transformation, Czech banks accumulated a large volume of bad loans. It is estimated that the volume of bad loans exceeded CZK 500 billion (face value). To enable the banks to be privatized, most of these loans were transferred to so-called "transformation institutions" (Konsolidační banka Praha, s.p.ú, Konpo, s.r.o., Česká finanční, s.r.o.), with a small portion remaining in the banks. Even elsewhere in the world, it is common for banks or State institutions to sell portfolios of doubtful receivables to private investors who either manage the receivables themselves or hire specialized companies for this purpose.

#### **Comprehensive Asset Management**

In 2003, CM - CREDIT a.s. continued to focus on managing receivables in its own balance sheet and on managing receivables

for City Invest Limited and for the City of Prague. The total volume of receivables under management exceeded CZK 7 billion. Most of the receivables were loans (89% of the portfolio) and finance lease receivables (11% of the portfolio). A total of CZK 105.8 million was collected on receivables under the company's management in 2003.

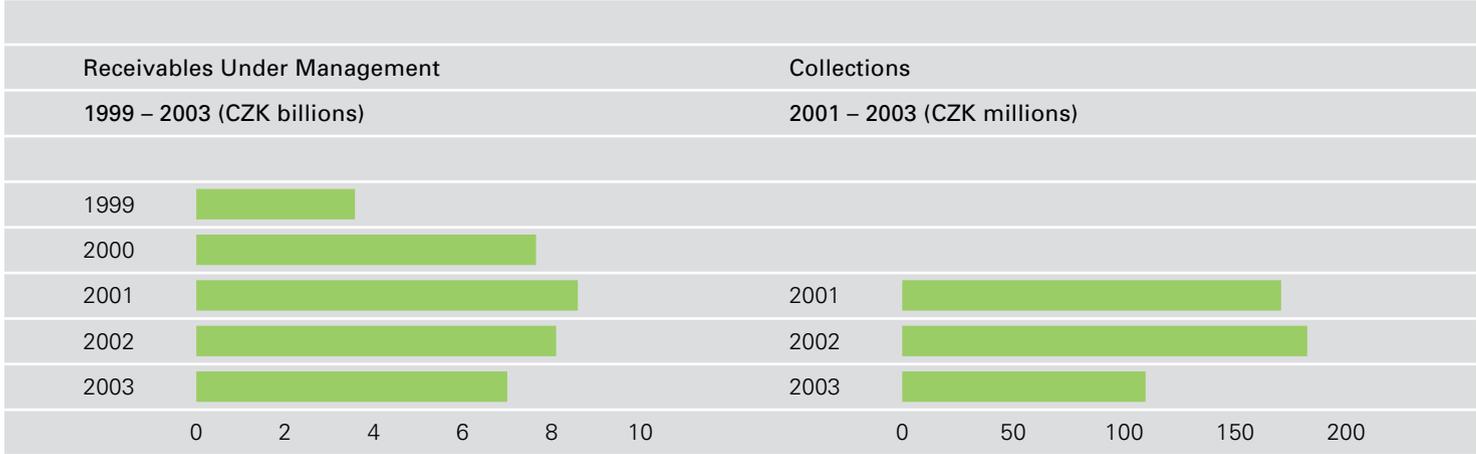
CM - CREDIT a.s. also cooperated with AB - CREDIT a. s. in tenders for sales of loan portfolios. In particular, it participated in the due diligence and bid preparation processes in conjunction with these tenders.

Not only do CM - CREDIT a.s. and AB - CREDIT a. s. invest in and manage these portfolios for their account, both companies also manage third-party portfolios. Both companies have at their disposal teams of experts who are able to perform all activities that go into collecting on receivables, both through the courts (sale of mortgaged property, foreclosure, bankruptcy), and out-of-court (sale of receivables to third parties, revision of installment calendar).

#### **Activities in 2004**

In 2004 the company is to gradually wind up the majority of its existing portfolios (both in its own balance sheet and those belonging to City Invest Limited). The company anticipates that all receivables key to assuring the return targets for these portfolios will be finalized.

In the future, CM - CREDIT a.s. will focus on acquiring more debt portfolios. Preparations are underway, in particular, for participation in tenders planned by Česká konsolidační agentura and Konpo, s.r.o. The company is also prepared to take part in tenders announced by banks and other financial institutions.



0 2 4 6 8 10                      0 50 100 150 200

**Receivables Structure**  
as at 31 December 2003



1	Receivables under loan agreements	89%
2	Receivables under finance leases	11%

CM - CREDIT a.s.

## Supervisory Board Report

During the 2003 accounting period, the Supervisory Board of PPF a.s. operated in a three-member configuration and discharged the tasks given to it by applicable law and the company's Articles of Association.

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

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

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

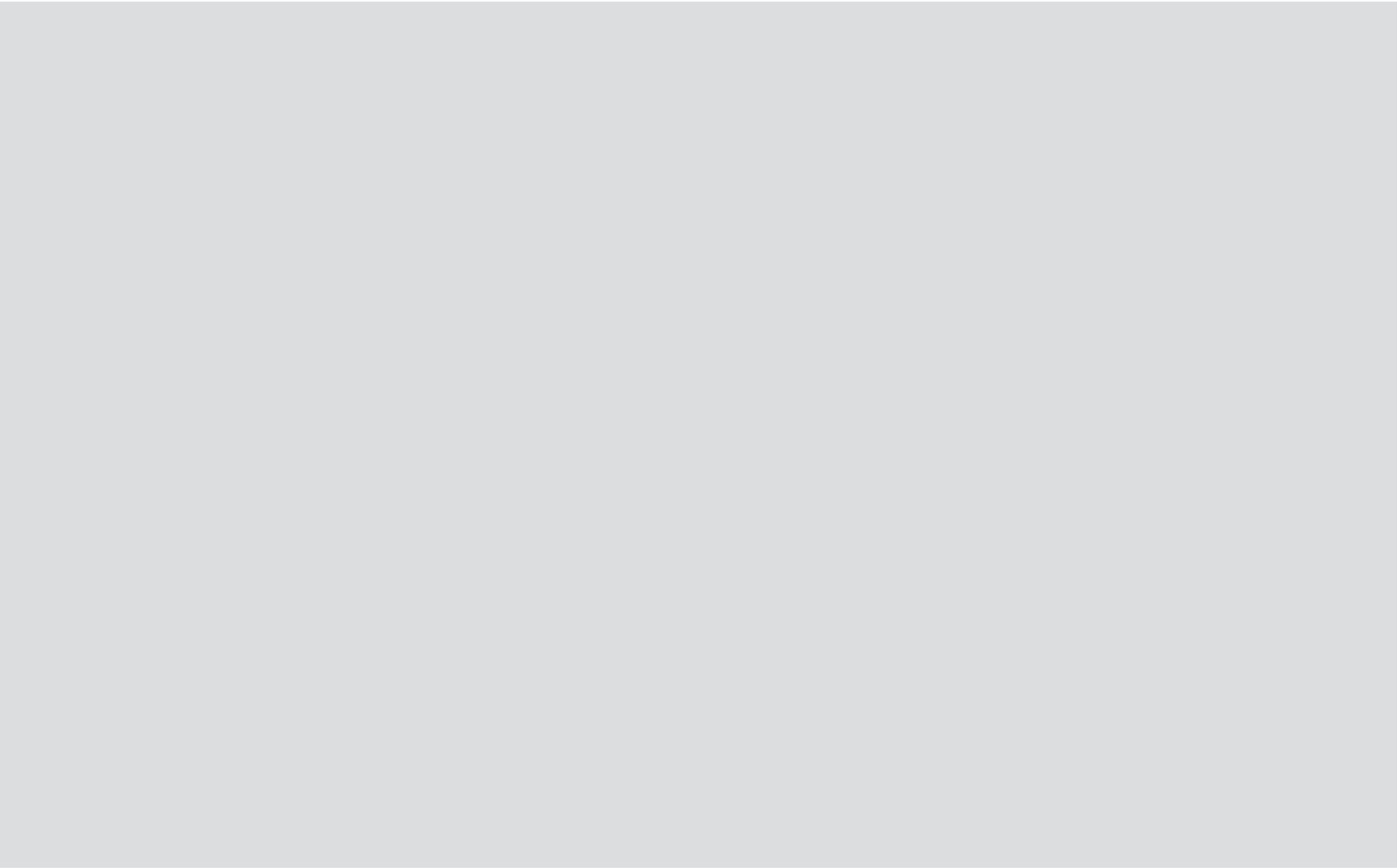
The Supervisory Board also reviewed the "Report on Relations among Affiliated Entities" prepared in accordance with Section 66a Commercial Code. The Supervisory Board did not find this report to contain any incorrect or incomplete information, nor did it find that any information was withheld. The Supervisory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

Prague, May 2004



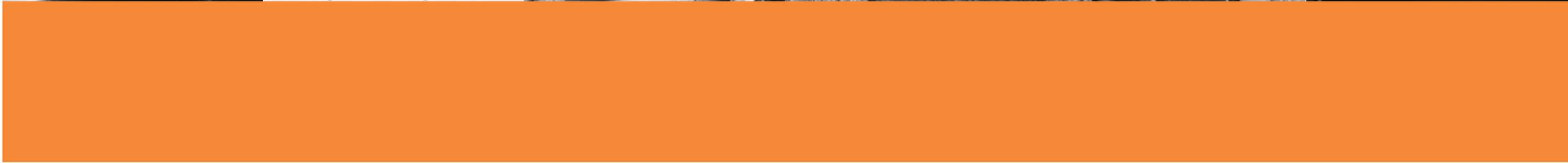
**Štěpán Popovič**

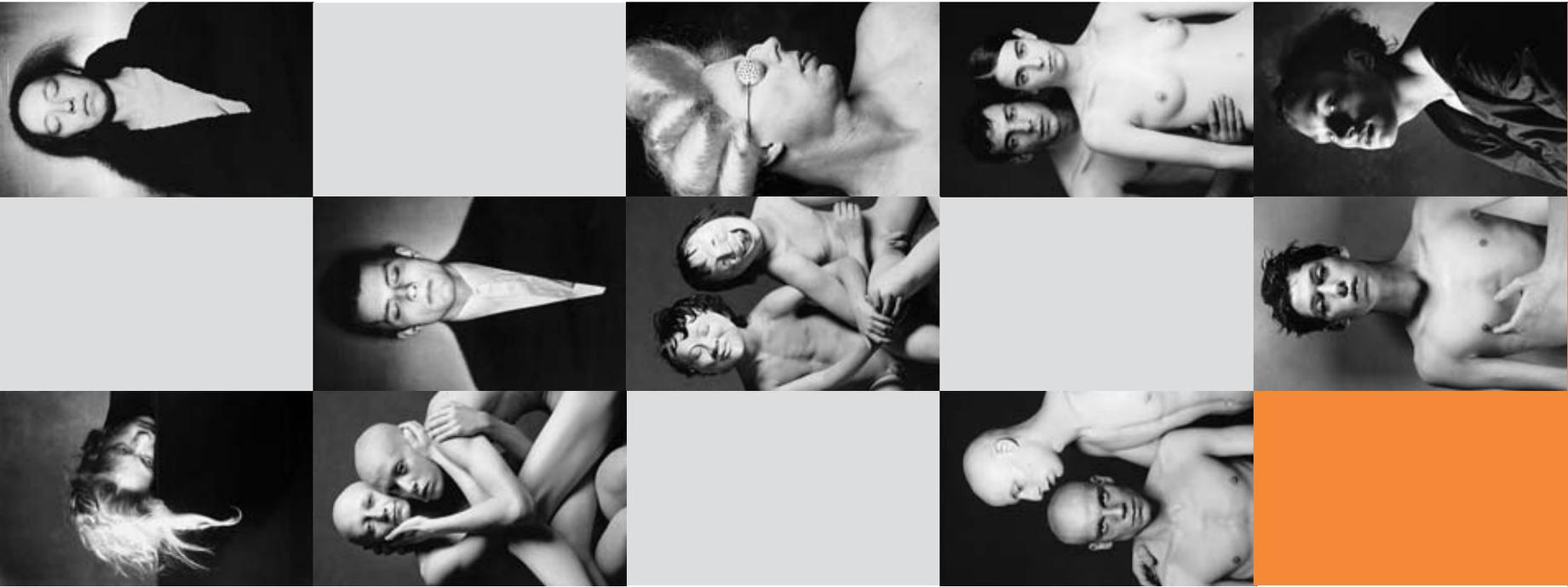
Chairman of the Supervisory Board





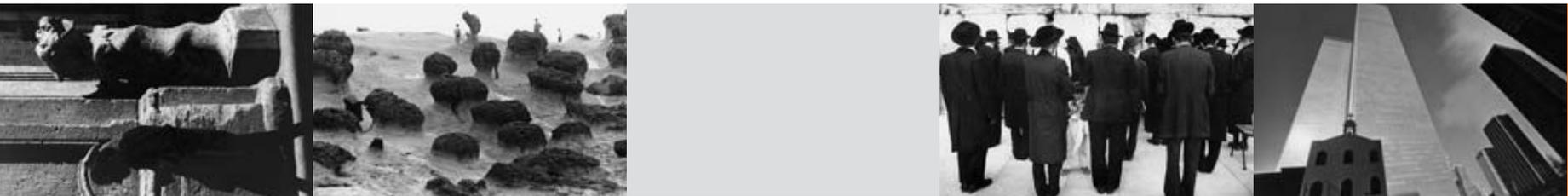
Great works arise out of dissatisfaction with the average.





Ivan Pinkava

It is only by disregarding trends and tendencies that something so unique comes to life that it causes new tendencies to be formed.



Jan Lukas





Ivan Pinkava | 1997 | Pietà

Jan Lukas | 1973 | Taiwan, Jelin Beach

## Companies Managed by PPF – Česká pojišťovna Group Senior Management of Česká pojišťovna Group



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

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



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

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



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

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



**Ladislav Chvátal**  
CEO and Chairman  
of the Board,  
Home Credit  
International a.s.

Born in 1963; a graduate of the Prague University of Economics. After university Chvátal served as Board Member and Personnel Director at AVIA Praha Letňany. Upon joining PPF in 1994, he served as Director of Marketing. Starting in 1995 he was director of PPF Capital Management a.s. In 1999 – 2001 he was Executive Director of PPF a.s. Since June 2002 he has been a Member of the Board of Directors of Česká pojišťovna a.s. with responsibility for the subsidiaries eBanka a.s., ČP Leasing, a.s. and Home Credit Group, where he acts as Chairman of the Board of Directors and director of Home Credit International a.s., which runs the group's business activities at home and abroad.



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

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



**Pavel Bádr**  
CEO,  
Home Credit Slovakia a.s.

Born in 1969; graduated from the Pedagogy Faculty of the Masaryk University in Brno. He began his career as principal of the Private Secondary Specialized School in Mikulov. Starting in 1993 he was a private businessman. He joined Home Credit Slovakia a.s. in August 1999 as a project manager and later, starting in November 1999, he served as the company's Executive Director. He has been CEO and Chairman of the Board of Directors since February 2004.



**Andrei Vladimirovich Lykov**  
CEO,  
Home Credit & Finance  
Bank LLC.

Born in 1967. In 1990, Lykov graduated from the G. V. Plechanov Institute, Moscow, with a specialization in macroeconomics. He has worked in the banking sector since 1989 and he became Chairman of the Board of Directors of Home Credit & Finance Bank LLC. in 2003.



**Pavel Veselý**  
Director Finance  
and Asset Management,  
ČP INVEST investiční  
společnost, a.s.

Born in 1960, Veselý is a graduate of the University of Economics, Prague, major in automated management systems. He began his financial sector career in 1989 as an independent IT analyst at Československá obchodní banka, a.s. In 1994 – 2000 he headed that bank's department "Depositaries of Investment Funds, Companies, and Pension Funds, International Banking Division". In 2002 he joined PPF investiční společnost a.s. as Director of Portfolio Administration and Chairman of the Board. Since 2003, he has been a member of the Board of ČP INVEST investiční společnost, a.s., where he is in charge of asset management and the financial section.



**Miloš Stibor**  
CEO,  
ČP Leasing, a.s.

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



**Antonín Nekvinda**  
CEO,  
Česká poisťovňa – Slovensko,  
akciová spoločnosť

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



**Milan Krob**  
Executive Director,  
AB - CREDIT a. s.



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

Born in 1964; a graduate of the University of Economics, Prague, major in industrial economics. Began career in 1986 with ČKD Elektrotechnika, where he worked until 1992. Thereafter he held management positions in the companies GENNEX, a.s., Evrobanka, AZ Komplex and Alkona. Starting in April 1999 he was Executive Director of ČP Leasing, a.s. In January 2001 he became Executive Director and Chairman of the Board of Directors of CM - CREDIT a.s. He has been Executive Director of AB - CREDIT a. s. since October 2003.

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

**Companies Managed by PPF – Česká pojišťovna Group**

Česká pojišťovna a.s. is a composite insurer, and the largest insurance institution in the Czech Republic.

With a market share of 39% as of mid-2004, the company offers a wide range of insurance products, both life and non-life. It is the oldest Czech insurance company backed by a long and rich tradition.

It is the legal successor to the First Czech Mutual Insurance Company, which was founded in 1827.

Area of business: insurance

Date of inception: 1 May 1992

Registered capital: CZK 3.41 billion

Shareholders' equity: CZK 15.46 billion

Assets: CZK 120.66 billion

Board of Directors: Ladislav Bartoníček, MBA – Chairman

Milan Maděryč – Vice Chairman

Jan Blaško, MBA – Vice Chairman

Jan Ježdík – Member

Ladislav Chvátal – Member

Supervisory Board: Ivan Kočárník – Chairman

Aleš Minx – Vice Chairman

Petr Kellner – Member

Jaromír Prokš, MBA – Member

Eva Dytrychová – Member

Marie Kortová – Member



Česká pojišťovna a.s. represents a long-term strategic investment for PPF. PPF owns Česká pojišťovna a.s. through its Dutch subsidiary, Cespo B.V., which holds 97.7% of the insurer's registered capital. Thanks to its active approach to satisfying client needs, the company has held on to its position as the largest domestic insurer in the Czech Republic, despite growing competition. Company is a composite insurer whose products and services cover the entire range of life and non-life insurance. The company focuses on retail clientele in personal lines and on small, medium and large corporations in the area of industrial and commercial risks. In the reinsurance area, it restricts itself to providing reinsurance protection within the Česká pojišťovna Group.

#### **Positive Earnings, Growth in Assets**

Ever since its inception in 1992, Česká pojišťovna a.s. has been the biggest insurance company in the Czech Republic in terms of premiums written. In 2003, its market share in terms of premiums written reached 36.2%, 34.8% in life assurance and 37.1% in non-life insurance. Česká pojišťovna's premiums written grew 13.8% to CZK 37.9 billion, of which non-life accounts for CZK 23.6 billion and life assurance CZK 14.3 billion. The company's net profit after tax totaled CZK 3.1 billion. Thus, Česká pojišťovna a.s. remains one of the most profitable companies in the Czech Republic, a position it has held for a long time now. During 2003, the company's total assets grew from CZK 115.6 billion to CZK 120.7 billion. The number of insurance policies administered by Česká pojišťovna a.s. approaches 14 million.

#### **Expanded Product Offering**

In non-life insurance, around half of premiums written is generated by motor vehicles insurance (MTPL and motor damage insurance) and property insurance accounts roughly for another one quarter.

For a long time now, these segments have been among the basic drivers of growth in non-life insurance. In 2003, the company brought to market new life insurance products (DYNAMIK, KOMBI), which are being very well received by the market. The flexible life insurance product DYNAMIK in particular met with enormous client interest, and in just under nine months since its launch 150,000 clients have signed up for it. The wide range of products offered is supplemented by sophisticated financial products offered by companies of the Česká pojišťovna Group.

#### **Česká pojišťovna – A Respected Brand**

The fact that Česká pojišťovna products are very attractive for both the public and business partners is demonstrated by the many awards received by the company. Česká pojišťovna a.s. was awarded the title Insurer of the Year for 2002. In last year's survey conducted by the Chamber of Insurance Brokers, the company placed first both overall as well as in four other categories: "Life and Accident Insurance", "Motor Vehicles Insurance", "Insurance for Industry and Business", and "Cooperation with Brokers". Both last year and this year, Česká pojišťovna a.s. was the highest ranking financial institution in the prestigious "Czech Top 100 – The Most Admired Corporation of the Czech Republic". It also defended its victory among insurance companies and placed ninth overall. In another repeat performance, Česká pojišťovna a.s. was also the highest-ranking insurer in a survey called "Good Brand 2004", which was conducted in the Czech Republic by the company Reader's Digest Výběr. In the Zlatý Měšec 2003 competition on the server Mesec.cz, Česká pojišťovna received the most votes in the category "Insurance Company". In the "Best Web" competition organized by the server Penize.cz, Česká pojišťovna a.s. took first place, thanks mainly to the high-quality content on its website.

### **High Ratings**

The qualities of Česká pojišťovna a.s. are also appreciated by the rating agencies Standard & Poor's and Moody's, which evaluate the company's financial strength. Both agencies rate the company as investment grade. In 2003, Moody's replaced the agency Fitch and it rated Česká pojišťovna a.s. for the first time on June 30, giving it a Baa3 with stable outlook. The agency stated that the rating reflects the leading market position of Česká pojišťovna a.s., both in life and non-life insurance, as well as good operating performance, conservative provisioning policy, the fact that the company handled well the catastrophic losses caused by the flood of August 2002, and its growing capital strength. On 23 September 2003, Standard & Poor's reaffirmed the financial strength rating of Česká pojišťovna a.s. at BBB- with stable outlook. In its rationale, it made reference to the strong market position of Česká pojišťovna a.s., its excellent operating performance and strong capital adequacy. Both agencies also underlined the excellent liquidity of Česká pojišťovna a.s.

### **Expansion into Russia**

In 2003 Česká pojišťovna a.s. continued to expand into the Russian market, which is the third region (after the Czech Republic and Slovakia) where the company offers life insurance products.

In 2003, Česká pojišťovna a.s. commenced a project to reorganize its policy administration and claims handling functions in non-life insurance. The goal of the project is to further improve client services and to reduce the company's costs. The technological aspect of the project includes digitalization of documents, taking claims by telephone, unifying claims handling procedures, and similar measures. The project was also successfully implemented in life assurance.

### **Outlook for 2004**

Česká pojišťovna a.s. generated a net profit of CZK 1.6 billion for the first quarter of 2004. Compared to the same period last year, profit nearly tripled and Česká pojišťovna a.s. is making good progress toward fulfilling this year's ambitious plan. The main drivers of profit growth were revenues from financial placements and new business. Thanks to growth in premiums written, the market share of Česká pojišťovna a.s. increased from 36 to 39 percent.

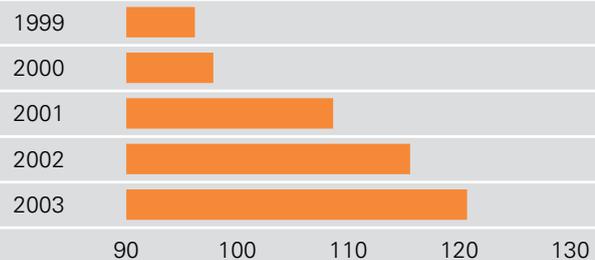
The key strategic objectives for 2004 include successfully completing the reorganization of the policy administration and claims handling functions to substantially accelerate operating processes and increase client satisfaction. In this manner, the company will reach the level of modern, effective insurance companies from Western European countries, and even exceed it in many aspects. The company will continue to focus on maintaining its market position and managing the financial group so as to offer a comprehensive range of financial services. The company's activities in the Russian Federation in 2004 will focus on launching new products in order to make the current offering more attractive for clients, continuing to build the sales network, and furthering business growth trends – especially that established in the last quarter of 2003.

In 2004, Česká pojišťovna a.s. will focus on developing its financial group even more with the aim of offering a comprehensive range of financial services in the framework of *bancassurance*, which it pioneered in the Czech market. In 2004, Česká pojišťovna a.s. expects to keep up the current rate of growth and to achieve another increase in premiums written.

The General Meeting of Česká pojišťovna a.s., which was held in early June, approved the payment of a CZK 670-per-share dividend, in which approximately CZK 2 billion of the profit will be distributed to shareholders.

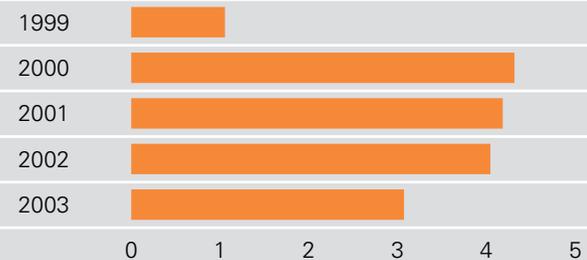
**Total Assets**

1999 – 2003 (CZK billions)



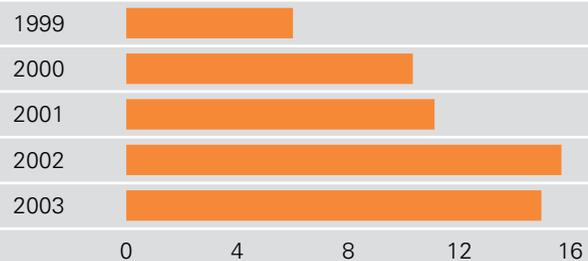
**Net Profit**

1999 – 2003 (CZK billions)



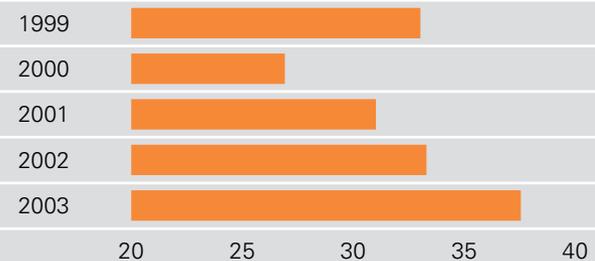
**Shareholders' Equity**

1999 – 2003 (CZK billions)



**Premiums Written**

1999 – 2003 (CZK billions)



## Companies Managed by PPF – Česká pojišťovna Group

	Home Credit Group is one of the largest companies in the consumer credit services (installment plans) market in the Czech Republic, Slovakia, and Russia. Its successes to-date make Home Credit Group a major player in the consumer credit market of Central and Eastern Europe as well.	Home Credit Finance a.s.
Area of business:	self-financed lending	
Date of inception:	5 February 1997	
Registered capital:	CZK 300 million	
Shareholders' equity:	CZK 505.8 million	
Assets:	CZK 13.1 billion	
Board of Directors:	Pavel Plachký – Chairman	
	Robert Potáček – Vice Chairman	
	Pavel Teplý – Member	
Supervisory Board:	Ladislav Chvátal – Chairman	
	Karla Henčlová – Member	
	Pavel Pfauser – Member	
Company management:	Pavel Plachký – CEO	
	Martin Vetýška – Deputy Director Sales	
	Oldřich Drápal – Deputy Director Marketing and PR	
	Josef Mačica – Deputy Director IT	
	Milan Dočkal – Deputy Director Finance	
	Pavel Teplý – Deputy Director Research	
Principal businesses:	provision of services associated with sale of consumer goods on credit (installment plans) using consumer loans and revolving loans	

Home Credit Group is a major player in the consumer credit market in Central & Eastern Europe. Through Home Credit Finance a.s., Home Credit Slovakia a.s. and Home Credit & Finance Bank LLC., the Group is active in the Czech Republic, Slovakia, and, since 2002, in the Russian Federation as well. The management company of the Home Credit Group is Home Credit International a.s. Its principal business is Group-wide management of key activities and projects, conceptual unification of operating policies, procedures, and consulting support. In this matter, activities in the various countries where Home Credit operates are coordinated in terms of financial management, corporate finance, information technologies, credit risk management and administration, marketing and communication, and human resources policy.

Home Credit Group has been a part of the Czech Republic's consumer credit market since 1997, when the company Home Credit a.s. began to provide finance leases on household consumer goods. Consumer loans were launched in the Czech Republic market through the company Home Credit Finance a.s. in 1998. Just one year later, the company had built a network of 2,000 sales outlets throughout the Czech Republic and its lending volume (principal) for the calendar year had passed the CZK 1 billion mark. The ever-expanding financial services offering is linked to 2001, which without exaggeration can be called the year of the revolving credit – the lending product behind the YES international credit card. Home Credit Finance a.s. also reacted to other developments in market demand in an innovative manner. The company began offering a non-purpose-bound cash loan at branches of the Czech Post (Česká pošta, s.p.). This led to a record 130% growth in business volume.

#### **Record Turnover**

In 2003, Home Credit Finance a.s. provided CZK 5.2 billion in credit, which is the highest lending volume in company history. The growth in business volume compared to the previous year was 44%. Home Credit Finance a.s. recorded an increase in the number of agreements signed not just in the pre-Christmas period, but in other months of the year as well. Over the six years that Home Credit Finance a.s. has been in existence, the number of clients has passed 730,000.

As has become the tradition, December was very successful – clients of Home Credit Finance a.s. borrowed an aggregate total of CZK 750 million and pushed the total number of agreements signed in the fourth quarter to a new record – over 120,000. In 2003, Home Credit Finance a.s. helped consumers to finance nearly CZK 2 billion in Christmas purchases, which is roughly 40% of the company's annual turnover.

#### **Successful Securitization of Assets**

In its own way, the year 2003 was also exceptional in the history of Home Credit Finance a.s. A new product – the Personal Loan – was added to the company's product offering. Another event of major importance in 2003, without a doubt, was the successful securitization of the company's receivables. In 2003, as a way to finance its business, the company securitized debts owed to it by its clients. In this transaction, receivables under revolving credits are regularly sold, giving the company a source of capital to fund its future growth. The securitization of receivables was prepared since 2002, and the first package of receivables was sold in September 2003. This was the first successful securitization of receivables not just in the Czech Republic, but in all of Central and Eastern Europe.

Another important activity of Home Credit Finance a.s. in 2003 was the financing of its Russian subsidiary, Home Credit & Finance Bank LLC. This included increasing the Bank's capital and other (debt) financing. At year end 2003, contributions to the capital of Home Credit & Finance Bank LLC. had reached a level of CZK 1.34 billion (at year end 2002 they were just CZK 0.29 billion). Other financing of Home Credit & Finance Bank LLC. reached CZK 4.83 billion.

Securing financing for this Russian subsidiary is one of the principal goals of Home Credit Finance a.s. in 2004 as well.

#### **Expanded Offering of Products and Services**

In 2003, Home Credit Finance a.s. continued to successfully develop its cooperation with business partners, which is based on providing client services related to financing purchases of all kinds of consumer goods, from consumer electronics through computer and office equipment, furniture, swimming pools, and flooring materials, to, for example, sporting goods and hobby/gardening needs. Also successful was the development of universal products such as, most importantly, cash loan products that give clients a great degree of flexibility and make it easy for them to gain access to cash thanks to the company's large number of contact locations.

#### **Nearly a Half Million YES Cards in Issue**

The YES card maintained and reinforced its position as one of the most popular credit cards in the Czech Republic in 2003. Home Credit Finance a.s. has issued over 500,000 YES cards, making it a Czech market leader in terms of the number of credit cards issued. The YES card is accepted at over 29,000 vendor locations and it can be used to get cash advances from 2,500 ATM machines throughout the Czech Republic. Thanks to the Maestro standard, the card is valid at the international level as well, and holders of the card can

use it to finance shopping purchases and get cash advances during their travels abroad. In conjunction with the ČP Finance program, within Česká pojišťovna Group, 2003 saw continued acquisition of clients through the project "ČP úvěrová karta" (ČP Credit Card), whose parameters are similar to the YES card.

#### **Positive Earnings**

At the end of 2003 it was decided to change the accounting period from the calendar year to the fiscal year starting on 1 April 2004. The accounting period immediately preceding this change lasts from 1 January 2003 to 31 March 2004.

The overall amount of receivables from clients, net of adjustments, reached CZK 6.2 billion at 31 December 2003 and the amount of principal lent last year was CZK 5.2 billion.

For the period from 1 January 2003 to 31 December 2003, Home Credit Finance a.s. expects to achieve a net profit of CZK 391 million.

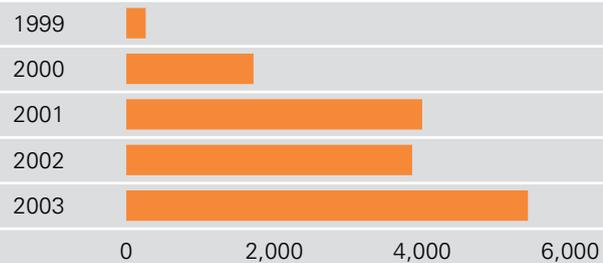
#### **Outlook for 2004**

In 2004, Home Credit Finance a.s. will concentrate on reinforcing its position in the retail network and on opening new distribution channels for its products. Strong emphasis will be placed on building and reinforcing perception of the company's brand as a stable and highly flexible company with a strong customer focus. Another strategic aim is to focus on the existing client base.

The strategic plan in sales will go hand-in-hand with ongoing innovation and automation of management and operating processes. Last but not least, close attention will be paid to ensuring financing for the company's own operations and those of its subsidiaries.

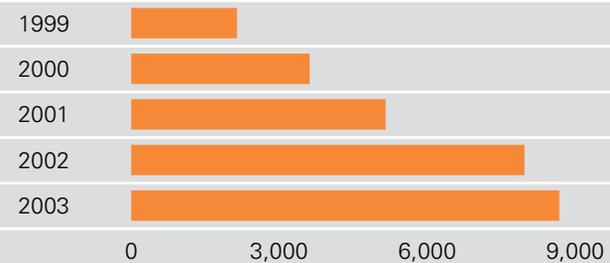
Lending Volume

1999 – 2003 (CZK millions)



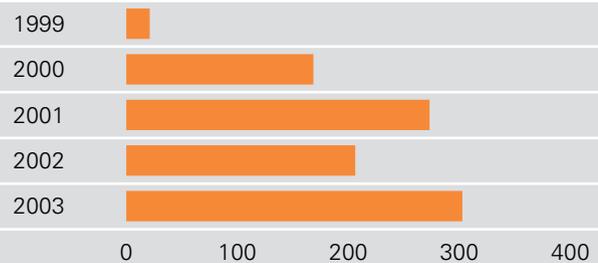
Number of Sales Outlets

1999 – 2003



Number of Agreements Signed – Consumer  
and Revolving Loans (Cards Activated)

1999 – 2003 (thousands)



## Companies Managed by PPF – Česká pojišťovna Group

	Home Credit Slovakia, a.s. is the consumer credit leader in Slovakia.	Home Credit Slovakia, a.s.
Area of business:	consumer credit installment plans	
Date of inception:	27 October 1999	
Registered capital:	SKK 60 million	
Shareholders' equity:	SKK 5.075 million	
Assets:	SKK 3 mld.	
Board of Directors:	Jiří Bádr – Chairman	
	Zdeněk Štika – Member	
	Alena Mudříková – Member	
Supervisory Board:	Robert Potáč – Chairman	
	Pavel Teplý – Member	
	Kvetoslav Kučerák – Member	
Management:	Jiří Bádr – CEO	
	Mária Masárová – Director, Economic Section	
	Alena Mudříková – Director, Finance Section	
	Igor Valo – Director, Sales Section	
	Martin Siblík – Director, Marketing Section	
	Pavel Zemaník – Director, IT and Research Section	
	Katarína Behulová – Director, Contracts Administration Section	
	Andrea Gulová – Head of Personnel and Operations	
	Stanislav Vytykač – Head of Controlling	
	Kvetoslav Kučerák – Head of Security	
Principal businesses:	provision of services associated with sale of consumer goods on credit (installment plans)	
	using consumer loans and revolving loans	

Home Credit Slovakia, a.s. was founded in 1999 as a 100% subsidiary of Home Credit a.s. and it commenced its business activities by offering consumer loans. In late 2001 the company expanded its product portfolio by adding a revolving credit in the form of the YES credit card. Home Credit's Group activities in Slovakia grew very quickly and in the year 2000 consumer loans could be obtained at over 1,000 sales outlets. The number of outlets doubled by the end of that same year.

#### **Number One in the Slovak Market**

As early as 2001, Home Credit Slovakia's business performance catapulted it into first place among consumer credit companies in the country. Contributing to this performance in no small measure was the Slovak market launch of the YES revolving credit card. Nearly 70,000 YES cards were offered to consumers in the first year alone.

The position of market leader was maintained in 2002 by posting business turnover of nearly SKK 2.5 billion and entering into over 171,000 credit agreements. For Home Credit Slovakia, a.s., 2003 was a year of stabilizing the sales network and maintaining the company's position as the consumer credit market leader. The total number of sales outlets stabilized at nearly 3,000. In the second half of 2003, the company opened a new distribution channel, entitled "Brokers". This entails cooperation with financial advisors of various companies that offer their clients the YES credit card as part of their service range. Since 1999, over 300,000 clients in Slovakia have utilized Home Credit's services, borrowing an aggregate principal amount of over SKK 7.8 billion.

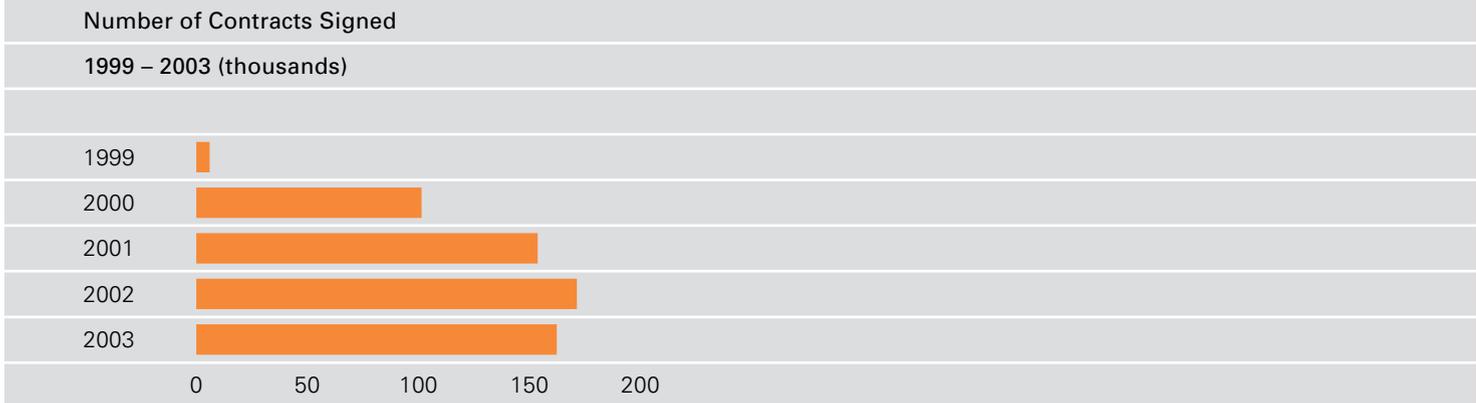
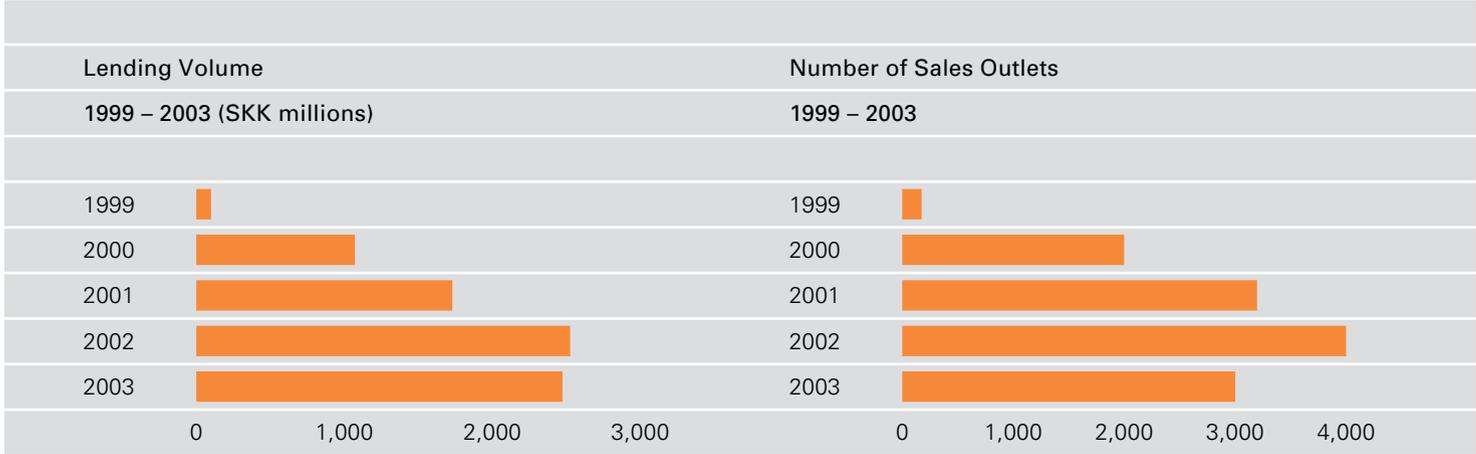
#### **Loyalty Programs**

The lending process was streamlined by a customer loyalty product – the Home Credit Card – which allows customers to make repeat credit purchases without any additional paperwork. Its re-issue to selected clients in 2002 was one of the company's most successful initiatives. Over 24% of the clients contacted took advantage of the offer, and principal lent through this card accounted for over 30% of overall lending volume in 2002. The card is linked to a loyalty program for business partners and clients. The number of YES cards in issue passed 200,000 in 2003. Home Credit Slovakia, a.s. began publishing a quarterly loyalty magazine, "Plus pro Vás". Along with features on products offered by Home Credit Slovakia, a.s., the magazine offers its readers contests, useful tips, and other information. The launch of the HIT promotion was another significant step. In cooperation with selected partners, Home Credit Slovakia, a.s. offers Slovak consumers high quality products at affordable prices.

In 2002, CRA Rating Agency a.s., an affiliate of Moody's Investors Service, awarded Home Credit Slovakia a.s. – as the first consumer credit company in Slovakia – a short- and long-term local rating (skP-2/skA-). In 2003, the rating of Home Credit Slovakia a.s. as an entity with above-average capability to meet its financial obligations was reaffirmed.

#### **Outlook for 2004**

The objective of Home Credit Slovakia, a.s. in 2004 is to maintain its position as the leader in the consumer credit market and to continue to grow its market share. In 2004 the company will continue to work on the existing client portfolio, further expand the range of products and distribution channels, and build a strong Home Credit brand.



## Companies Managed by PPF – Česká pojišťovna Group

Home Credit & Finance Bank Ltd. is the first foreign bank to begin offering consumer loans in the Russian Federation. During the short period of its existence, it has become the number-two player in the Russian consumer credit market.

Area of business:	consumer credit installment plans
Date of inception:	19 June 1990 (formerly “Innovacionniy bank Technopolis”)
Registered capital:	RUR 405.707 million
Shareholders’ equity:	RUR 1.183 billion
Assets:	RUR 8.173 billion
Board of Directors:	Andrei Vladimirovich Lykov – Chairman
	Václav Soukup – First Vice-Chairman
	Stanislav Staněk – Vice-Chairman
	Dmitri Vladimirovich Mosolov – Vice-Chairman
	Tatiana Vladimirovna Gordeeva – Member
Supervisory Board:	Stanislav Staněk – Chairman
	Robert Potáč – Vice-Chairman
	Ladislav Chvátal – Member
	Petr Hanousek – Member
	Petr Milev – Member



The Home Credit Group entered the Russian market in early 2002, when it purchased a 98% stake in the registered capital of Innovacioniy bank Technopolis, which was founded in Russia in the year 1990. The Bank became a member of Home Credit Group as of the day it was acquired. On 6 March 2003 it was renamed to Home Credit & Finance Bank LLC. The Bank's priority focus is the provision of consumer loans. It began sales activities in Moscow and surrounding areas in July 2002. The early phase of the business activity was dominated by acquisition of business partners and building the foundations of a strong sales network.

#### **Consumer Credit in Russia**

According to a report issued by the Russian central bank, consumer lending volume in the Russian Federation reached approximately RUR 95 billion at year end 2001. At the end of 2003 it had risen to USD 8.5 billion – or, more exactly, as of 1 December 2003 the consumer credit market was RUR 281.9 billion. Financial experts expect the market's expansion to continue, and it is projected to reach RUR 460 billion by the end of 2004.

Based on information from the State Committee of Statistics of Russia, the household income level of the Russian population increased by 28.8% between 2002 and 2003. The income growth stimulated consumption and demand for new bank loans and services.

#### **Number-Two Market Player**

Home Credit & Finance Bank LLC. is the first foreign bank to begin offering consumer loans in the Russian Federation. During the short period of its existence, it has become the number-two player in the Russian consumer credit market. In 2003, Home Credit & Finance Bank LLC. managed to enter into nearly 510,000 credit agreements in a total amount exceeding RUR 6.7 billion.

According to a published evaluation of Russian banks covering the year 2003, Home Credit & Finance Bank LLC. was the fastest-growing bank in terms of assets. In terms of consumer credit lending (principal) volume, the Bank is the Russian market number two and thanks to its fast pace of assets growth (from RUR 199 million to RUR 1 billion) it has taken the number-six position.

#### **Extensive Sales Network**

Currently, Home Credit & Finance Bank LLC. works with over 4,000 stores and store chains not just in Moscow and the surrounding area, but also in other regions in which consumer credit services are in very high demand.

In record time, Home Credit & Finance Bank LLC. opened representation offices in 14 regions of Russia and is now providing loans to finance purchases of merchandise on credit in 39 of the largest cities of the Russian Federation.

**List of representation offices:**

Volgograd Regional Office  
Ekaterinburg Regional Office  
Ivanov Regional Office  
Kazan Regional Office  
Krasnodarsk Regional Office  
Krasnoyarsk Regional Office  
Nizhgorod Regional Office  
Novosibirsk Regional Office  
Rostov Regional Office  
Samarsk Regional Office  
St. Petersburg Regional Office  
Tversk Regional Office  
Tyumensk Regional Office  
Ufimsk Regional Office

In Moscow and its surrounding areas, Home Credit & Finance Bank Llc. has entered into alliances with major electronics and furniture store chains such as Technosila, Eldorado, M. Video, Partia, Mir, Starik Hottabych, Shatura, and Poloyaris. At the same time, it is offering consumer loans in an independent network of smaller stores and in regional store chains.

The number of sales locations is expected to rise thanks, among other factors, to a more extensive network of locations where payments can be made. In December 2003, Home Credit & Finance Bank Llc. entered into an agreement with FSUP (the Russian postal service) on acceptance of payments on credit in post office branches working under the "KyberDengi" system.

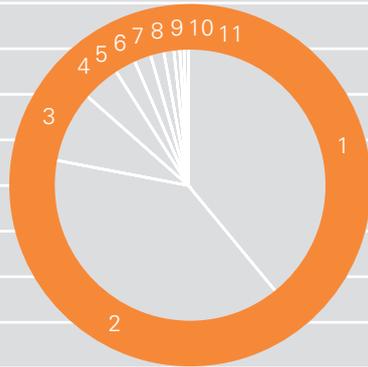
**New Products**

Home Credit & Finance Bank Llc. provides credit to finance purchases of a wide range of merchandise: electronics, household appliances, furniture, computers, construction materials, cameras, musical instruments, sporting goods, heating equipment, security systems, and gardening needs. When buying on credit, the customer is required to make a down payment of 20-30% of the price of the merchandise and present two forms of identification. The customer chooses the repayment period him- or herself, and it can range from four months to two years. In late 2002 Home Credit & Finance Bank Llc. brought to market a new product, entitled "Credit Line", which allows a loan to be drawn down gradually in multiple stores. Currently the company offers consumer credit at over 1,500 sales locations. Home Credit & Finance Bank Llc. regularly organizes marketing promotions focused on generating new demand for services provided by the Bank and on acquiring new clients (zero down payment, super loans, etc.).

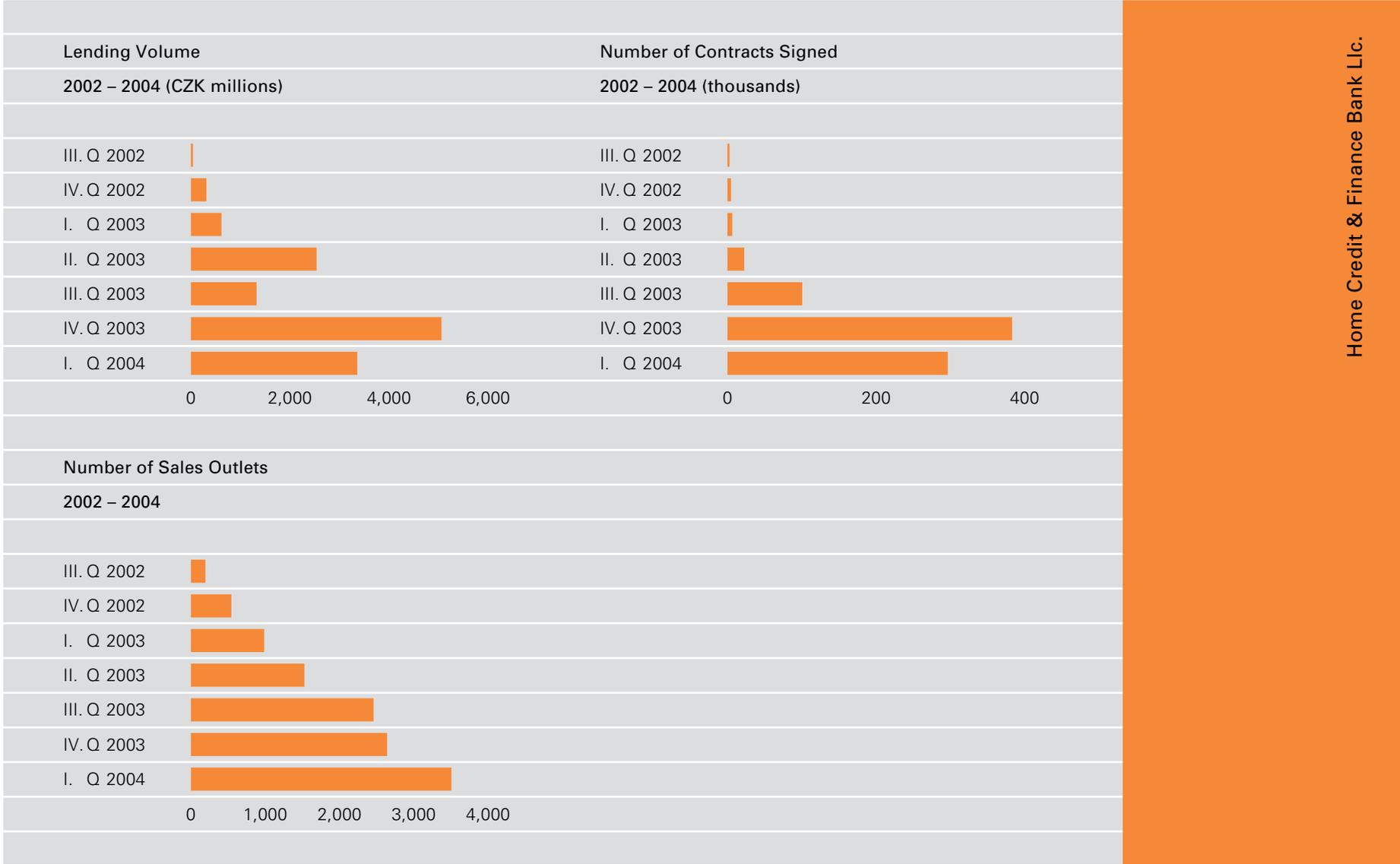
**Outlook for 2004**

Further activities of Home Credit & Finance Bank Llc. will be connected with expanding the business into more areas of the Russian Federation. In particular, these will include expanding the network of Bank representation offices in the Russian Federation, increasing the number of business partners, launching new products, expanding the network of payment locations and building a strong Home Credit brand in the Russian consumer credit market.

Commodities Purchased on Credit  
in 2003



1	Electronics (audio/video)	39.57%
2	Household needs	38.97%
3	Computers	8.77%
4	Furniture	4.79%
5	Cameras	2.43%
6	Other	2.01%
7	Office equipment	1.25%
8	Musical instruments	0.82%
9	Kitchens	0.48%
10	Construction material	0.21%
11	Mobile handsets	0.18%



## Companies Managed by PPF – Česká pojišťovna Group

eBanka, a.s. is the only universal bank in the Czech Republic offering comprehensive direct banking services.

Area of business: banking services

Date of inception: 29 December 1990 (as Zemská banka, a.s.)

Market launch: 4 May 1998

Registered capital: CZK 1,042 million

Shareholders' equity: CZK 834 million

Total assets: CZK 11.90 billion

Board of Directors: Radomír Lašák, MBA – Chairman

Peter Hollovič – Vice-Chairman (until 1 October 2003)

Luboš Černý – Vice-Chairman (since 1 October 2003)

Vlastimil Nigrin – Member

Alexandr Borecký – Member

Petr Pištělák – Member (since 9 January 2004)

Petr Řehák – Member (since 1 June 2004)

Supervisory Board: Ladislav Chvátal – Chairman

Jan Přebyl – Vice-Chairman

Ladislav Bartoníček, MBA – Member

Petr Dvořák, MBA – Member

Pavla Pešková – Member (until 31 December 2003)

Zdeněk Janoško – Member (until 31 December 2003)

Pavel Makovský – Member (since 5 February 2004)

Roman Knaus – Member (since 5 February 2004)



eBanka, a.s. is the only universal bank in the Czech financial market that offers comprehensive direct banking services. Since 1997, when it entered the market as an Internet bank, it has maintained a leading position in the utilization of modern technologies in banking in the Czech Republic. In 2001, it changed its name from Expandia Banka, a.s. to eBanka, a.s. to mark the completion of the process of the sale of 99.7% of the bank's shares and its transfer to a different financial group – i.e., that of Česká pojišťovna.

#### **Expansion of Network**

eBanka, a.s. provides clients comprehensive services in both retail and corporate banking. Since its establishment it has undergone extensive development. Starting from five client centers it has built a network that today covers the entire Czech Republic, with a total of 145 business locations – 26 client centers, 9 sales centers and 110 eBanka tellers at Česká pojišťovna sales locations. eBanka, a.s. serves over 400,000 clients: 92,000 utilize Company and Personal Accounts, 139,000 clients own eBanka products through the ČP Finance program, and over 169,000 clients are active YES credit card users.

2003 was characterized by additions to the product portfolio and acquisition of over 30,000 retail clients – an excellent result. In late 2003 eBanka, a.s. conducted a number of much needed research surveys in the small and mid-sized corporate segment. The employees conducting the surveys used not only traditional survey methods, but also met in person with company owners to discuss their specific needs and issues. Based on these analyses, eBanka, a.s. designed a campaign that was launched in January 2004.

#### **Focus on Small and Mid-sized Corporate Segment**

Even before then, in late 2003, eBanka, a.s. introduced “urgent international payments” for small and mid-sized companies, which guarantee same-day crediting of the transferred funds to the account of the recipients' bank (or to that of the corresponding bank), provided the payment order is placed by 11:00 a.m. In terms of hours, this is the fastest implementation of international payments among banks in the Czech Republic.

The new loan products with which the Bank intends to cover small- and mid-sized corporate demand for financing include the Operating MiniKredit and the Investment MiniKredit. Both loans feature a very quick approval process, which is key for this segment. In addition to these new products, eBanka, a.s. offers a large number of other competitive products and services that are capable of attracting and satisfying small and mid-sized companies.

eBanka, a.s. is part of the strongest financial group in the Czech Republic – the Česká pojišťovna Group. Its financial strength is also affirmed by the rating BBB-, with stable outlook, granted to it by Standard & Poor's.

**Outlook for 2004**

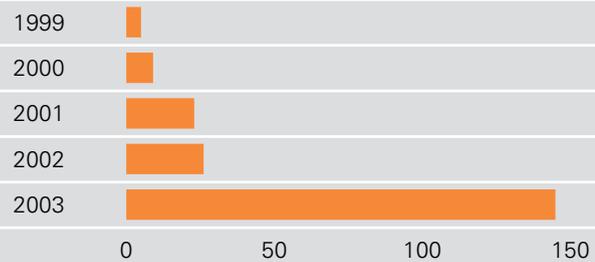
In 2004, eBanka, a.s. intends to focus even more intensively on the small and mid-sized corporate segment while maintaining its growing market share in retail. eBanka, a.s. is well-prepared to penetrate the highly competitive small- and mid-sized corporate segment, both in terms of products and the knowledge and expertise of its highly trained work force, which is ready to satisfy all corporate client needs in a qualified manner. The objective of the campaign is to very aggressively cut into the competition's market share in this segment.

Another priority of eBanka, a.s. is to expand the network of contact locations throughout the entire Czech Republic. In 2003 coverage was increased by a total of 119 locations, including 110 eBanka tellers located in selected Česká pojišťovna outlets. In 2004 eBanka is planning to open several dozen more client centers – i.e. locations where retail clients are served. New centers for corporate clientele will also be opened.

The increased coverage in eBanka's network is designed to support further growth in market share in the key client segments, i.e. retail clients and small and mid-sized companies. All Bank employees are actively involved in meeting these objectives.

Number of Sales Outlets

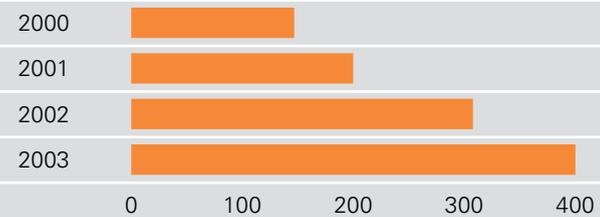
1999 – 2003



Number of Clients Including YES Card Holders

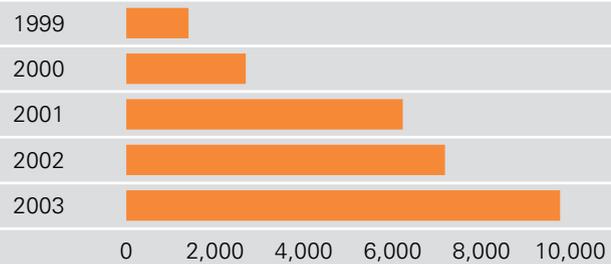
and the ČP Finance Program

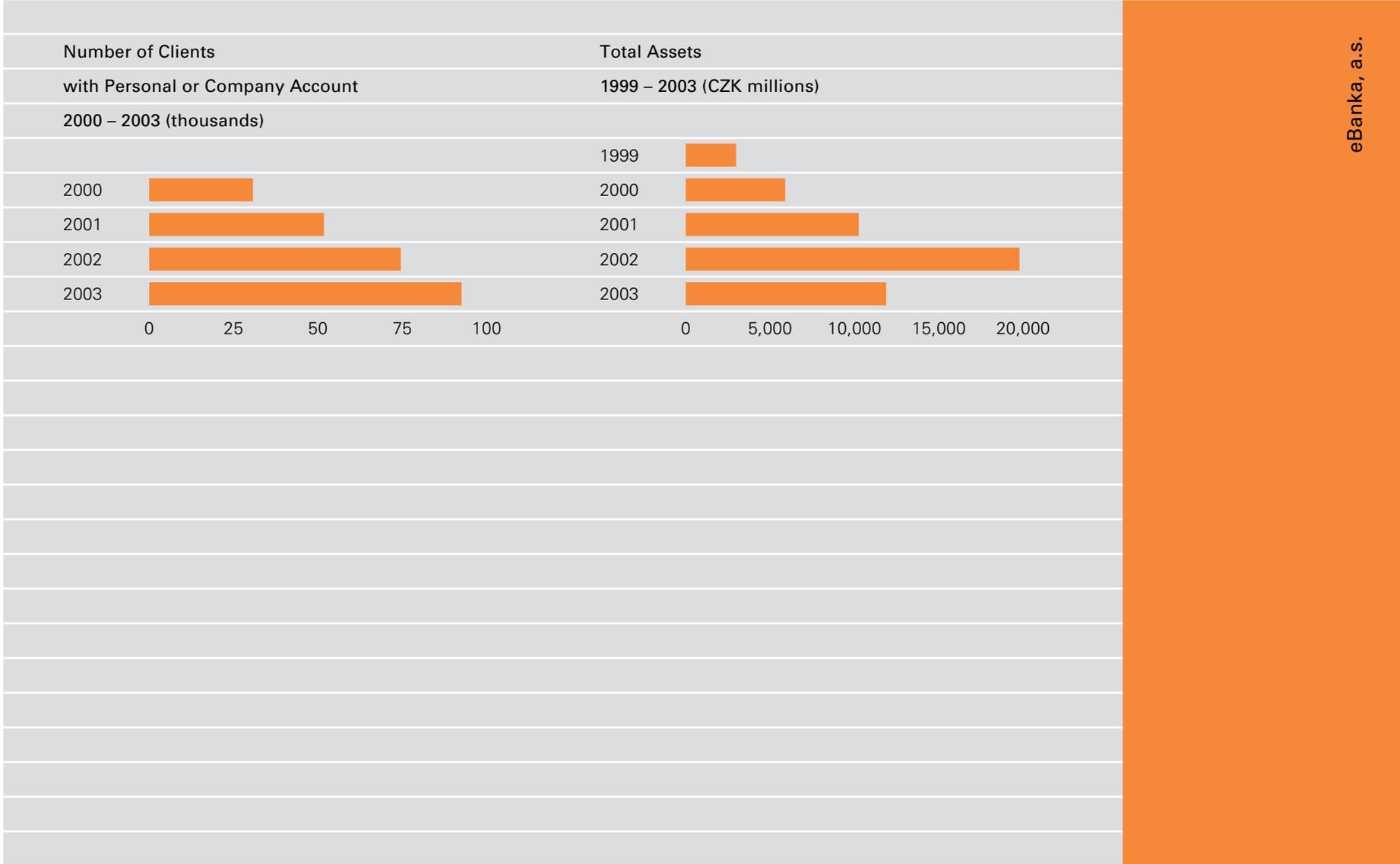
2000 – 2003 (thousands)



Deposits

1999 – 2003 (CZK millions)





eBanka, a.s.

## Companies Managed by PPF – Česká pojišťovna Group

	Penzijní fond České pojišťovny a.s. is one of the biggest pension funds in the Czech Republic.
Area of business:	supplementary pension insurance in accordance with Act 42/1994 Sb. on Supplementary Pension Insurance with State Contribution, as amended
Date of inception:	19 September 1994
Registered capital:	CZK 210 million
Shareholders' equity:	CZK 675 million
Total assets:	CZK 11.09 billion
Board of Directors:	Ivo Foltýn, MBA – Chairman
	Tomáš Matoušek – Vice-Chairman
	Radek Peřina – Vice-Chairman
	Václav Šrajer, MBA – Member
	Roman Stupka, MBA – Member
Supervisory Board:	Darina Kocsisová, Ph.D. – Chairman
	Bohuslava Vohradská – Member
	Vít Šroller – Member
	Josef Kessler – Member
	Marek Mastník – Member
	Helena Lazosová – Member
Company management:	Ivo Foltýn, MBA – CEO
	Tomáš Matoušek – Executive Director
	Libor Pergl – Director Strategic Marketing Section (since 1 March 2004)
	Jan Durčák – Director Client Service Section (since 5 May 2003)
	Tomáš Koubek – Director IT Section
Principal businesses:	providing supplementary pension insurance

Penzijní fond České pojišťovny, a.s. is one of the largest and financially strongest pension funds in the Czech Republic. Its assets at 31 December 2003 totaled CZK 11.1 billion, up 46% over the previous year. By February 2004 the total assets figure had passed CZK 11.5 billion. In 2003, the fund posted record net profit of CZK 295 million. During 2003 the Fund acquired 86,000 new clients, bringing its client base to over 463,000 by the end of the year, making it one of the biggest pension funds in the Czech market with a market share of 17.4%. Contributing significantly to the jump in the number of clients was the successful merger with ČP penzijní fond (formerly Commercial Union Penzijní Fond, a.s.), which took place in August of last year. Today, the fund has over 475,000 clients and their number continues to grow at a rapid pace.

#### **Comprehensive Offering of Products and Services**

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

#### **ČP Employee Benefits Program**

For corporate clientele, the fund worked together with Česká pojišťovna a.s. to develop a special offering entitled the ČP Employee Benefits Program, which is a comprehensive set of employer supplementary pension insurance and life assurance contributions designed to maximize tax advantages. For key employees there is a special managers life insurance program.

Employees of companies participating in the ČP Employee Benefits Program have access to discounts on travel insurance, selected types of property insurance, and other discounted programs and products from the Česká pojišťovna Financial Group.

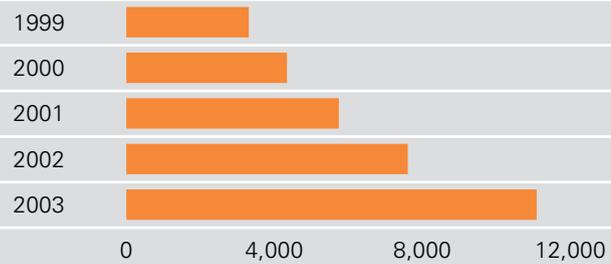
In addition to saving on staff costs, this program gives employers a useful incentive tool for motivating employees, who also receive tax advantages. Based on an individualized approach, comprehensive service, and individualized advice, the company provides employers with a professional, "one-stop shopping" service. The introduction and management of supplementary pension insurance are adapted to meet companies' specific needs and requirements. The number of participating companies is now over 4,500.

#### **Outlook for 2004**

Continued reinforcement of the position of Česká pojišťovna's pension fund is in the company's interests as a shareholder. Therefore, early this year the Česká pojišťovna Group purchased a majority stake in ABN AMRO Penzijní fond, a.s. (now Penzijní fond České pojišťovny, a.s.), making it the number-one player in the Czech Republic supplementary pension insurance market. Together, the funds have a total of 700,000 clients saving for retirement and manage assets of CZK 18 billion. The funds will be merged by the end of 2004, with Penzijní fond České pojišťovny, a.s. as the surviving company.

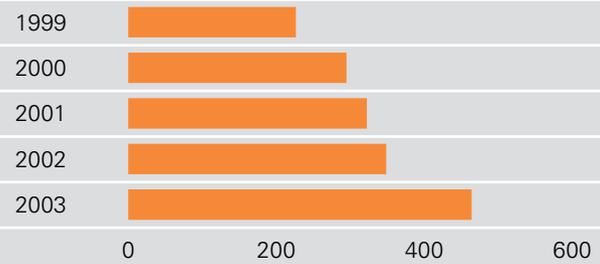
**Assets**

1999 – 2003 (CZK millions)



**Number of Clients**

1999 – 2003 (thousands)



## Companies Managed by PPF – Česká pojišťovna Group

	With CZK 2.45 billion in assets under management, ČP INVEST is a leading investment company in the domestic market.	ČP INVEST investiční společnost, a.s.
Area of business:	collective investment – management of mutual funds	
Date of inception:	19 November 1991	
Registered capital:	CZK 91 million	
Shareholders' equity:	CZK 177 million	
Assets under management:	CZK 2.45 billion	
Board of Directors:	Martin Sankot – Chairman (until 30 May 2004)	
	Jana Doucková – Member	
	Pavel Veselý – Member	
Supervisory Board:	Daniel Kukačka – Member	
	Martin Pecka – Member	
Company management:	Pavel Veselý – Director Finance and Asset Management (and Acting Company Director)	
Principal businesses:	management of open-end mutual funds, offering of investment programs	

With CZK 2.45 billion in assets under management, ČP INVEST investiční společnost, a.s. (“ČP INVEST”) is one of the largest investment companies in the domestic market. It offers its clients collective investment products along with a comprehensive set of ancillary services.

#### **Family of Funds**

The ČP INVEST Family of Funds consists of ten open-end mutual funds. The funds are distinguished by specific investment strategies, which vary in terms of the types and weightings of assets in which the fund in question invests and the resulting levels of risk, return, and recommended investment term.

Another attractive product for investors consists of three investment programs, which use the funds (in varying percentages) as “building blocks” to generate various levels of risk. The client also has the option of designing his or her own structure to create an individual investment program. Within the Family of Funds, investors may transfer between individual funds to adapt their investment strategy to their changing needs.

Starting on 16 February 2004, ČP INVEST is offering a new product entitled “Šikovná obálka” (Clever Envelope) through the network of Česká pošta, s.p. (the Czech Post). It is a conservative product suitable for clients who prefer stability and security in their investments. During 2004, ČP INVEST is planning to start selling its funds in the Slovak Republic. ČP INVEST is considering establishing other types of mutual funds pursuant to legislation that is being prepared in conjunction with the Czech Republic’s entry into the European Union.

2003 saw reductions of the management fee charged for the Money Market Fund and, subsequently, of the fee charged for the conservative and balanced investment programs, which contain this fund in their portfolios. In order to boost sales, ČP INVEST reduced the sales fees on all its open-end mutual funds by 50% for the entire month of November and, starting in March 2004, it completely removed the fees charged for transferring from the Český and Moravskoslezský funds into the Mixed Fund and all equity funds.

Within the Česká pojišťovna Group, ČP INVEST cooperates with certain other Group members. The closest cooperation in 2003 was with eBanka, a.s. Clients of eBanka, a.s. have the option of entering into an agreement with ČP INVEST using an electronic signature, directly from their bank accounts. Another advantage is the ability to invest all cash not immediately needed by the client using intelligent interconnection of the eBanka, a.s. Personal Account with the ČP INVEST Money Market Fund. All ČP INVEST clients are sure to appreciate the possibility of investing cash in all ČP INVEST funds free of charge at eBanka client centers and at selected locations of Česká pojišťovna a.s.

**ČP INVEST Family of Funds**

Open-end Mutual Funds	Money Market Fund	Government Bonds Fund	Corporate Bonds Fund
Mixed Fund	Global Brands Fund	Pharmaceuticals and Biotechnology Fund	Petroleum and Energy Industry Fund
New Economy Fund	Český Fund		Moravskoslezský Fund

**Investment Programs****Investment Program**

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

**Representation of Funds in Investment Programs (%)**

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

ČP INVEST investiční společnost, a.s.

## Companies Managed by PPF – Česká pojišťovna Group

ČP Leasing, a.s.

ČP Leasing, a.s. is a universal leasing company that offers a comprehensive range of services in the area of leasing, focusing primarily on leasing of automobiles.

Area of business: leasing services

Date of inception: 15 May 1997

Registered capital: CZK 300 million

Shareholders' equity: CZK 322.8 million

Total assets: CZK 9 billion

Board of Directors: Miloš Stibor – Chairman

Luděk Keltyčka – Member

Petra Pfauserová – Member

Supervisory Board: Ladislav Chvátal – Chairman

Miroslav Chlumský – Member

Jiří Vitouš – Member

Company management: Miloš Stibor – CEO

Luděk Keltyčka – Sales Director

Petra Pfauserová – Finance Director

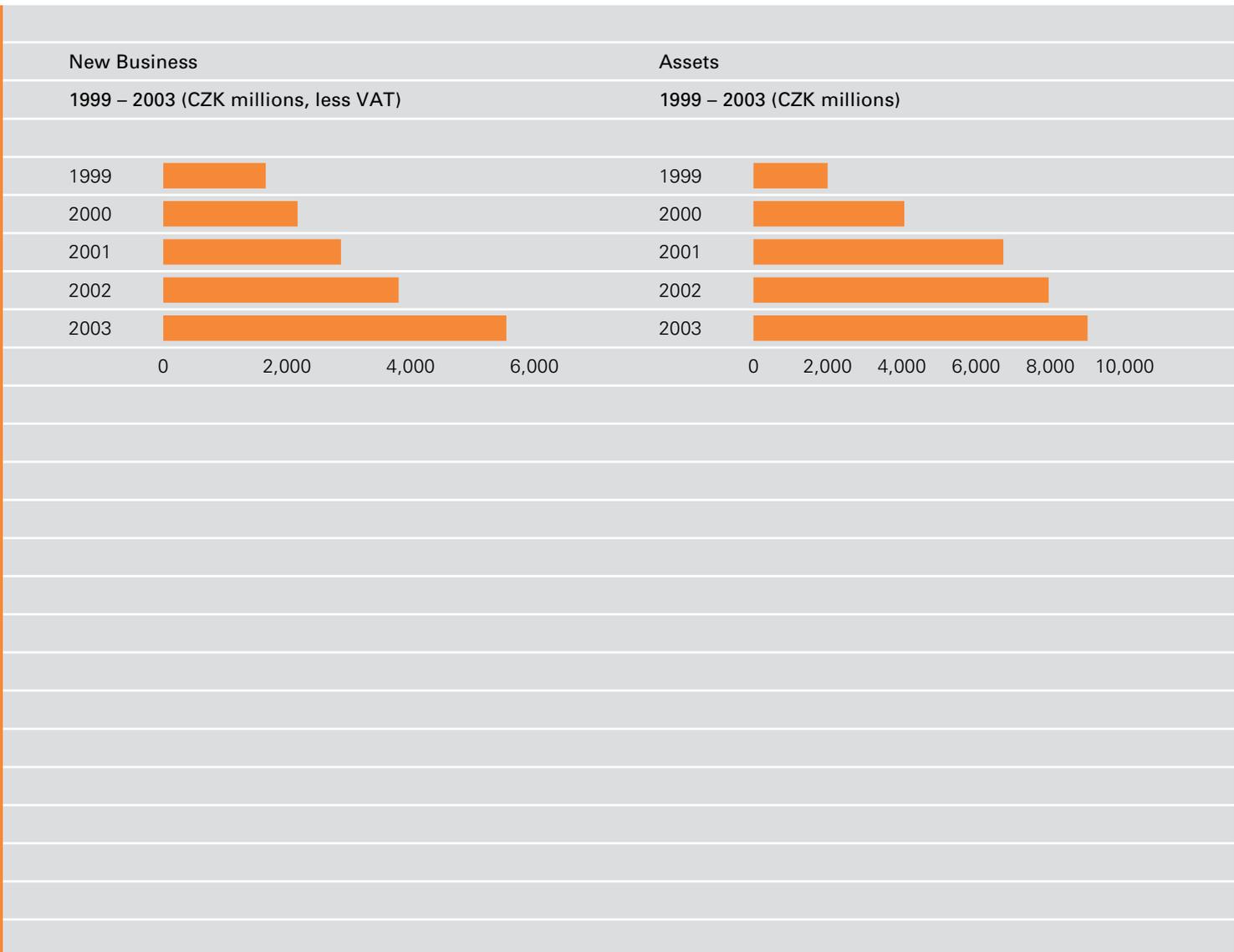
Tomáš Pilc – Director Risk Management Section

Milan Čáp – Director Administration Section

Principal businesses: provision of operational and finance leasing services for automobiles, technologies and real estate

ČP Leasing, a.s. is a universal leasing company that provides finance and operational lease services with a focus on offering individualized conditions to meet customer needs. The company's product range is focused primarily on automobiles – cars, light trucks, heavy trucks, buses, and other transportation equipment. In 2003, the company did a total of CZK 5.2 billion of business, which represents year-on-year growth of 14%. With over 10,000 new lease contracts signed last year, the company is a leader among leasing companies in the Czech Republic. Further development will continue to focus mainly on the vehicles segment. The company is successfully developing its business in operating leases and consumer credit as well.

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



## Companies Managed by PPF – Česká pojišťovna Group

	The AB - CREDIT a. s. company is one of the biggest private receivables management companies in the Czech Republic.	AB - CREDIT a. s.
Area of business:	administrative management services and organizational services for private individuals and legal entities	
Date of inception:	2 September 1999 (formerly AB - REAL Plzeň, a.s.)	
Address:	Na Pankráci 1658, 140 21, Prague 4, Czech Republic	
Registered capital:	CZK 1.601 million	
Assets under management:	CZK 63.07 billion	
Auditor:	KPMG Česká republika Audit, spol. s r.o.	
Board of Directors:	Jan Blaško, MBA – Chairman	
	Karel Pražák – Member	
	Ladislav Řezníček – Member	
Supervisory Board:	Viktor Marek – Chairman	
	Marie Tikalová – Vice-Chairman	
	Petra Holešáková – Member	
Company management:	Milan Krob – Director	
Principal businesses:	receivables management, administration and management of equity interests, searching for quality investment opportunities	

PPF Group has extensive, long-term experience with activities relating to receivables management, and it put them to work again last year when the Czech Republic market offered a number of attractive investment opportunities. Unlike the previous year, when most acquisitions went through CM - CREDIT a.s., participation in tenders for assignment of receivables in 2003 was secured through AB - CREDIT a. s. (which operated under the name AB - REAL Plzeň, a.s. until 30 September 2003), a company specialized primarily in management of and trading in receivables. The bulk of these are receivables that arose under loan agreements where debtors breached their contractual obligations and defaulted on the loans. At year end 2003, the company managed CZK 63.07 billion in receivables, making it one of the largest private debt managers in the Czech Republic.

#### **Victory in Česká konsolidační agentura Tender for Largest Package of Receivables**

PPF Group won the public tender organized by Česká konsolidační agentura for the largest-ever package of receivables – with an aggregate face value of CZK 62.343 billion. The Group participated in the tender through AB - CREDIT a. s., which offered the highest bid of CZK 1.261 billion. In settlement of the transaction, Česká konsolidační agentura transferred to AB - CREDIT a. s. the package of all 2,773 receivables from 1,605 debtors in bankruptcy. Payment of the purchase price was made from the company's own as well as from outside resources. The receivables are being managed by the company's in-house team of debt management experts and specialists. In managing the receivables, PPF will use standard methods given by the Act on Bankruptcy and Composition.

In the public tender, PPF Group cooperated with the Penta financial group and Credit Suisse First Boston, which helped to finance the purchase of the receivables. However, the financing of this acquisition was restructured in the middle of this year. After reaching an agreement and settling with Credit Suisse First Boston and Penta Group, the transaction is now fully financed by PPF Group, which owns the entire portfolio of receivables.

#### **Comprehensive Receivables Management**

AB - CREDIT a. s. offers a truly comprehensive service range in the area of receivables management, covering everything from taking over and analyzing individual cases and arranging for legal services to organizing active collection efforts to ensure cash is received as quickly as possible for the benefit of the company's clients. The provision of comprehensive receivables management services is made possible by the company's considerable expertise, know-how and high-quality team of specialists in the field.

### **Activities in 2003**

In accordance with the contractual terms negotiated with CM - CREDIT a.s. in 2002, preparations were completed and selected receivables from the portfolio of the bankrupt UNIVERSAL BANKA, a.s. in a volume of over CZK 773 million were assigned to AB - CREDIT a. s. in early 2003. Building on prior cooperation between the two companies, terms for managing the above portfolio were agreed and a mandate agreement was signed.

In the past year, AB - CREDIT a. s. participated in most of the biggest tenders for purchases of debt portfolios. In all of the tenders, it reached the final rounds and the company always managed to place very competitive bids.

In early February, the liquidator of EKOAGROBANKA, a.s. announced a public tender for the assignment of 1,047 receivables and 9 securities issues. The aggregate amount of the assigned debt was CZK 6.905 billion and the sum of the face values of the securities was CZK 680 million. AB - CREDIT a. s. placed the highest bid. However, the liquidator of EKOAGROBANKA, a.s. cancelled the tender before announcing the results.

AB - CREDIT a. s. also participated in a number of other tenders for purchases of debt portfolios from, e.g., Česká spořitelna, a.s., Česká konsolidační agentura, Československá obchodní banka, a. s., Moravia banka, a.s., Agrobanka Praha, a. s., and Slovenská konsolidačná, a.s.

### **Outlook for 2004**

AB - CREDIT a. s. has both the financial and human resources necessary to build on the past year's successes. One of the principal goals is to actively manage the receivables obtained in 2003, through the successful bid in the Česká konsolidační agentura tender, so that the amount collected will reach the level of funds invested in the transaction by the end of this year. Another goal is to bid successfully in tenders for assignment of debt from various other portfolios, in accordance with the PPF Group long-term strategy in this business area. In 2004 we expect to be successful in tenders announced by Konpo, s.r.o. and Česká konsolidační agentura.

Portfolio Composition by Debt Amount (CZK thousands)



Portfolio Composition by Number of Debtors



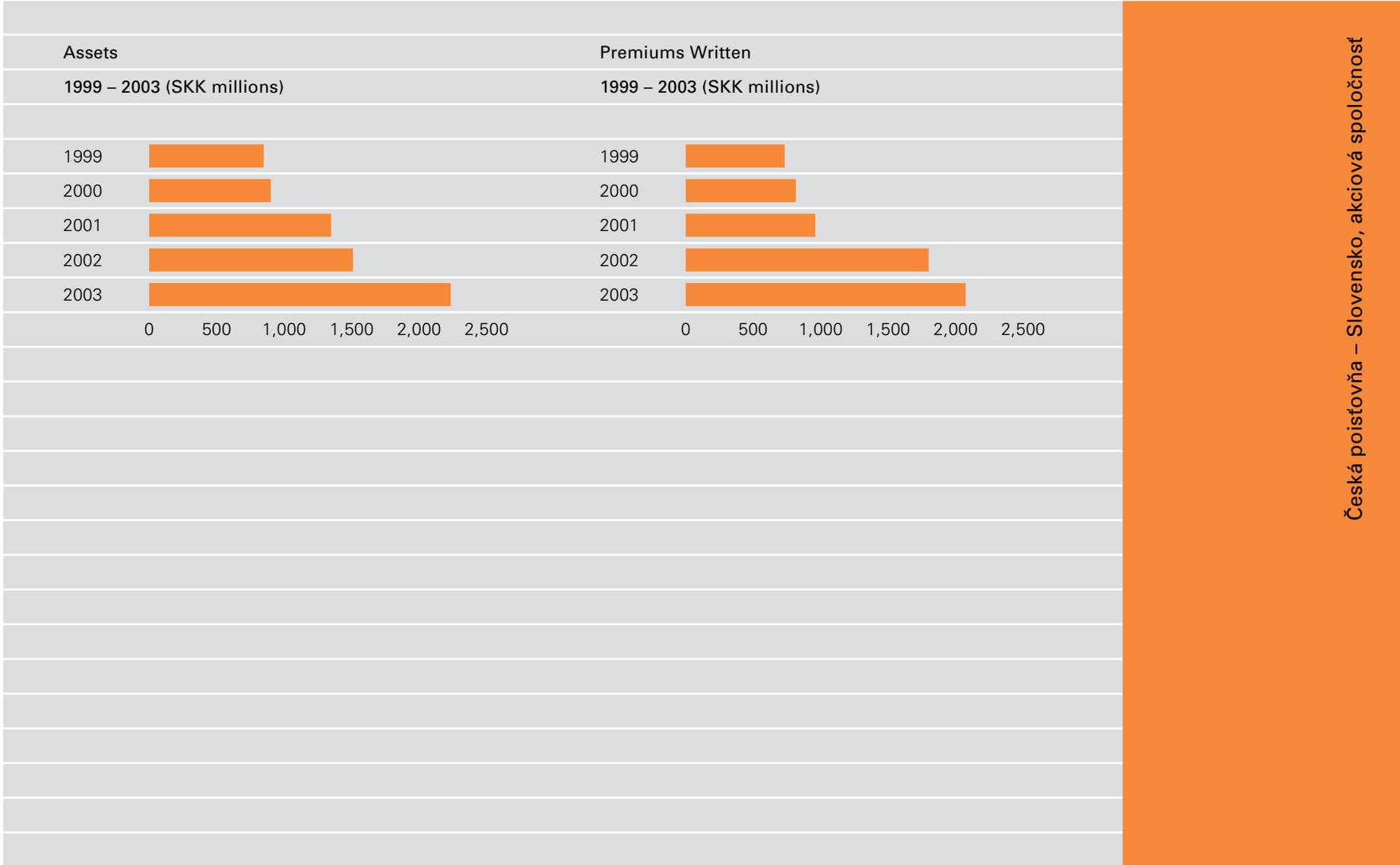
- under CZK 1 million
- CZK 1 – 10 million
- CZK 10 – 50 million
- CZK 50 – 100 million
- over CZK 100 million

## Companies Managed by PPF – Česká pojišťovna Group

	Česká poistovňa – Slovensko, akciová spoločnosť is a composite insurance company offering comprehensive life assurance and non-life insurance services in the Slovak market.	Česká poistovňa – Slovensko, akciová spoločnosť
Area of business:	insurance services	
Date of inception:	8 April 1993	
Registered capital:	SKK 450 million	
Shareholders' equity:	SKK 394.71 million	
Total assets:	SKK 2.23 billion	
Board of Directors:	Jan Ježdík – Chairman	
	Antonín Nekvinda – Vice-Chairman	
	Jan Paleček – Member	
	Lenka Pěnčíková – Member	
Supervisory Board:	Ivan Kočárník – Chairman	
	Vít Šroller – Member	
	Pavel Východský – Member	
Company management:	Antonín Nekvinda – CEO	
Principal businesses:	provision of life and non-life insurance services to private individuals as well as small, mid-sized and large corporations	

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

2003 was a successful year for Česká poistovňa – Slovensko, akciová spoločnosť. The company ended the year in the black, posting after-tax earnings of SKK 4.5 million to become the 5<sup>th</sup> largest insurer in Slovakia in terms of premiums written (5% market share), and the 3<sup>rd</sup> largest in terms of new business volume (10.3% market share). Premiums written exceeded SKK 2 billion for the first time, reaching SKK 2.07 billion, a year-on-year increase of SKK 275 million (15.3%). Non-life insurance premiums written reached SKK 1.764 billion, up SKK 109 million, and life assurance premiums written totaled SKK 308 million, up SKK 166 million. The company's total assets, at SKK 2.232 billion, grew nearly 48% over the previous year's figure, and its technical provisions reached SKK 901 million, an increase of 66% compared to 2002. The company serves customers at branches in 29 cities of Slovakia, in which a total of 414 employees worked in 2003. In terms of overall premiums written, the most important classes are motor damage insurance (25.7%), MTPL insurance (20.4%), property insurance (17.1%), and life assurance (14.8%).



Česká poistovňa – Slovensko, akciová spoločnosť



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

For Česká pojišťovna ZDRAVÍ a.s., 2003 was a year of successful transformation, focusing on improving financial performance by optimizing of the product portfolio, reducing costs, and increasing the quality of the company's key activities.

#### **Number One in the Private Health Insurance Market**

In 2003, Česká pojišťovna ZDRAVÍ a.s. confirmed its role as the number-one player in the private health insurance market. In addition to defending its position as market leader, it also succeeded in maintaining its market share, which is approximately 70% of the aggregate private health insurance premiums written of all Czech Insurance Association member insurers. Česká pojišťovna ZDRAVÍ a.s. wrote CZK 179 million in private health insurance premiums in 2003. Total premiums written, at CZK 191 million, were down only slightly (by 3%) from 2002. The new business figure of CZK 26 million, the best in the market, confirmed the high quality of the company's products and services.

In 2003, Česká pojišťovna ZDRAVÍ a.s. posted a profit of CZK 3 million, which is a major improvement (119%) over the past year's loss. The profit was reached by aggressively cutting fixed costs by CZK 20.8 million, i.e. a reduction of 35% compared to 2002. A drop in claims paid to 99% of 2002's level, combined with maintaining net earned premiums (a key indicator) at CZK 137 million, set the stage for posting positive earnings in 2003.

Last year, insurance gained further in importance within the joint offering, whose share in net earned premiums approached 15%. Over the past 3 years, the company has seen earned premiums rise by 9.2%, an average of 3.0% per year. In the past year, the company set aside net technical provisions of CZK 11.0 million, increasing overall provisions by 8.8% compared to their level at 31 December 2002. Over the past three years, technical provisions have increased by CZK 53.5 million, or 64.4%.



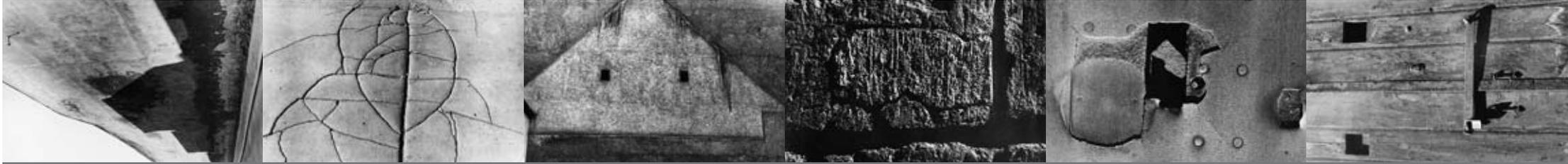
Češskaya strachovaya kompaniya o.o.o. ("ČP Russia") obtained an insurance license in July 2002 and began selling its first product – mixed life insurance – in September 2002. At the same time, it commenced intensive building of its sales network. The company's registered capital as of 31 December 2003 was RUR 86.668 million.

The life insurance market in the Russian Federation is beginning to develop gradually, the pace of market growth is increasing and at the same time we are seeing the emergence of competition, both domestic and foreign.

ČP Russia is no passive bystander in this process – on the contrary, it is taking an active role in the life insurance market. In 2003, the company continued to build its own sales network. In Moscow, the number of insurance agents had reached 100 at year end.

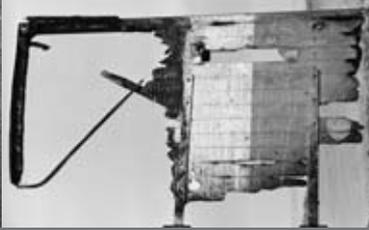
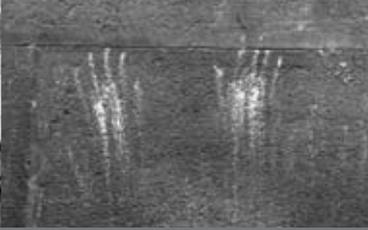
In the fourth quarter, the company began the process of expanding into the various regions of the Russian Federation and, in November 2003, the first ČP Russia regional office was opened in the city of Ufa. By year end, the foundations of a sales structure were laid and the first insurance policies were sold. The company will continue to establish regional offices in 2004.

Another company focus in 2003 was on commencing cooperation with insurance brokers. This objective was successfully fulfilled. By year end the company was cooperating with the large majority of life assurance brokers and even with several non-life brokers who see life assurance as an attractive opportunity for expanding their product offerings.



Exceptional people and the times in which they live combine to create an intriguing set of coincidences and circumstances that, when perfectly merged, give rise to lasting value captured through photography.





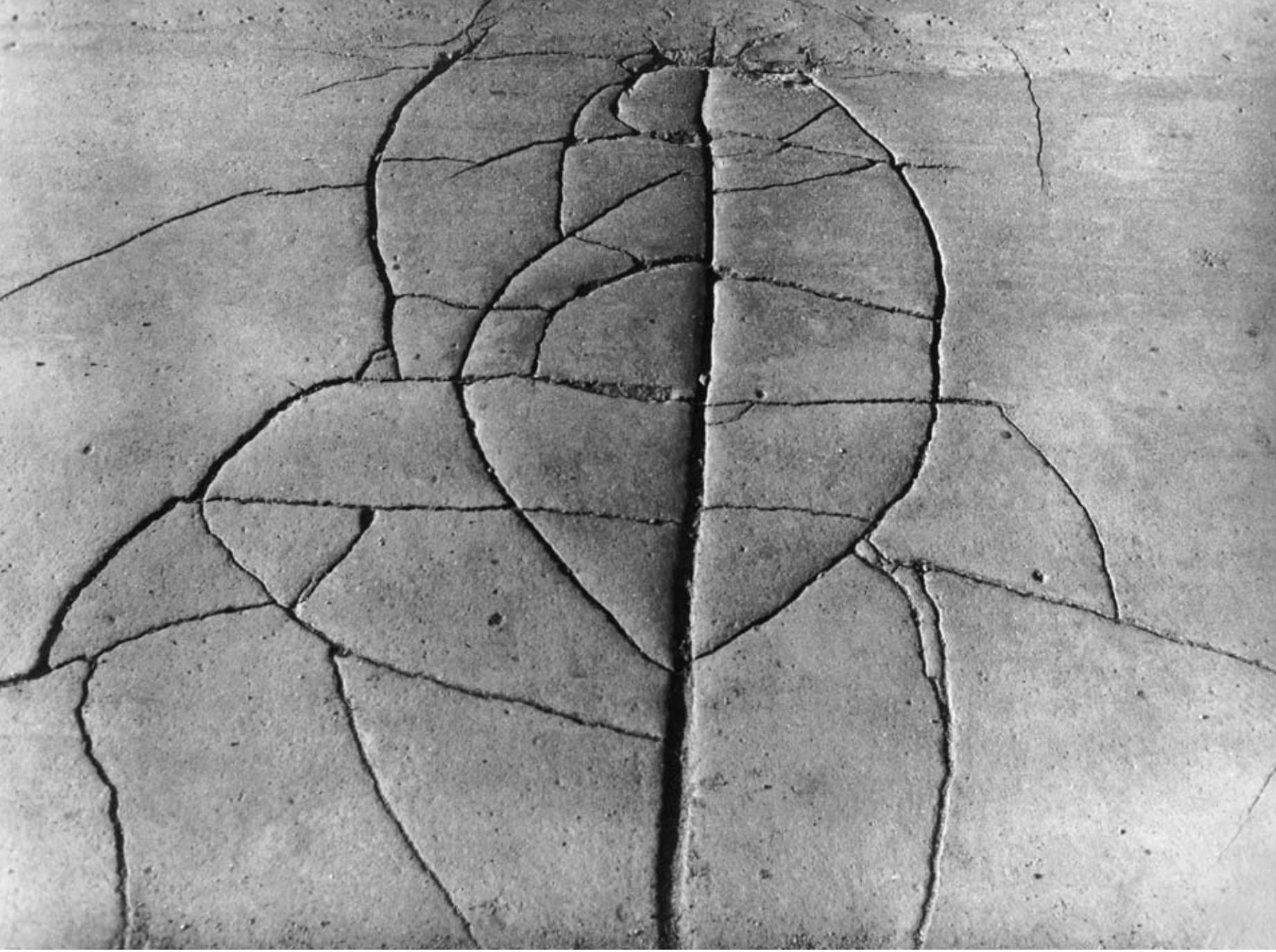
Emila Medková

We create lasting value and endeavor to be a partner of projects that give rise to such value.



Vasil Stanko





Vasil Stanko | 1989 | In Honor of Luis Buñuel

Emila Medková | 1961 | Charles Bridge

**Companies Managed by PPF – TV NOVA Group  
Senior Management of TV NOVA Group**



Petr Dvořák, MBA  
CEO TV NOVA,  
(CET 21 spol. s r.o.)

Born in 1964, Dvořák is a graduate of the Czech Technical University in Prague, Faculty of Electrical Engineering, where he majored in technical cybernetics. In 1999, he was awarded an MBA from the University of Chicago. He joined PPF Group in 1999, upon which he managed the MTPL Insurance 2000 project at Česká pojišťovna a.s. In 2000 – 2001 he was in charge of a new strategic project for the former EXPANDIA BANKA, a.s. (now eBanka, a.s.). As of 2002, he is responsible for the Group's media investments. After PPF gained a 50% stake in TV NOVA, Dvořák became a member of the statutory boards of the principal companies of TV NOVA Group. As of May 2003, he is also CEO of CET 21 spol. s r.o., the company which holds the television broadcasting license.

Jiří Šmejč  
CEO,  
Česká produkční 2000, a.s.

Born in 1971, Šmejč graduated from the Charles University, Faculty of Mathematics and Physics, where he specialized in mathematical economics. In 1992, he became owner of the software firm BUNK and in 1993 he was appointed Executive Officer and Director of PUPP Consulting s.r.o. In 1995 he became Director of Sales for Middle Europe Finance s.r.o., a company that was involved in securities trading with an emphasis on acquisitions. He joined TV NOVA in 1999 and since July 1999 he has been CEO of Česká produkční 2000, a.s.

Libuše Šmuclerová  
Director of Programming  
TV NOVA

Born in 1963, Šmuclerová is a graduate of the Charles University's Faculty of Journalism. After completing studies, she went to work for what was then Czechoslovak Television, where she worked as a dramaturge and moderator. She joined TV NOVA in 1993. In 1996, she moved from head of commentary programming to the position of Programming Director. Starting in 1999, she was also Deputy CEO. During her career at TV NOVA she has also acted as an Executive Officer of CET 21, spol. s r.o. and from June 2003 to June 2004 she was an Executive Director of TV NOVA.

Petr Chajda, MBA  
Director of Strategy and  
Development TV NOVA

Born in 1967, Chajda is a graduate of the University of Economics, Prague, where he specialized in the economics of foreign trade. Later, he also completed a course of study at the Diplomatic Academy in Madrid. He began his career in KPMG spol. s r.o. as a consultant. In 1995 – 2000 he led PPF's international commercial activities abroad. Starting in 2001 he served in PPF a.s. as Director of Financial Strategy. He was awarded an MBA from the Michael Smurfit Business School, Dublin. He has worked for TV NOVA since September 2002. He was appointed Executive Director of Česká produkční 2000, a.s. in June 2003. Currently he is Director of Strategy and Development.

Pavel Horák  
Director of Finance  
TV NOVA

Jiřina Pokorná  
Production Director  
TV NOVA

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

Born in 1972, Horák graduated from the Masaryk University in Brno, specialization commercial business ventures, as well as the University of Economics, Prague, specialization finance and accounting. He spent three years in the Audit Department of Deloitte & Touche spol. s r.o., and afterwards served a short stint at Česká spořitelna, a.s., as a senior controller at the Financial Markets Division. Since 2001 he has been Director of Finance of the TV NOVA service organization – Česká produkční 2000, a.s. and he is currently also Director of Finance of CET 21 spol s r.o. He is a member of the British certified accountants' professional organization – the ACCA.

Born in 1959, Pokorná is a graduate of the Film and Television Faculty of the Academy of Performing Arts, Prague, specialization film and television production. After completing her studies, she joined Czechoslovak Television, where she worked as head of dramatic programs production. She joined TV NOVA in 1993. She served as Chief Producer of Entertainment Programs and she has been Director of Production since 1998.

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

## Companies Managed by PPF – TV NOVA Group

	CET 21 spol. s r.o. is the holder of the TV NOVA broadcasting license. TV NOVA is the biggest domestic television station with a 45% share in the Czech market, and the most successful commercial station not just in the Czech Republic, but in all of Central Europe.
Date of inception:	22 June 1992
Address:	Praha 5, Kříženeckého nám. 322/5, 152 52
Registered capital:	CZK 200 thousand
Auditor for 2003:	KPMG Česká republika Audit, spol. s r.o.
Executive Officers:	not yet recorded in the Commercial Register
	Jiří Šmejč
	Petr Dvořák, MBA
	Aleš Minx (since 1 April 2004)
Company management:	Petr Dvořák, MBA – CEO
	Libuše Šmuclerová – Director of Programming
	Pavel Horák – Director of Finance
	Jiřina Pokorná – Director of Production
	Petr Chajda, MBA – Director of Strategy and Development
Principal business:	operation of TV NOVA – nationwide television broadcasting
	– production of audiovisual works
	– acting as an agency and advertising activity

The management company of TV NOVA – the company that sees to the station's strategic development – is TV NOVA HOLDINGS B.V., in which PPF Group controls 66% and Jiří Šmejč 34%.

#### **TV NOVA – Market Leader**

CET 21 spol. s r.o. is the holder of the TV NOVA broadcasting license. 2003 was a year that TV NOVA can rightfully call successful. In 2003, TV NOVA was the television market leader and, through its seller of advertising time, MAG MEDIA 99, a.s., it dominated the television advertising market as well.

TV NOVA's viewership share in the target group consisting of Adults older than 15 years (Adults 15+) in 2003 was 43.36% in the all-day rating and 45.79% in prime time (19:00 – 23:00). Although overall viewership share fell by slightly under one percent compared to 2002, it still exceeds that of the number-two and number-three stations combined. The decline in viewership share, which without exception is a characteristic attribute of all elite market leaders, was the second lowest in station history in 2003.

In 2003, TV NOVA came out with a number of new programs, including the new licensed formats "IQ – Test národa" (IQ – Test of the Nation), "Pálí vám to?" (Got Smarts?) and, in autumn, the "Česko hledá SuperStar" (Czechia Seeks a SuperStar) competition. The latter portion of 2003 was characterized by the station's upcoming 10<sup>th</sup> anniversary and the creative team began to design and produce a new logo and graphics with which TV NOVA will enter its 11<sup>th</sup> year on the airwaves.

**Legal Stabilization**

A major strategic development occurred in late 2003 with the settlement of all disputes between the companies CET 21 spol. s r.o., ČNTS, spol. s r.o., and CME. The agreement between ČNTS, spol. s r.o. and CET 21 spol. s r.o. was made possible by PPF Group, which bought the company ČNTS, spol. s r.o. for CZK 1.45 billion. At the same time, PPF Group took over current and future claims arising out of court and arbitration disputes that CME had been pursuing, either directly or through ČNTS, spol. s r.o., against CET 21 spol. s r.o. and other companies of TV NOVA Group. With this step, PPF Group continued in the process of restoring TV NOVA to standard legal status.

In late 2003, PPF Group obtained control over 66% of TV NOVA HOLDINGS B. V., the management company of TV NOVA Group. The remaining 34% is controlled by Jiří Šmejč.

**Digitalization of TV NOVA broadcasting**

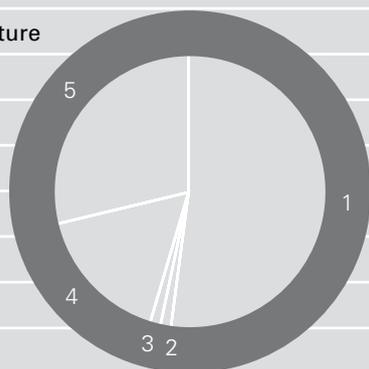
As the television market leader, TV NOVA is also playing an active role in the process of digitalizing television broadcasting. In 2003, it played an active role in digital terrestrial broadcast trials (DVB-T), which are being conducted under licenses issued by the Council of the Czech Republic for Radio and Television Broadcasting (RRTV) to ČESKÉ RADIOKOMUNIKACE a.s. and Czech Digital Group, a.s. As part of these trials, the TV NOVA program was broadcast in digital form in the area of Central Bohemia on channels 25 and 46. The company also continued to distribute the TV NOVA signal in digital form to transmitters in MPEG-2 format with a total bit speed of 8 Mbps using the ATM backbone network of ČESKÉ RADIOKOMUNIKACE a.s.

The transition to digital broadcasting, which delivers higher quality than the existing analog technology, will also make it possible to distribute new accompanying services along with the basic TV signal, making TV NOVA one of the most advanced TV stations in Europe.

## TV NOVA Viewership Share (%)

Adults 15+ (6:00 – 6:00)	ČT 1	ČT 2	TV NOVA	Prima	Other TV
2. 6. 1997 – 31. 12. 1997	28.18	6.95	52.25	8.76	3.85
1. 1. 1998 – 31. 12. 1998	26.45	7.29	51.61	11.08	3.57
1. 1. 1999 – 31. 12. 1999	25.16	7.07	50.35	12.47	4.94
1. 1. 2000 – 31. 12. 2000	23.85	7.47	46.37	16.55	5.66
1. 1. 2001 – 31. 12. 2001	21.56	7.55	47.73	17.58	4.79
1. 1. 2002 – 31. 12. 2002	21.26	8.67	44.23	20.33	5.32
1. 1. 2003 – 31. 12. 2003	22.07	7.55	43.36	20.58	6.44

## Ownership Structure



1 VILJA a.s.	52.08%
2 Česká spořitelna, a.s.	1.25%
3 CEDC Management Services GmbH	1.25%
4 Peter Kršák	16.67%
5 CET 21 spol. s r.o.	28.75%

Remarks: VILJA a.s. is 100% owned by TV NOVA HOLDINGS, B.V., which thereby controls 52.08% of the license holding company CET 21 spol. s r.o.

The shares of Česká spořitelna, a.s. and CEDC Management Services GmbH in CET 21 spol. s r.o. totalling 2.5% have been purchased by PPF Group and their transfer is to be approved by the Council for Radio and Television Broadcasting. CET 21 spol. s r.o. owns a 28.75% ownership participation that arose out of the redistribution of a participation that had belonged to Dr. Vladimír Železný, which was foreclosed upon.

**Companies Managed by PPF – TV NOVA Group**

Česká produkční 2000, a.s. is the largest business partner of CET 21 spol. s r.o., the holder of the TV NOVA broadcasting license. The company is the main producer of TV NOVA programming.

Date of inception:	16 March 1998
Address:	Praha 5 – Hlubočepy, Kříženeckého nám. 322/5, 152 00
Registered capital:	CZK 625 million
Auditor for 2003:	KPMG Česká republika Audit, spol. s r.o.
Board of Directors:	Jiří Šmejč – Chairman Peter Chajda – Member
Supervisory Board:	Petr Dvořák, MBA – Chairman Jan Gerner – Member Ivo Ferkl – Member
Company management:	Jiří Šmejč – CEO Libuše Šmuclerová – Director of Programming Pavel Horák – Director of Finance Jiřina Pokorná – Director of Production Petr Chajda, MBA – Director of Strategy and Development Ivo Ferkl – Director of Technology and Administration
Principal businesses:	production of television programs

During 2003, the in-house programming and production sections of Česká produkční 2000, a.s. produced 68 different formats, for a total of 1,655 hours of in-house programming. In addition, 2,274 hours of Czech-language versions of acquired programs were produced.

Česká produkční 2000, a.s., the largest business partner of CET 21 spol. s r.o., whom it serves as a universal producer of in-house programming and dubbing, underwent a major restructuring in 2003. A new Executive Director position was created and entrusted to Petr Chajda, who had previously served as Finance Director. Since the company was founded, Jiří Šmejck has served in the position of Chief Executive Officer.

As in previous years, in 2003 Česká produkční 2000, a.s. demonstrated once again that it is a producer capable of filling even the most demanding production orders.

One of the most important accomplishments in the first half of 2003, without a doubt, was the production of the extremely challenging game show "IQ – Test národa 2003" (IQ – Test of the Nation 2003).

The summer months were also full of preparations for new formats. In the second half of July, the first shot of Prague's Thomayer Hospital kicked off the shooting of the thirteen-episode series "Pojišťovna štěstí" (Luck Insurers), which will be broadcast starting in September 2004, and August saw the beginning of preparations for launch of the game show "Pálí vám to?" (Got Smarts?), a licensed format that TV NOVA was the first in the world to broadcast and whose concept it fine-tuned, with the consent of the license owner. In the autumn months, we began to prepare for the singing talent show "Česko hledá SuperStar" (Czechia Seeks

a SuperStar), which is a worldwide hit and has been proven successful by a number of foreign TV stations.

At the same time, the year 2003 was characterized by preparations for the year to come. In 2004, TV NOVA enters its eleventh year with a new logo and new graphics that was designed and produced for CET 21 spol. s r.o. by Česká produkční 2000, a. s.

Most in-house production activity takes place in studios belonging to AB BARRANDOV Group. Most of the production here is on regular formats broadcast once per week or more. To shoot certain entertainment programs, we also utilize various theaters both in Prague and in other locations in the Czech Republic.

A new feature in production was the shooting of the series "Pojišťovna štěstí" (Luck Insurers) using HD Cam recording technology, which offers entirely new qualitative potential in the recording and editing areas.



MAG MEDIA 99, a.s. was established in 1999 as an advertising company focusing on television advertising. Since its establishment, the company has provided for the sale of advertising time on TV NOVA and, since 1 June 2000, the sale of print advertising in the ANO weekly magazine as well.

In 2003, the company provided for the sale of a total of 588 hours of advertising time on TV NOVA. Advertising time is used by clients to broadcast advertising spots, sponsorship messages, and teleshopping programs. The relative shares of these types of television advertising in 2003 were similar to those seen in previous years – i.e., conventional advertising spots accounted for nearly 99%.

Advertising is traded primarily with specialized advertising agencies that are in contractual relationships with the originators of the advertising. Most of these ad agencies are long-term business partners of MAG MEDIA 99, a.s. This long-term partnership is based on very good payment discipline, which brings TV NOVA cash flow that reflects, after deduction of the agencies' commissions, the real value of the advertising broadcast.

In 2003, a total of 12 ad agencies accounted for 96% of advertising volume sold. Three of these purchased over one half of the total advertising time expressed in terms of monetary value.

Originators of advertising very seldom place ads directly, and in 2003 this type of direct business represented less than 0.1% of the total amount of advertising sold. MAG MEDIA 99, a.s. does not prefer this type of advertising sales. Although in most cases originators of advertising spots pay for their ads only after they are broadcast, originators who do not purchase advertising time

through specialized ad agencies are required to pay in advance. This minimizes the company's exposure to bad debt risk.

In 2003, TV NOVA advertising volume grew by nearly 12% compared to the previous year. The growth was most pronounced in the strongest advertising months.

The company anticipates the development of advertising time sales in 2004 to be similar, with overall volume remaining at 2003's level or growing slightly.

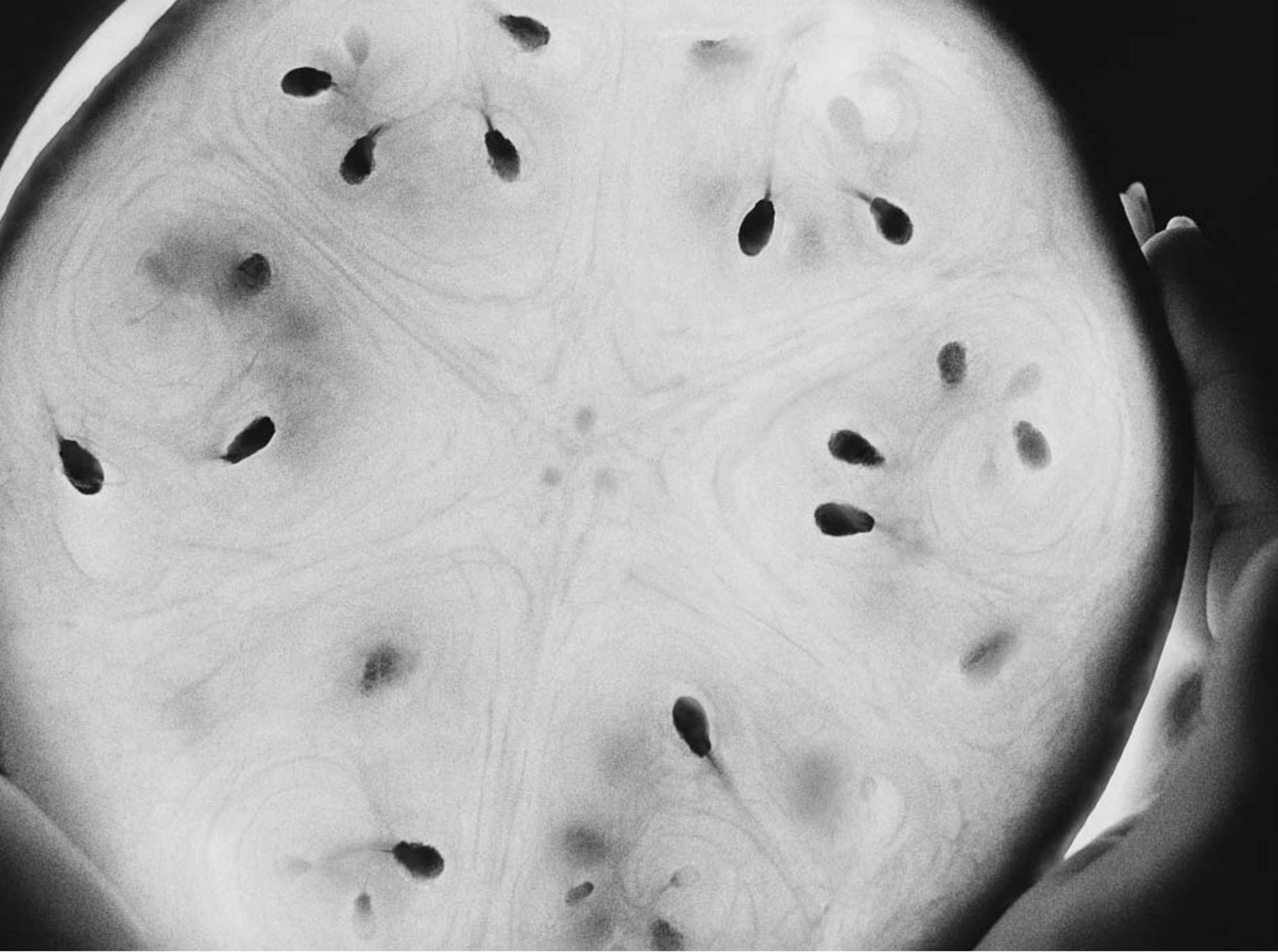
#### **Dominant Share in Television Advertising Market**

According to MAG MEDIA 99, a.s. estimates, a total of 1,192 hours of advertising was broadcast on all four nationwide television stations combined. TV NOVA's share, in terms of hours, is nearly 50%. However, due to differing price policies, which can be influenced according to viewership shares achieved by the station, TV NOVA's share in overall advertising revenues is 69%.

#### **ANO Weekly Magazine**

Print advertising in the ANO weekly magazine has become a standing business of the company. Advertising volume in this medium fell by 12.9% compared to 2002. The decline was caused by the fact that 2002 was an extraordinarily successful year, which saw year-on-year growth of 32.6%. MAG MEDIA 99, a.s. expects ANO advertising volume in 2004 either to remain at 2003's level or to decline slightly.





Gabina Fárová | 2001 | The Most Beautiful Back

Peter Župník | 1994/2003 | Genesis

## Contents

<b>PPF a.s.</b>	141
<b>PPF Group</b>	
PPF Asset Management a.s.	162
PPF CONSULTING a.s.	164
PPF burzovní společnost a.s.	166
PPF majetková a.s.	168
PPF Capital Management a.s.	170
PPF banka a.s.	172
CM - CREDIT a.s.	174
<b>Česká pojišťovna Group</b>	
Česká pojišťovna a.s.	176
Česká poisťovňa – Slovensko, akciová spoločnosť	178
Češskaya strachovaya kompaniya o.o.o. (Česká pojišťovna Russia)	180
Home Credit Finance a.s.	182
Home Credit & Finance Bank Llc.	184
Home Credit Slovakia, a.s.	186
eBanka, a.s.	188
Penzijní fond České pojišťovny, a.s.	190
ČP INVEST investiční společnost, a.s.	192
ČP Leasing, a.s.	194
AB - CREDIT a. s.	196
Česká pojišťovna ZDRAVÍ a.s.	198
<b>TV NOVA Group</b>	
CET 21 spol. s r.o.	200
Česká produkční 2000, a.s.	202
MAG MEDIA 99, a.s.	204

**PPF a.s.**

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

On the basis of our audit, on 31 March 2004 we issued an auditors' report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of PPF a.s. for the year ended 31 December 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, equity and financial position of PPF a.s. as of 31 December 2003 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

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

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

In Prague, 2 August 2004



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



Romana Benešová  
Licence number 1834

**PPF a.s.****Balance Sheet as of 31 December 2003 (CZK '000)**

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>545,630</b>	<b>525,981</b>	<b>502,987</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	–	–
<b>B.</b>	<b>Fixed assets</b>	<b>41,930</b>	<b>31,448</b>	<b>27,205</b>
B.I.	Intangible fixed assets	9,538	4,340	4,833
B.I.1.	Incorporation expenses	–	–	–
2.	Research and development	–	–	–
3.	Software	7,682	3,841	4,287
4.	Royalties	1,856	499	546
5.	Goodwill	–	–	–
6.	Other intangible fixed assets	–	–	–
7.	Intangible fixed assets under construction	–	–	–
8.	Advance payments for intangible fixed assets	–	–	–
B.II.	Tangible fixed assets	18,884	13,910	11,409
B.II.1.	Land	–	–	–
2.	Buildings, halls and structures	–	–	–
3.	Property, plant and equipment	18,454	13,863	8,330
4.	Cultivated areas	–	–	–
5.	Livestock	–	–	–
6.	Other tangible fixed assets	330	47	47
7.	Tangible fixed assets under construction	–	–	3,032
8.	Advance payments for tangible fixed assets	100	–	–
9.	Restatement of acquired fixed assets	–	–	–
B.III.	Long-term investments	13,508	13,198	10,963
B.III.1.	Investments in group undertakings	10,309	9,984	7,765
2.	Investments in associated companies	–	–	–
3.	Other long-term securities and ownership interests	3,199	3,214	3,198
4.	Intercompany loans	–	–	–
5.	Other long-term investments	–	–	–
6.	Long-term investments (provisional value)	–	–	–
7.	Advance payments for long-term investments	–	–	–

		2003	2002	2001
<b>C.</b>	<b>Current assets</b>	<b>502,832</b>	<b>478,927</b>	<b>474,677</b>
C.I.	Inventories	807	680	-
C.I.1.	Raw materials	-	-	-
2.	Work-in-progress and semi-finished products	-	-	-
3.	Finished goods	-	-	-
4.	Livestock	-	-	-
5.	Goods for resale	807	680	-
6.	Prepayments for inventory	-	-	-
C.II.	Long-term receivables	365,000	422,538	-
C.II.1.	Trade receivables	-	-	-
2.	Receivables from group undertakings	-	-	-
3.	Receivables from associated companies	-	-	-
4.	Receivables from shareholders/owners and alliance partners	-	-	-
5.	Estimated receivables	-	-	-
6.	Other receivables	365,000	422,538	-
7.	Deferred tax asset	-	-	-
C.III.	Short-term receivables	107,593	49,166	453,871
C.III.1.	Trade receivables	54,258	35,794	15,085
2.	Receivables from group undertakings	-	885	-
3.	Receivables from associated companies	-	-	-
4.	Receivables from shareholders/owners and alliance partners	-	-	-
5.	Social security and health insurance	-	-	-
6.	Tax receivables and state subsidies receivable	393	510	1,067
7.	Other advance payments	2,857	5,049	-
8.	Estimated receivables	-	8	15
9.	Other receivables	50,085	6,920	437,704
C.IV.	Current financial assets	29,432	6,543	20,821
C.IV.1.	Cash	1,045	309	177
2.	Bank accounts	28,387	6,234	20,644
3.	Short-term investments	-	-	-
4.	Short-term investments (provisional value)	-	-	-
D.I.	Accruals and deferrals	868	15,606	1,090
D.I.1.	Prepaid expenses	860	433	571
2.	Comprehensive prepaid expenses	-	-	-
3.	Accrued revenue	8	15,173	174
4.	Unrealised foreign exchange losses	-	-	345

**PPF a.s.**

Balance Sheet as of 31 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>545,630</b>	<b>525,981</b>	<b>502,987</b>
<b>A.</b>	<b>Equity</b>	<b>507,887</b>	<b>497,972</b>	<b>484,385</b>
A.I.	Basic share capital	420,000	420,000	420,000
A.I.1.	Basic share capital	420,000	420,000	420,000
2.	Treasury shares (-)	-	-	-
3.	Changes in basic share capital	-	-	-
A.II.	Capital contributions	34,558	35,363	35,691
A.II.1.	Share premium	35,691	35,691	35,691
2.	Other capital contributions	-	-	-
3.	Revaluation of assets and liabilities	(1,133)	(328)	-
4.	Revaluation reserve on transformations	-	-	-
A.III.	Reserve funds, undistributable reserves, and other revenue reserves	6,365	5,670	5,670
A.III.1.	Statutory reserve fund/Undistributable reserves	6,365	5,670	5,670
2.	Statutory and other reserves	-	-	-
A.IV.	Retained earnings	36,244	23,024	26,040
A.IV.1.	Retained profits	36,244	23,024	26,040
2.	Accumulated losses	-	-	-
A.V.	Profit/(loss) for the current period	10,720	13,915	(3,016)
<b>B.</b>	<b>Liabilities</b>	<b>33,298</b>	<b>27,866</b>	<b>16,969</b>
B.I.	Provisions	-	-	345
B.I.1.	Tax-deductible provisions	-	-	-
2.	Provision for retirement benefits and similar liabilities	-	-	-
3.	Income tax provision	-	-	-
4.	Non-deductible provisions	-	-	345
B.II.	Long-term liabilities	-	-	1,825
B.II.1.	Trade liabilities	-	-	-
2.	Liabilities to group undertakings	-	-	-
3.	Liabilities to associated companies	-	-	-
4.	Liabilities to shareholders/owners and alliance partners	-	-	-
5.	Long-term advances received	-	-	-
6.	Debentures and bonds issued	-	-	-
7.	Long-term bills of exchange payable	-	-	-
8.	Estimated liabilities	-	-	-
9.	Other long-term payables	-	-	-
10.	Deferred tax payable	-	-	1,825

		2003	2002	2001
B.III.	Short-term liabilities	33,298	27,866	15,626
B.III.1.	Trade payables	27,062	20,908	10,518
2.	Liabilities to group undertakings	-	-	300
3.	Liabilities to associated companies	-	-	-
4.	Liabilities to shareholders/owners and alliance partners	-	-	-
5.	Payables to employees	2,961	2,598	1,894
6.	Payables to social security and health insurance	2,248	2,015	1,436
7.	Tax liabilities	1,026	950	641
8.	Other payables	-	-	-
9.	Debentures and bonds issued	-	-	-
10.	Estimated liabilities	-	166	827
11.	Other short-term liabilities	1	1,229	10
B.IV.	Bank loans and overdrafts	-	-	-
B.IV.1.	Long-term bank loans	-	-	-
2.	Short-term bank loans and overdrafts	-	-	-
3.	Short-term financial liability	-	-	-
C.I.	Accruals and deferrals	4,445	143	806
C.I.1.	Accrued expenses	4,445	143	806
2.	Deferred revenues	-	-	-

**PPF a.s.**

**Profit and Loss Account, Year Ended 31 December 2003 (CZK '000)**

		2003	2002	2001
I.	Revenue from goods	897	216	-
A.	Cost of goods sold	897	216	-
+	<b>Gross margin</b>	-	-	-
II.	Revenue from production	142,528	132,411	101,217
II.1.	Revenue from own products and services	142,528	132,411	101,217
II.2.	Change in inventory of own production	-	-	-
II.3.	Own work capitalized	-	-	-
B.	Cost of sales	62,416	59,663	54,514
B.1.	Materials and consumables	5,634	3,254	3,115
B.2.	Services	56,782	56,409	51,399
+	<b>Added value</b>	<b>80,112</b>	<b>72,748</b>	<b>46,703</b>
C.	Personnel expenses	94,261	75,232	53,587
C.1.	Wages and salaries	68,971	54,935	39,310
C.2.	Remuneration of board members	326	309	-
C.3.	Social security and health insurance expenses	24,070	19,251	13,728
C.4.	Social expenses	894	737	549
D.	Taxes and charges	153	174	56
E.	Depreciation of intangible and tangible fixed assets	8,440	9,555	8,638
III.	Proceeds from disposals of fixed assets and raw material	975	2,736	1,284
III.1.	Proceeds from disposals of fixed assets	975	2,736	-
III.2.	Proceeds from disposals of raw material	-	-	-
F.	Net book value of fixed assets and raw material sold	227	2,908	1,204
F.1.	Net book value of fixed assets sold	227	2,908	-
F.2.	Net book value of raw material sold	-	-	-
G.	Change in balance of operating provisions and comprehensive prepaid expenses	(16)	16	-
IV.	Other operating revenues	981	1,847	3,844
H.	Other operating expenses	30	69	150
V.	Adjustments to operating revenues	-	-	-
I.	Adjustments to operating expenses	-	-	-
*	<b>Operating profit/(loss)</b>	<b>(21,027)</b>	<b>(10,623)</b>	<b>(11,804)</b>

		2003	2002	2001
VI.	Proceeds from sale of securities and ownership interests	–	16,922	5,685,513
J.	Securities and ownership interests sold	–	16,947	5,741,478
VII.	Revenue from long-term investments	12,750	17,000	17,000
VII.1.	Revenue from intercompany securities and ownership interests	12,750	17,000	17,000
VII.2.	Revenue from other securities and ownership interests	–	–	–
VII.3.	Revenue from other long-term investments	–	–	–
VIII.	Revenue from short-term financial investments	–	245	–
K.	Financial assets expenses	–	–	–
IX.	Revenue from revaluation of equity securities and derivatives	–	–	–
L.	Expenses for revaluation of equity securities and derivatives	–	–	–
M.	Change in balance of financing provisions	800	(345)	49,655
X.	Interest revenue	21,502	17,503	2,498
N.	Interest expense	8	2,914	2,540
XI.	Other financial revenue	21	9	24
O.	Other financial expenses	1,718	9,814	2,273
XII.	Adjustments to financial revenues	–	–	–
P.	Adjustments to financial expenses	–	–	–
*	<b>Profit/(loss) from financial operations</b>	<b>31,747</b>	<b>22,349</b>	<b>8,399</b>
Q.	Income tax on ordinary profit/(loss)	–	(1,825)	(349)
Q.1.	– current	–	–	–
Q.2.	– deferred	–	(1,825)	(349)
**	<b>Profit/(loss) on ordinary activities after taxation</b>	<b>10,720</b>	<b>13,551</b>	<b>(3,056)</b>
XIII.	Extraordinary revenue	–	368	621
R.	Extraordinary expenses	–	4	581
S.	Income tax on extraordinary profit/(loss)	–	–	–
S.1.	– current	–	–	–
S.2.	– deferred	–	–	–
*	<b>Extraordinary profit/(loss)</b>	–	<b>364</b>	<b>40</b>
T.	Transfer of profit or loss to partners	–	–	–
***	<b>Profit/(loss) for the accounting period</b>	<b>10,720</b>	<b>13,915</b>	<b>(3,016)</b>

**PPF a.s.**

**Cash Flow Statement, Year Ended 31 December 2003 (CZK '000)**

		2003	2002	2001
P.	Cash and cash equivalents, beginning of year	6,543	20,821	5,451
	<b>Net operating cash flow</b>			
Z:	Operating profit (loss)	(21,027)	(10,623)	(11,804)
A.1.	Non-cash transactions	7,710	9,752	9,385
A.1.1.	Depreciation of fixed assets	8,440	9,555	8,638
A.1.2.	Change in:	-	16	344
A.1.2.1.	goodwill and revaluation of acquired assets	-	-	-
A.1.2.2.	operating provisions	-	16	344
A.1.3.	Profit(-)/Loss(+) on sale of fixed assets	(730)	181	403
A.*	<b>Net operating cash flow before taxation, changes in working capital and extraordinary items</b>	<b>(13,317)</b>	<b>(871)</b>	<b>(2,419)</b>
A.2.	Current assets	23,456	(22,722)	(447,839)
A.2.1.	Change in receivables and other temporary assets	13,849	(33,619)	(439,395)
A.2.2.	Change in short-term liabilities and other temporary liabilities	9,734	11,577	(8,444)
A.2.3.	Change in inventory	(127)	(680)	-
A.2.4.	Change in short term financial assets	-	-	-
A.**	<b>Net operating cash flow before financial balances, taxation and extraordinary items</b>	<b>10,139</b>	<b>(23,593)</b>	<b>(450,258)</b>
A.3.	Interest paid excluding amounts capitalized	(8)	(2,914)	(2,540)
A.4.	Interest received	21,502	17,748	2,498
A.5.	Income tax paid on ordinary income	-	911	-
A.6.	Receipts and disbursement from extraordinary items	-	364	40
A.7.	Other financial receipts and disbursement	(1,697)	(9,890)	(2,249)
A.8.	Dividends received and profit shares	12,750	17,000	17,000
A.***	<b>Net operating cash flow</b>	<b>42,686</b>	<b>(374)</b>	<b>(435,509)</b>

		2003	2002	2001
	<b>Investment activity</b>			
B.1.	Acquisition of fixed assets	(20,772)	(22,575)	(5,165,018)
B.1.1.	Acquisition of tangible fixed assets	(11,727)	(11,957)	(7,913)
B.1.2.	Acquisition of intangible fixed assets	(7,129)	(2,524)	(2,154)
B.1.3.	Acquisition of long-term investments	(1,916)	(8,094)	(5,154,951)
B.2.	Proceeds from sales of fixed assets	975	8,671	5,686,797
B.2.1.	Proceeds from sales of tangible and intangible fixed assets	975	2,736	1,284
B.2.2.	Proceeds from sale of long-term investments	-	5,935	5,685,513
B.3.	Advances and loans to related persons	-	-	-
<b>B.***</b>	<b>Net cash flow from investment activity</b>	<b>(19,797)</b>	<b>(13,904)</b>	<b>521,779</b>
	<b>Financial activity</b>			
C.1.	Change in long-term liabilities and bank loans	-	-	(70,900)
C.2.	Increase and decrease in equity from specified transactions	-	-	-
C.2.1.	Subscription of shares and investments	-	-	-
C.2.2.	Equity paid to shareholders	-	-	-
C.2.3.	Other cash contributions from partners and shareholders	-	-	-
C.2.4.	Loss settlement from partners	-	-	-
C.2.5.	Payments from funds created from net profit	-	-	-
C.2.6.	Dividends paid and profit shares including paid withholding tax	-	-	-
<b>C.***</b>	<b>Net cash flow from financial activity</b>	<b>-</b>	<b>-</b>	<b>(70,900)</b>
<b>F.</b>	<b>Net increase or decrease in cash balance</b>	<b>22,889</b>	<b>(14,278)</b>	<b>15,370</b>
<b>R.</b>	<b>Cash and cash equivalents, end of period</b>	<b>29,432</b>	<b>6,543</b>	<b>20,821</b>

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

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

**Company owners**

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

**Company seat**

PPF a.s.

Na Pankráci 1658

140 21 Praha 4

Czech Republic

**Identification number**

25099345

**Members of the Board of Directors and Supervisory Board as of 31 December 2003:****Members of the Board of Directors**

Petr Kellner (Chairman)

Ladislav Bartoniček, MBA (Vice Chairman)

Milan Maděryč (Vice Chairman)

Jan Blaško, MBA

Ladislav Chvátal

**Members of the Supervisory Board**

Štěpán Popovič (Chairman)

Jaromír Prokš, MBA

František Tlustoš

**Organization structure**

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

## 2. Accounting Principles Used by the Company

### (a) Tangible and intangible fixed assets

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

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

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

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

### (b) Long-term investments

Long-term investments are composed of equity interests, available-for-sale securities, and debt securities held to maturity. Long-term investments are carried at historical cost (acquisition cost). Historical cost includes costs directly related to the acquisition such as fees and commissions paid to brokers, advisors, and exchanges.

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

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

### (c) Inventories

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

**(d) How adjustments and provisions are determined**

The Company records newly created adjustments as expenses, while reductions or releases of adjustments are deducted from expenses.

**Accounts receivable**

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

**(e) Foreign currency translation**

The Company translates foreign currency amounts into the Czech currency using the Czech National Bank (CNB) exchange rates valid for the date of the accounting transaction, i.e. receivable or payable, and the same rate is used when translating assets and liabilities denominated in foreign currencies as of the balance sheet date. During the year the Company recognizes only realized foreign exchange gains and losses.

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

**(f) Leased assets**

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

**(g) Income tax**

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

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

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

### 3. Fixed Assets

#### (a) Intangible fixed assets (CZK '000)

	Software	Intellectual property	Total
<b>Acquisition cost</b>			
Balance at 1. 1. 2003	14,484	819	15,303
Additions	5,329	1,800	7,129
Disposals	-	-	-
Transfers	-	-	-
Balance at 31. 12. 2003	19,813	2,619	22,432
<b>Accumulated depreciation</b>			
Balance at 1. 1. 2003	10,643	320	10,963
Depreciation	1,488	443	1,931
Accumulated depreciation of disposals	-	-	-
Transfers	-	-	-
Balance at 31. 12. 2003	12,131	763	12,894
<b>Net book value at 1. 1. 2003</b>	<b>3,841</b>	<b>499</b>	<b>4,340</b>
<b>Net book value at 31. 12. 2003</b>	<b>7,682</b>	<b>1,856</b>	<b>9,538</b>

#### (b) Tangible fixed assets (CZK '000)

Acquisition cost	Works of art and collections	Machinery and equipment	Vehicles	Furniture and fittings	Other tangibles	Payments on account	Total
Balance at 1. 1. 2003	47	19,571	9,264	416	4,767	-	34,065
Additions	283	9,596	1,016	-	732	100	11,727
Disposals	-	5,579	2,651	-	1,166	-	9,396
Transfers	-	-	-	-	-	-	-
Balance at 31. 12. 2003	330	23,588	7,629	416	4,333	100	36,396
<b>Accumulated depreciation</b>							
Balance at 1. 1. 2003	-	9,529	6,495	241	3,890	-	20,155
Depreciation	-	4,644	1,427	66	372	-	6,509
Accumulated depreciation of disposals	-	5,501	2,485	-	1,166	-	9,152
Transfers	-	-	-	-	-	-	-
Balance at 31. 12. 2003	-	8,672	5,437	307	3,096	-	17,512
<b>Net book value at 1. 1. 2003</b>	<b>47</b>	<b>10,042</b>	<b>2,769</b>	<b>175</b>	<b>877</b>	<b>-</b>	<b>13,910</b>
<b>Net book value at 31. 12. 2002</b>	<b>330</b>	<b>14,916</b>	<b>2,192</b>	<b>109</b>	<b>1,237</b>	<b>100</b>	<b>18,884</b>

#### 4. Investments

##### Long-term investments

Investment	Number of shares	Face value (CZK '000)	Equity interest (%)	Historical cost (CZK '000)	2003 Interest in shareholders' equity (CZK '000)	2003 Net book value (CZK '000)	2002 Net book value (CZK '000)
PPF majetková a.s.	12 7	100 10	100.00	318	65,932	318	318
PPF FINANCIAL SERVICES LIMITED *	40,000	CY£ 1	100.00	2,455	7,450	2,074	2,634
PPF (CYPRUS) LIMITED *	40,000	CY£ 1	100.00	2,638	10,343	2,228	2,813
ELINE a.s. in liquidation	10	100	100.00	1,000	–	–	–
CAMCO a.s.	20	100	100.00	2,000	1,201	1,200	2,000
Public Picture & Marketing a.s.	10	100	100.00	1,000	3,550	1,000	1,000
PPF CONSULTING a.s.	100	10	100.00	1,219	5,784	1,219	1,219
Open Gate a.s.	2,000	1	100.00	2,270	2,450	2,270	–
<b>Total</b>				<b>12,900</b>	<b>96,710</b>	<b>10,309</b>	<b>9,984</b>

\* These investments were restated to account for movements in exchange rates between the balance sheet date and the date of acquisition (change is recognized in shareholders' equity)

The Company has a 0.45% interest in ZETA OSTEUROPE HOLDING S.A. The book value of this interest is TCZK 3,199 (2002: TCZK 3,214) and the historical cost is TCZK 3,541.

The long-term investment in ELINE a.s. in liquidation continues to be the subject of a TCZK 1,000 adjustment (2002: TCZK 1,000). In 2003, a TCZK 800 adjustment was created to the equity interest in CAMCO a.s.

In 2003, the Company recorded TCZK 12,750 in revenues from long-term investments. This amount represents a dividend received from PPF majetková a.s.

#### 5. Long-term Receivables

Long-term receivables, at TCZK 365,000, represent a subordinated loan provided to Česká pojišťovna a.s., which the Company obtained in 2003 by assignment from the parent company, PPF Group N.V.

## 6. Short-term Receivables and Payables

(a) **Short-term trade receivables** including payments on account total TCZK 57,115 (2002: TCZK 40,859) and consist mainly of receivables for services rendered to Group companies.

(b) **Short-term trade payables** total TCZK 27,062 (2002: TCZK 20,908). The Company's generally accepted procedure is to settle payables on the invoice due date.

(c) **Other receivables** of TCZK 50,085 (2002: TCZK 6,920) consist, inter alia, of loans provided to related entities.

## 7. Basic Share Capital

There was no change in the basic share capital in 2003; it remained at TCZK 420,000. The basic share capital consists of 100 registered shares with face value TCZK 10, 9 registered shares with face value TCZK 1,000 and 41 registered shares with face value TCZK 10,000.

## 8. Shareholders' Equity

(a) Summary of movements in shareholders' equity (CZK '000)

	Share capital	Issue premium	Revaluation	Current period earnings	Retained earnings	Statutory reserve fund	Total
Balance at 1. 1. 2003	420,000	35,691	(328)	13,915	23,024	5,670	497,972
Revaluation	-	-	(805)	-	-	-	(805)
Transferred to retained earnings, allocated to reserves	-	-	-	(13,915)	13,220	695	-
Year 2003 profit	-	-	-	10,720	-	-	10,720
Balance at 31. 12. 2003	420,000	35,691	(1,133)	10,720	36,244	6,365	507,887

(b) **Planned allocation of current period earnings**

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

## 9. Provisions

The income tax provision was not necessary as the Company intends to deduct unclaimed losses on securities trading in past years from the calculated tax for 2003.

**10. Employees and Executives**

Average numbers of employees and executives and staff costs for 2003 and 2002 (CZK '000):

2003	Number of employees	Wages & salaries	Social security and health insurance	Benefits costs
Employees	69	39,329	13,713	699
Executives	17	29,642	10,357	195
<b>Total</b>	<b>86</b>	<b>68,971</b>	<b>24,070</b>	<b>894</b>

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

**11. Information on Related Entities**

(a) Assets and liabilities in respect of group companies (CZK '000)

	Assets at 31 December		Liabilities at 31 December	
	2003	2002	2003	2002
AB - CREDIT a. s.	3,958	-	-	-
Board Show, a.s.	518	92	-	-
CAMCO a.s.	18	10	-	-
Cespo B.V., The Netherlands	-	135,961	-	-
CET 21 spol. s r.o.	6,251	343	-	-
CM - CREDIT a.s.	927	12,738	-	-
Česká poisťovňa – Slovensko akciová spoločnosť, Slovakia	-	41	-	-
Česká poisťovňa a.s.	375,717	6,168	5,344	3,802
Česká produkční 2000, a.s.	2,381	-	-	-
ČP finanční holding a.s.	174	-	-	-
ČP finanční servis a.s.	311	77	-	-
ČP finanční služby a.s.	171	114	-	-
ČP INVEST investiční společnost, a.s.	2,697	871	-	-
ČP Leasing, a.s.	2,142	1,017	10	36

	Assets at 31 December		Liabilities at 31 December	
	2003	2002	2003	2002
eBanka, a.s.	1,036	123	-	-
Ervine & Doll, a.s.	21	8	-	-
EURONEWS, a.s.	29	47	-	1,586
HOMECO a.s.	4	-	-	-
Home Credit Finance a.s.	592	914	(28)	-
Home Credit International a.s.	2,658	330	-	-
Home Credit Slovakia, a.s., Slovakia	144	119	-	-
Homenet a.s.	27	30	-	-
IMPROMAT-COMPUTER s.r.o.	1,823	822	296	599
InWay, a.s.	9	-	192	127
Lajdáček s.r.o.	18	-	-	-
Educa Foundation	18	-	-	-
Nadační fond Karlův most	4	-	-	-
NOVA HOLDING, a. s.	-	7,203	-	-
Open Gate a.s.	7	-	-	-
Penzijní fond České pojišťovny, a.s.	665	325	-	-
PPF Asset Management a.s.	2,298	-	-	-
PPF Group N.V.	44,920	301,761	-	-
PPF (CYPRUS) LIMITED, Cyprus	-	875	-	-
PPF burzovní společnost a.s.	1,995	1,666	-	-
PPF majetková a.s.	7,274	679	-	275
PPF investiční společnost, a.s. in liquidation	63	223	-	-
PPF Capital Management a.s.	711	769	374	-
PPF investiční holding a.s.	-	226	-	-
PPF CONSULTING a.s.	5,815	454	-	-
První městská banka, a.s.	603	141	-	-
Public Picture & Marketing a.s.	271	1,031	-	-
RAVIN HOLDING a.s.	155	8	-	-
Real a.s.	29	-	-	-
Temposervis, a.s.	50	72	-	-
TERMIZO a.s.	40	-	-	-
Univerzální správa majetku a.s.	11	87	-	60
<b>Total</b>	<b>466,555</b>	<b>475,361</b>	<b>6,188</b>	<b>6,485</b>

## (b) Revenues and expenses in relation to group companies (CZK '000)

	Revenues at 31 December		Expenses at 31 December	
	2003	2002	2003	2002
AB - CREDIT a. s.	6,308	-	-	-
Board Show, a.s.	116	259	-	22
CAMCO a.s.	17	9	-	-
Cespo B.V., The Netherlands	3,095	14,739	-	-
CET 21 spol. s r.o.	521	1,027	-	-
CM - CREDIT a.s.	6,750	14,486	-	-
Česká poisťovňa – Slovensko akciová spoločnosť, Slovakia	-	494	-	-
Česká pojišťovna a.s.	40,106	20,231	13,195	13,163
Česká produkční 2000, a.s.	363	-	-	-
ČP finanční holding a.s.	762	-	-	-
ČP finanční servis a.s.	1,494	681	-	1,529
ČP finanční služby a.s.	2,108	8,109	-	-
ČP INVEST investiční společnost, a.s.	9,467	9,147	2	-
ČP Leasing, a.s.	1,389	1,880	7,956	5,120
eBanka, a.s.	1,549	292	67	25
Ervine & Doll, a.s.	45	68	-	-
EURONEWS, a.s.	265	501	4	451
HOMEKO a.s.	4	-	-	-
Home Credit Slovakia, a.s., Slovakia	2,875	3,291	-	-
Home Credit International a.s.	9,042	3,877	30	678
Home Credit Finance a.s.	5,177	10,474	-	-
Homenet a.s.	66	63	-	-

	Revenues at 31 December		Expenses at 31 December	
	2003	2002	2003	2002
IMPROMAT-COMPUTER s.r.o.	1,736	783	6	-
InWay, a.s.	-	-	2,023	246
Lajdáček s.r.o.	17	15	-	-
Educa Foundation	17	-	-	-
Nadační fond Karlův most	69	-	-	-
Open Gate a.s.	128	-	-	-
Penzijní fond České pojišťovny, a.s.	2,073	1,470	-	-
PPF Asset Management a.s.	3,093	-	-	-
PPF burzovní společnost a.s.	12,644	23,472	5	12,073
PPF Capital Management a.s.	9,654	8,425	6	-
PPF CONSULTING a.s.	8,001	782	-	-
PPF (CYPRUS) LIMITED, Cyprus	-	4,875	-	4,879
PPF investiční holding a.s.	1,104	5,956	-	-
PPF investiční společnost, a.s. in liquidation	2,354	7,456	49	8
PPF majetková a.s.	31,735	29,732	26	237
PPF Group N.V., The Netherlands	4,102	8,076	-	-
První městská banka, a.s.	1,385	958	3	1,488
Public Picture & Marketing a.s.	2,274	2,493	-	533
RAVIN HOLDING a.s.	3,140	8	-	-
Teinvest a.s.	-	88	-	-
Temposervis, a.s.	361	620	97	-
TERMIZO a.s.	1,205	-	-	-
Univerzální správa majetku a.s.	332	394	-	-
Zábavní a výstavní park a.s.	25	32	-	-
<b>Total</b>	<b>176,968</b>	<b>185,411</b>	<b>23,425</b>	<b>40,426</b>

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

In 2003, members of the Board of Directors and Supervisory Board received aggregate remuneration of TCZK 326 (2002: TCZK 309) and no loans were provided to them.

**12. Income Tax****(a) Tax due**

Because the tax base was nil, the tax due in 2003 was also nil (2002: nil).

**(b) Deferred tax**

The following table presents a summary of movements in temporary differences (CZK '000):

	Deferred tax asset		Deferred tax liability		Difference	
	2003	2002	2003	2002	2003	2002
Tangible and intangible fixed assets	–	–	(1,559)	(1,249)	(1,559)	(1,249)
Long-term investments	–	–	–	(102)	–	(102)
Losses from past years	19,126	19,931	–	–	19,126	19,931
Deferred tax (asset)/liability	19,126	19,931	(1,559)	(1,351)	17,567	18,580
Off-set of related deferred tax assets and liabilities	(1,559)	(1,351)	1,559	1,351	–	–
Deferred tax (asset)/liability	17,567	18,580	–	–	17,567	18,580

In accordance with the accounting policies set forth in Note 2 (h), a tax rate of 28% was used to calculate deferred tax.

The deferred tax asset determined as of 31 December 2003 was reported up to the amount of the determined deferred tax liability. As a matter of caution, the remainder of the deferred tax asset was not recognized.

**13. Finance Leases**

The Company is obligated to pay lease payments for vehicles as follows (CZK '000):

2003	Total lease payments	Paid at 31. 12. 2003	Due within 1 year	Due in following years
Passenger cars	26,304	11,852	6,846	7,606
<b>Total</b>	<b>26,304</b>	<b>11,852</b>	<b>6,846</b>	<b>7,606</b>

2002	Total lease payments	Paid at 31. 12. 2003	Due within 1 year	Due in following years
Passenger cars	21,771	11,417	5,065	5,289
<b>Total</b>	<b>21,771</b>	<b>11,417</b>	<b>5,065</b>	<b>5,289</b>

#### 14. Cash and Cash Equivalents (for Purposes of the Cash Flow Statement)

For the purposes of compiling the statement of cash flows, cash and cash equivalents are defined as cash on hand, cash en route, cash at bank and other financial assets whose valuation can be reliably determined and which can be easily converted into cash. The balances of cash and cash equivalents at the end of the accounting periods 2003 and 2002 are as follows (CZK '000):

	Balance at 31. 12. 2003	Balance at 31. 12. 2002
Cash on hand	1,045	309
Cash at bank	28,387	6,234
<b>Total</b>	<b>29,432</b>	<b>6,543</b>

#### 15. Off-balance-sheet Liabilities

As Controlling Entity, in the 2003 accounting period the Company was a party to control agreements with the companies PPF majetková a.s., PPF CONSULTING a.s., Home Credit International a.s., PPF Capital Management a.s., CM - CREDIT a.s., Public Picture & Marketing a.s. and ČP finanční servis a.s. (the "Controlled Entities"). All the agreements were terminated by an Agreement on Termination of Control Agreements effective 31 December 2003. Should any Controlled Entity post a loss in the 2003 accounting period according to audited financial statements approved by the General Meeting, PPF a.s. is obligated to settle this loss if it cannot be settled out of the statutory reserve or other disposable funds of the Controlled Entity. In the opinion of Company management, it is unlikely that any of these off-balance-sheet liabilities will be realized.

#### 16. Material Subsequent Events

Company management is not aware of any events occurring after the balance sheet date that would require any revision of the Company's financial statements.

**PPF Asset Management a.s.**  
 Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>88,935</b>	<b>37,651</b>	<b>61,646</b>
1. Cash in hand, balances with central banks	15	9	5
2. Receivables from banks and credit unions	41,493	33,966	34,391
3. Receivables from non-bank entities	25,969	–	198
4. Intangible fixed assets	1,337	322	536
5. Tangible fixed assets	2,285	1,321	2,062
6. Other assets	7,160	1,805	24,274
7. Prepayments and accrued income	10,676	228	180

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>88,935</b>	<b>37,651</b>	<b>61,646</b>
1. Payables in respect of banks, credit unions	1	6	31
2. Other liabilities	13,431	523	7,705
3. Deferrals	1,533	–	20
4. Provisions	5	2,254	284
5. Basic share capital	52,000	52,000	48,000
6. Share issue premium	575	575	17,127
7. Capital reserves and other funds created from profit	16	16	15
8. Capital contributions	1,015	1,015	5,015
9. Profit or loss carried forward	(18,738)	–	–
10. Profit or loss of the accounting period	39,097	(18,738)	(16,551)

**PPF Asset Management a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
1.	Interest and similar income	119	952	1,286
2.	Interest and similar expenses	–	(542)	(107)
3.	Income from shares and equity interests	–	18	–
4.	Fee and commission income	66,835	7,251	15,236
5.	Fee and commission expenses	(974)	(3,769)	(5,809)
6.	Net profit/(loss) from financing operations	214	(889)	(2,997)
7.	Other operating income	370	1,317	1,630
8.	Other operating expenses	(1,124)	(779)	(655)
9.	Administrative expenses	(31,666)	(19,331)	23,810
10.	Release of provisions and adjustments to tangible and intangible fixed assets	–	–	–
11.	Depreciation, amortization, provisioning and creation/release of adjustments to tangible and intangible fixed assets	(845)	(892)	(1,006)
12.	Release of adjustments and provisions to receivables and guarantees, income from receivables previously written off	1	5	–
13.	Write-offs, new adjustments and provisioning to receivables and guarantees	–	(105)	(35)
14.	Release of other provisioning	–	284	–
15.	Creation/use of other provisioning	–	(2,254)	(284)
16.	<b>Profit/(loss) for the accounting period from ordinary activities, before tax</b>	<b>32,930</b>	<b>(18,734)</b>	<b>(16,551)</b>
17.	Extraordinary income	–	1	–
18.	Extraordinary expenses	–	(5)	–
19.	<b>Profit/(loss) for the accounting period from extraordinary activities, before tax</b>	<b>–</b>	<b>(4)</b>	<b>–</b>
20.	Corporate income tax	6,167	–	–
21.	<b>Profit/(loss) for the accounting period, after tax</b>	<b>39,097</b>	<b>(18,738)</b>	<b>(16,551)</b>

**PPF CONSULTING a.s.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>37,368</b>	<b>31,258</b>	<b>11,288</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	–	–
<b>B.</b>	<b>Fixed assets</b>	<b>3,950</b>	–	<b>10,512</b>
B.I.	Intangible fixed assets	577	–	–
B.II.	Tangible fixed assets	928	–	8
B.III.	Long-term investments	2,445	–	10,504
B.III.1.	Investments in group undertakings	2,445	–	–
<b>C.</b>	<b>Current assets</b>	<b>33,324</b>	<b>31,174</b>	<b>776</b>
C.I.	Inventories	–	–	–
C.II.	Long-term receivables	–	–	–
C.III.	Short-term receivables	22,062	17,023	707
C.IV.	Short-term financial assets	11,262	14,151	69
D.I.	Accruals and deferrals	94	84	–

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>37,368</b>	<b>31,258</b>	<b>11,288</b>
<b>A.</b>	<b>Equity</b>	<b>5,784</b>	<b>4,152</b>	<b>8,109</b>
A.I.	Basic share capital	1,000	1,000	1,000
A.II.	Capital contributions	(6)	–	–
A.III.	Reserve funds, undistributable reserves and other funds created from profit	219	219	219
A.IV.	Retained earnings	2,933	–	7,205
A.V.	Profit/(loss) for the current period	1,638	2,933	(315)
<b>B.</b>	<b>Liabilities</b>	<b>30,990</b>	<b>27,103</b>	<b>3,172</b>
B.I.	Provisions	328	1,214	–
B.II.	Long-term liabilities	47	–	–
B.III.	Short-term liabilities	10,523	13,657	106
B.IV.	Bank loans and overdrafts	20,092	12,232	3,066
C.I.	Accruals and deferrals	594	3	–

**PPF CONSULTING a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
I.+II.	Operating revenues	23,223	19,400	1,745
A.+B.	Cost of goods sold and cost of materials, energy and services	12,513	19,107	917
+	<b>Gross margin</b>	<b>10,710</b>	<b>293</b>	<b>828</b>
C.	Staff costs	7,554	817	861
E.	Depreciation of tangibles, amortization of intangibles	97	8	141
G.	Change in balance of operating provisions and comprehensive prepaid expenses	-	-	-
III.+IV.+V.	Other operating income	159	370,000	227
D.+F.+H.+I.	Other operating expenses	412	370,000	185
*	<b>Operating profit/(loss)</b>	<b>2,806</b>	<b>(532)</b>	<b>(132)</b>
M.	Change in balance of financing provisions	-	-	232
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	112	91,576	177
J.+K.+L. +N.+O.+P.	Other financing expenses	241	87,007	119
*	<b>Financing profit/(loss)</b>	<b>(129)</b>	<b>4,569</b>	<b>(174)</b>
Q.	Corporate income tax	1,045	1,332	15
**	<b>Profit/(loss) on ordinary activity</b>	<b>1,632</b>	<b>2,705</b>	<b>(321)</b>
XIII.	Extraordinary income	6	234	6
R.+S.	Extraordinary expenses	-	6	-
*	<b>Extraordinary profit/(loss)</b>	<b>6</b>	<b>228</b>	<b>6</b>
***	<b>Profit/(loss) for the current period</b>	<b>1,638</b>	<b>2,933</b>	<b>(315)</b>

**PPF burzovní společnost a.s.**  
 Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>380,705</b>	<b>481,781</b>	<b>902,273</b>
1. Cash in hand, balances with central banks	78	75	95
2. Receivables from banks and credit unions	116,608	41,973	326,630
3. Receivables from non-bank entities	40,143	31,713	3,904
4. Debt securities	–	72,271	–
5. Shares, unit certificates and other equities	24,966	39,210	53,436
6. Interests in group undertakings	97,668	93,619	91,607
7. Intangible fixed assets	1,377	836	833
8. Tangible fixed assets	3,895	4,174	4,526
9. Other assets	79,480	197,510	420,676
10. Prepayments and accrued income	16,490	400	566

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>380,705</b>	<b>481,781</b>	<b>902,273</b>
1. Other liabilities	135,370	201,338	698,449
2. Deferrals	6,828	2,178	474
3. Basic share capital	55,000	55,000	55,000
4. Share issue premium	60,500	60,500	60,500
5. Capital reserves and other funds created from profit	11,000	11,000	11,000
6. Profit or loss carried forward	111,725	76,850	62
7. Profit or loss of the accounting period	282	74,915	76,788

**PPF burzovní společnost a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
1.	Interest and similar income	4,893	4,574	4,790
2.	Interest and similar expenses	(3,627)	(2,156)	(1,574)
3.	Income from shares and equity interests	1,529	1,029	405
4.	Fee and commission income	112,749	201,550	187,080
5.	Fee and commission expenses	(14,112)	(13,004)	(10,274)
6.	Net profit/(loss) from financing operations	(923)	19,550	(9,079)
7.	Other operating income	4,712	718	2,716
8.	Other operating expenses	(6,578)	(6,052)	(470)
9.	Administrative expenses	(95,603)	(99,455)	(66,936)
10.	Depreciation, amortization, provisioning and creation/release of adjustments to tangible and intangible fixed assets	(1,857)	(2,067)	(2,343)
11.	Release of adjustments and provisions to receivables and guarantees, income from receivables previously written off	–	5,971	6,204
12.	Write-offs, new adjustments and provisioning to receivables and guarantees	–	(20)	(86)
13.	Share in profits/(losses) of group and associated undertakings	–	(6,148)	–
14.	<b>Profit/(loss) for the accounting period from ordinary activities, before tax</b>	<b>1,183</b>	<b>104,490</b>	<b>110,433</b>
15.	Extraordinary income	–	6,580	–
16.	Extraordinary expenses	–	(6,869)	–
17.	<b>Profit/(loss) for the accounting period from extraordinary activities, before tax</b>	<b>–</b>	<b>(289)</b>	<b>–</b>
18.	Corporate income tax	(901)	(29,286)	(33,645)
19.	<b>Profit/(loss) for the accounting period, after tax</b>	<b>282</b>	<b>74,915</b>	<b>76,788</b>

**PPF majetková a.s.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>456,267</b>	<b>75,195</b>	<b>74,735</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	–	–
<b>B.</b>	<b>Fixed assets</b>	<b>63,842</b>	<b>40,400</b>	<b>29,959</b>
B.I.	Intangible fixed assets	1,488	3,310	5,872
B.II.	Tangible fixed assets	62,076	36,875	23,510
B.III.	Long-term investments	278	215	577
B.III.1.	Investments in group undertakings	278	115	477
<b>C.</b>	<b>Current assets</b>	<b>372,204</b>	<b>34,243</b>	<b>14,022</b>
C.I.	Inventories	–	–	–
C.II.	Long-term receivables	–	4,107	–
C.III.	Short-term receivables	18,747	26,014	7,731
C.IV.	Short-term financial assets	353,457	4,122	6,291
D.I.	Accruals and deferrals	20,221	552	30,754

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>456,267</b>	<b>75,195</b>	<b>74,735</b>
<b>A.</b>	<b>Equity</b>	<b>65,932</b>	<b>66,406</b>	<b>69,096</b>
A.I.	Basic share capital	1,270	1,270	1,270
A.II.	Capital contributions	–	–	–
A.III.	Reserve funds, undistributable reserves and other funds created from profit	300	300	300
A.IV.	Retained earnings	49,836	47,526	39,299
A.V.	Profit/(loss) for the current period	14,526	17,310	28,227
<b>B.</b>	<b>Liabilities</b>	<b>35,791</b>	<b>8,033</b>	<b>5,401</b>
B.I.	Provisions	–	–	1,893
B.II.	Long-term liabilities	1,771	–	–
B.III.	Short-term liabilities	34,020	8,033	3,508
B.IV.	Bank loans and overdrafts	–	–	–
C.I.	Accruals and deferrals	354,544	756	238

**PPF majetková a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
I.+II.	Operating revenues	163,811	83,913	92,243
A.+B.	Cost of goods sold and cost of materials, energy and services	79,828	39,777	30,405
+	<b>Gross margin</b>	<b>83,983</b>	<b>44,136</b>	<b>61,838</b>
C.	Staff costs	50,010	25,572	18,226
E.	Depreciation of tangibles, amortization of intangibles	8,509	5,218	5,919
G.	Change in balance of operating provisions and comprehensive prepaid expenses	(20,774)	–	1,037
III.+IV.+V.	Other operating income	5,874	3,506	3,948
D.+F.+H.+I.	Other operating expenses	23,853	1,992	1,681
*	<b>Operating profit/(loss)</b>	<b>28,259</b>	<b>14,860</b>	<b>38,923</b>
M.	Change in balance of financing provisions	837	462	342
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	740	376	2,575
J.+K.+L. +N.+O.+P.	Other financing expenses	576	104	886
*	<b>Financing profit/(loss)</b>	<b>(673)</b>	<b>(190)</b>	<b>1,347</b>
Q.	Corporate income tax	13,060	(2,640)	12,773
**	<b>Profit/(loss) on ordinary activity</b>	<b>14,526</b>	<b>17,310</b>	<b>27,497</b>
XIII.	Extraordinary income	–	–	730
R.+S.	Extraordinary expenses	–	–	–
*	<b>Extraordinary profit/(loss)</b>	<b>–</b>	<b>–</b>	<b>730</b>
***	<b>Profit/(loss) for the current period</b>	<b>14,526</b>	<b>17,310</b>	<b>28,227</b>

**PPF Capital Management a.s.**  
Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>200,493</b>	<b>213,326</b>	<b>2,609,043</b>
<b>A. Receivables for subscribed capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Fixed assets</b>	<b>173,575</b>	<b>6,269</b>	<b>7,023</b>
B.I. Intangible fixed assets	221	-	-
B.II. Tangible fixed assets	-	1,055	1,725
B.III. Long-term investments	173,354	5,214	5,298
B.III.1. Investments in group undertakings	162,654	2,000	2,000
<b>C. Current assets</b>	<b>26,898</b>	<b>206,734</b>	<b>2,555,883</b>
C.I. Inventories	-	-	-
C.II. Long-term receivables	-	-	148,600
C.III. Short-term receivables	23,185	202,784	2,371,165
C.IV. Short-term financial assets	3,713	3,950	36,118
D.I. Accruals and deferrals	20	323	46,137

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>200,493</b>	<b>213,326</b>	<b>2,609,043</b>
<b>A. Equity</b>	<b>188,540</b>	<b>204,633</b>	<b>213,972</b>
A.I. Basic share capital	178,300	178,300	178,300
A.II. Capital contributions	(1,646)	(1,636)	-
A.III. Reserve funds, undistributable reserves and other funds created from profit	-	4,032	3,811
A.IV. Retained earnings	27,969	31,640	27,431
A.V. Profit/(loss) for the current period	(16,083)	(7,703)	4,430
<b>B. Liabilities</b>	<b>11,791</b>	<b>8,565</b>	<b>2,324,784</b>
B.I. Provisions	91	5,612	812
B.II. Long-term liabilities	-	-	2,000,000
B.III. Short-term liabilities	11,700	2,953	324,099
B.IV. Bank loans and overdrafts	-	-	-
C.I. Accruals and deferrals	162	128	70,160

**PPF Capital Management a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
I.+II.	Operating revenues	54,269	29,968	9,424
A.+B.	Cost of goods sold and cost of materials, energy and services	31,813	16,812	15,332
+	<b>Gross margin</b>	<b>22,456</b>	<b>13,156</b>	<b>(5,908)</b>
C.	Staff costs	11,050	11,952	9,815
E.	Depreciation of tangibles, amortization of intangibles	506	1,224	1,745
G.	Change in balance of operating provisions and comprehensive prepaid expenses	(27,427)	21,820	5,500
III.+IV.+V.	Other operating income	3,073	3,901	1,268
D.+F.+H.+I.	Other operating expenses	1,167	2,532	396
*	<b>Operating profit/(loss)</b>	<b>40,233</b>	<b>(20,471)</b>	<b>(22,096)</b>
M.	Change in balance of financing provisions	52,616	(1,734)	(2,204)
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	3,263	652,261	221,324
J.+K.+L. +N.+O.+P.	Other financing expenses	2,387	636,246	194,297
*	<b>Financing profit/(loss)</b>	<b>(51,740)</b>	<b>17,749</b>	<b>29,231</b>
Q.	Corporate income tax	4,576	5,216	2,866
**	Profit/(loss) on ordinary activity	(16,083)	(7,938)	4,269
XIII.	Extraordinary income	–	353	268
R.+S.	Extraordinary expenses	–	118	107
*	<b>Extraordinary profit/(loss)</b>	<b>–</b>	<b>235</b>	<b>161</b>
***	<b>Profit/(loss) for the current period</b>	<b>(16,083)</b>	<b>(7,703)</b>	<b>4,430</b>

**PPF banka a.s.**  
**Balance Sheet, Abridged as at 31 December 2003 (CZK '000)**

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>13,473,426</b>	<b>10,705,434</b>	<b>5,948,436</b>
1. Cash in hand, balances with central banks	94,015	711,779	108,102
2. State couponless bonds and other securities eligible for refinancing with the CNB	1,047,114	97,731	-
3. Receivables from banks, credit unions	6,337,504	5,712,897	5,282,488
4. Receivables from clients, credit union members	4,264,992	2,512,190	356,258
5. Debt securities	1,500,787	1,501,462	99,575
6. Shares, units and other investments	-	-	-
7. Interests in associated undertakings	-	63,000	63,000
8. Interests in group undertakings	33,001	-	-
9. Intangible fixed assets	57,751	23,425	24,904
10. Tangible fixed assets	38,075	29,103	8,538
11. Other assets	43,378	51,886	233
12. Receivables from shareholders	-	-	-
13. Prepayments and accrued income	56,809	1,961	5,338

	2003	2002	2001
<b>TOTAL LIABILITIES</b>	<b>13,473,426</b>	<b>10,705,434</b>	<b>5,948,436</b>
1. Payables in respect of banks, credit unions	-	-	157,422
2. Payables in respect of clients, credit union members	7,016,890	8,481,218	1,918,101
3. Liabilities relating to debt securities	4,972,275	1,559,936	3,319,436
4. Other liabilities	38,706	76,825	8,494
5. Deferred income and accrued expenses	12,187	8,422	12,495
6. Provisions	1,633	7,467	4,324
7. Subordinated debt	267,149	-	-
8. Registered capital	500,021	500,021	500,021
9. Share premium	-	-	-
10. Capital reserves and other funds from profit	29,616	27,424	7,668
11. Revaluation reserve	-	-	-
12. Capital funds	-	-	-
13. Revaluation surplus/deficit	-	-	-
14. Profit/(loss) carried forward	41,400	-	-
15. Profit/(loss) for the accounting period	593,549	44,121	20,475

**PPF banka a.s.****Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)**

		2003	2002	2001
1.	Interest and similar income	338,102	280,650	289,561
2.	Interest and similar expenses	(160,823)	(140,822)	(162,708)
3.	Income from shares and equity interests	-	-	-
4.	Fee and commission income	28,170	11,006	5,415
5.	Fee and commission expenses	(31,574)	(2,275)	(1,752)
<b>6.</b>	<b>Net gain/(loss) from financing operations</b>	<b>537,284</b>	<b>4,387</b>	<b>2,004</b>
7.	Other operating income	5,225	20,213	5,217
8.	Other operating expenses	(9,631)	(4,987)	(12,194)
9.	Administrative expenses	(135,501)	(111,737)	(88,816)
10.	Release of provisions and adjustments to tangible and intangible assets	-	-	-
11.	Depreciation, amortization, net change in provisioning and adjustments to tangible and intangible assets	(17,664)	(9,167)	(13 281)
12.	Release of adjustments and provisions to receivables and guarantees, income from receivables previously written off	7,522	1,584	1,557
13.	Write-offs, net change in adjustments and provisioning to receivables and guarantees	(3,108)	(5,022)	(5,667)
14.	Release of adjustments to interests in group and associated undertakings	-	-	-
15.	Loss on transfer of interests in group and associated undertakings, net change in adjustments to interests in group and associated undertakings	-	-	-
16.	Release of other provisions	-	291	1,430
17.	Net change in other provisioning	-	-	(291)
18.	Share in profits/(losses) of group and associated undertakings	-	-	-
<b>19.</b>	<b>Profit/(loss) for the accounting period from ordinary activities, before tax</b>	<b>558,002</b>	<b>44,121</b>	<b>20,475</b>
20.	Extraordinary income	-	-	-
21.	Extraordinary expenses	-	-	-
<b>22.</b>	<b>Profit/(loss) for the accounting period from extraordinary activities, before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.	Income tax	35,547	-	-
<b>24.</b>	<b>Profit/(loss) for the accounting period, after tax</b>	<b>593,549</b>	<b>44,121</b>	<b>20,475</b>

**CM - CREDIT a.s.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>49,157</b>	<b>157,100</b>	<b>91,248</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	–	–
<b>B.</b>	<b>Fixed assets</b>	<b>23,220</b>	<b>48,613</b>	<b>77,183</b>
B.I.	Intangible fixed assets	221	–	–
B.II.	Tangible fixed assets	357	534	211
B.III.	Long-term investments	22,642	48,079	76,972
B.III.1.	Investments in group undertakings	400	–	75,110
<b>C.</b>	<b>Current assets</b>	<b>24,621</b>	<b>108,373</b>	<b>13,933</b>
C.I.	Inventories	–	–	–
C.II.	Long-term receivables	–	–	–
C.III.	Short-term receivables	21,070	86,764	8,472
C.IV.	Short-term financial assets	3,551	21,609	5,461
D.I.	Accruals and deferrals	1,316	114	132

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>49,157</b>	<b>157,100</b>	<b>91,248</b>
<b>A.</b>	<b>Equity</b>	<b>3,697</b>	<b>3,261</b>	<b>3,282</b>
A.I.	Basic share capital	2,000	2,000	2,000
A.II.	Capital contributions	2	(396)	–
A.III.	Reserve funds, undistributable reserves and other funds created from profit	286	217	217
A.IV.	Retained earnings	1,371	65	2,783
A.V.	Profit/(loss) for the current period	38	1,375	(1,718)
<b>B.</b>	<b>Liabilities</b>	<b>44,975</b>	<b>146,771</b>	<b>85,635</b>
B.I.	Provisions	445	–	–
B.II.	Long-term liabilities	331	60,969	81,065
B.III.	Short-term liabilities	44,199	85,802	4,570
B.IV.	Bank loans and overdrafts	–	–	–
C.I.	Accruals and deferrals	485	7,068	2,331

**CM - CREDIT a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
I.+II.	Operating revenues	10,333	39,603	15,604
A.+B.	Cost of goods sold and cost of materials, energy and services	11,978	17,537	6,563
+	<b>Gross margin</b>	<b>(1,645)</b>	<b>22,066</b>	<b>9,041</b>
C.	Staff costs	8,499	9,357	7,256
E.	Depreciation of tangibles, amortization of intangibles	223	232	999
G.	Change in balance of operating provisions and comprehensive prepaid expenses	–	(329)	(262)
III.+IV.+V.	Other operating income	81,839	22,100	665,481
D.+F.+H.+I.	Other operating expenses	72,309	16,573	664,759
*	<b>Operating profit/(loss)</b>	<b>(837)</b>	<b>18,333</b>	<b>1,246</b>
M.	Change in balance of financing provisions	–	–	–
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	30,234	33,820	28,872
J.+K.+L. +N.+O.+P.	Other financing expenses	28,764	50,543	31,948
*	<b>Financing profit/(loss)</b>	<b>1,470</b>	<b>(16,723)</b>	<b>(3,076)</b>
Q.	Corporate income tax	595	245	(86)
**	<b>Profit/(loss) on ordinary activity</b>	<b>38</b>	<b>1,365</b>	<b>(1,744)</b>
XIII.	Extraordinary income	–	10	26
R.+S.	Extraordinary expenses	–	–	–
*	<b>Extraordinary profit/(loss)</b>	<b>–</b>	<b>10</b>	<b>26</b>
***	<b>Profit/(loss) for the current period</b>	<b>38</b>	<b>1,375</b>	<b>(1,718)</b>

**Česká pojišťovna a.s.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>120,654,783</b>	<b>115,559,948</b>	<b>108,625,719</b>
1. Intangible assets	603,802	245,529	164,890
2. Financial placements (investments)	106,343,822	102,480,250	92,926,617
3. Life assurance investments where the investment risk is borne by the insured	134,110	147,008	100,818
4. Debtors	7,910,292	7,287,095	7,774,518
5. Other assets	3,957,925	4,207,901	5,478,032
6. Temporary asset accounts	1,704,832	1,192,165	2,180,844

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>120,654,783</b>	<b>115,559,948</b>	<b>108,625,719</b>
1. Shareholders' equity	15,455,014	15,684,281	11,108,286
2. Subordinated debt	2,500,000	-	-
3. Technical provisions	89,532,488	87,854,280	81,054,934
4. Life assurance provision where the investment risk is borne by the insured	134,110	147,008	100,818
5. Provisions for other risks and losses	858,860	212,583	705,346
6. Outwards reinsurance deposits	3,118	3,663	3,987
7. Creditors	9,381,660	9,817,845	12,776,492
8. Temporary liability accounts	2,789,533	1,840,288	2,875,856

**Česká pojišťovna a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
<b>I.</b>	<b>Technical account for non-life insurance</b>			
1.	Earned premiums, net of reinsurance	20,980,553	18,259,954	17,228,916
2.	Income from financial placements (investments) transferred from the Non-technical account	387,822	1,204,235	-
3.	Other technical income, net of reinsurance	655,760	794,599	1,084,101
4.	Claims incurred, net of reinsurance	11,894,011	11,689,538	10,450,866
5.	Change in other technical provisions, net of reinsurance	206,070	135,041	698,102
6.	Bonuses and rebates, net of reinsurance	772,773	265,888	175,974
7.	Net operating expenses	5,187,063	4,852,030	4,976,032
8.	Other technical expenses, net of reinsurance	1,436,896	1,769,941	1,437,304
9.	Change in the equalization provision	302,836	248,845	523,907
10.	Subtotal, balance (result) of the Technical account for non-life insurance	2,224,486	1,297,505	50,832
<b>II.</b>	<b>Technical account for life assurance</b>			
1.	Earned premiums, net of reinsurance	14,282,539	12,316,868	11,973,039
2.	Income from financial placements (investments), total	50,427,098	62,888,846	68,709,741
3.	Unrealized gains in value of financial placements (investments)	2,316,103	3,207,155	-
4.	Other technical income, net of reinsurance	65,801	17,585	-
5.	Claims incurred, net of reinsurance	9,667,742	7,877,576	9,373,569
6.	Change in other technical provisions, net of reinsurance	559,468	4,245,807	2,829,405
7.	Net operating expenses	3,037,114	2,463,497	2,164,653
8.	Expenses connected with financial placements (investments), total	46,463,618	60,864,668	62,350,795
9.	Unrealized losses on financial placements (investments)	4,582,905	1,836,493	-
10.	Other technical expenses, net of reinsurance	167,408	69,755	28,412
11.	Subtotal, balance (result) of the Technical account for life assurance	2,613,286	1,072,658	3,935,946
<b>III.</b>	<b>Non-technical account</b>			
1.	Result of the Technical account for non-life insurance	2,224,486	1,297,505	50,832
2.	Result of the Technical account for life assurance	2,613,286	1,072,658	3,935,946
3.	Income from financial placements (investments), total	27,773,020	23,566,144	25,825,049
4.	Expenses connected with financial placements (investments), total	26,626,826	23,004,864	24,869,865
5.	Income from financial placements (investments) transferred to the Technical account for life assurance	387,822	1,204,235	-
6.	Other income	905,289	1,806,588	2,579,236
7.	Other expenses	1,977,553	1,238,331	2,106,790
8.	Income tax on ordinary activities	1,381,188	914,639	1,256,866
9.	Extraordinary income	4,537	3,553,763	12,452
10.	Extraordinary expenses	22,905	6,241,337	54,519
11.	Other taxes not included above	23,215	20,910	19,422
<b>12.</b>	<b>Profit or loss for the accounting period</b>	<b>3,137,845</b>	<b>4,047,490</b>	<b>4,180,187</b>

**Česká poistovňa – Slovensko, akciová spoločnosť**  
 Balance Sheet, Abridged as at 31 December 2003 (SKK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>2,232,193</b>	<b>1,510,310</b>	<b>1,348,796</b>
A. Intangible assets	10,405	13,567	7,892
B. Financial placements (investments)	1,125,873	823,661	788,357
C. Financial placements on behalf of insureds	184,148	47,975	3,973
D. Debtors	551,515	399,688	374,339
E. Other assets	38,191	37,420	41,763
F. Accruals and deferrals	322,061	187,999	136,445

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,232,193</b>	<b>1,510,310</b>	<b>1,348,796</b>
A. Shareholders' equity	394,710	372,553	391,651
B. Subordinated debt	-	-	-
C. Technical provisions	901,149	542,520	485,217
D. Technical provisions for risks ensuing from investments made on behalf of insureds	185,156	47,975	3,973
E. Provisions	3,450	3,202	3,377
F. Outgoing reinsurance deposits	-	-	-
G. Creditors	701,723	501,439	458,670
H. Accruals and deferrals	46,005	42,621	5,908

**Česká poistovňa – Slovensko, akciová spoločnosť**  
Profit and Loss Account, Abridged as at 31 December 2003 (SKK '000)

	2003	2002	2001
<b>I. Technical account for non-life insurance</b>			
1. Premiums written, net	979,748	515,783	526,017
2. Investment income transferred from the Non-technical account	22,601	21,826	17,047
3. Other technical income	37,075	4,235	4,160
4. Claims incurred, net	640,485	336,677	305,136
5. Change in other technical provisions, net	-	-	-
6. Bonuses and rebates	-	-	-
7. Net operating expenses	331,825	202,195	266,048
8. Other technical expenses, net	51,566	22,226	46,199
9. Change in the equalization provision	(8,848)	(12,106)	-
10. Result of the Technical account for non-life insurance	24,396	(7,148)	(70,159)
<b>II. Technical account for life assurance</b>			
1. Premiums written, net	298,273	136,497	71,830
2. Investment income	9,226	6,619	5,683
3. Unrealized gains in value of investments	25,979	15,355	-
4. Other technical income	-	-	-
5. Claims incurred	12,963	8,228	9,384
6. Change in other technical provisions	184,747	88,887	(41,002)
7. Bonuses and rebates	-	-	-
8. Net operating expenses	121,356	72,991	33,308
9. Expenses connected with investments	140	-	-
10. Unrealized losses on investments	15,132	5,372	-
11. Other technical expenses	12,386	-	-
12. Investment income transferred to the Non-technical account	-	-	-
13. Result of the Technical account for life assurance	(13,246)	(17,007)	(6,181)
<b>III. Non-technical account</b>			
1. Result of the Technical account for non-life insurance	24,396	(7,148)	(70,159)
2. Result of the Technical account for life assurance	(13,246)	(17,007)	(6,181)
3. Investment income	19,119	2,439	6,041
4. Unrealized gains on investments	5,472	-	-
5. Investment income transferred	-	-	-
6. Expenses associated with investments	8,254	5,861	8
7. Unrealized losses on investments	13,533	-	-
8. Investment result transferred	-	-	-
9. Other income	30,811	40,612	24,982
10. Other expenses	29,326	17,167	17,685
11. Other taxes and fees	9,123	10,588	7,003
12. Income tax on ordinary activity	756	628	(389)
13. Profit/(loss) after tax	5,560	(15,348)	(69,624)
14. Extraordinary income	1,427	680	2,861
15. Extraordinary expenses	2,508	4,430	741
16. Extraordinary profit/(loss)	(1,081)	(3,750)	2,120
17. Income tax on extraordinary activity	-	-	-
18. Profit/(loss) for the period	4,479	(19,098)	(67,504)

**Češkaya strachovaya kompaniya o.o.o. (Česká pojišťovna Russia)**  
 Balance Sheet According to International Financial Reporting Standards (IFRS)  
 as of 31 December 2003 (RUR '000)

	2003	2002
<b>TOTAL ASSETS</b>	<b>38,225</b>	<b>18,951</b>
<b>Intangible assets</b>	<b>1,436</b>	<b>1,178</b>
Property and equipment	5,229	6,121
Investments	11,000	–
Deposits with related parties	8,000	–
Deposits with other financial institutions	3,000	–
<b>Reinsurers' share of technical provisions</b>	<b>673</b>	<b>87</b>
Provision for life insurance	634	87
Claims outstanding	39	–
<b>Receivables</b>	<b>349</b>	<b>140</b>
Debtors arising out of direct insurance operations	254	–
Others debtors	95	140
<b>Other assets</b>	<b>7,190</b>	<b>9,478</b>
Cash at bank and in hand	6,741	9,415
Materials and supplies	449	63
<b>Prepayments and accrued income</b>	<b>12,348</b>	<b>1,947</b>
Accrued interest	60	–
Deferred acquisition costs	11,465	1,473
Other prepayments	523	474
	<b>2003</b>	<b>2002</b>
<b>TOTAL LIABILITIES</b>	<b>19,461</b>	<b>3,382</b>
<b>Technical provisions</b>	<b>16,389</b>	<b>1,815</b>
Life assurance provision	16,309	1,815
Claims outstanding	80	–
<b>Payables and accrued expenses</b>	<b>3,072</b>	<b>1,567</b>
Creditors arising out of direct insurance operations	701	169
Creditors arising out of reinsurance operations	462	100
Other creditors, including tax and social security	1,143	298
Loans from related parties	–	1,000
Accrued administrative expenses	766	–
<b>TOTAL CAPITAL AND RESERVES</b>	<b>18,764</b>	<b>15,569</b>
Subscribed capital	86,668	43,831
Accumulated losses	(67,904)	(28,262)

**Češkaya strachovaya kompaniya o.o.o. (Česká pojišťovna Russia)**

Profit and Loss Account According to International Financial Reporting Standards (IFRS)

as of 31 December 2003 (RUR '000)

	2003	2002
<b>Technical account – life assurance business</b>		
<b>Premiums</b>	<b>13,051</b>	<b>1,201</b>
Gross premiums written	14,028	1,301
Outwards reinsurance premiums	(977)	(100)
<b>Investment income</b>	<b>1,451</b>	<b>-</b>
<b>Life assurance provision</b>	<b>(13,947)</b>	<b>(1,728)</b>
Gross amount	(14,494)	(1,815)
Reinsurers' share	547	87
<b>Claims incurred</b>	<b>(259)</b>	<b>-</b>
Gross amount	(513)	-
Reinsurers' share	254	-
<b>Change in the provision for claims</b>	<b>(41)</b>	<b>-</b>
Gross amount	(80)	-
Reinsurers' share	39	-
<b>Net operating expenses</b>	<b>(39,748)</b>	<b>(27,600)</b>
Balance on the technical account – life assurance	(39,493)	(28,127)
<b>Non-technical account</b>		
<b>Balance on the technical account – life assurance</b>	<b>(39,493)</b>	<b>(28,127)</b>
<b>Balance on the technical account – non-life insurance</b>	<b>-</b>	<b>-</b>
Net other charges/income	(149)	(135)
<b>Loss before tax</b>	<b>(39,642)</b>	<b>(28,262)</b>
<b>Tax</b>	<b>-</b>	<b>-</b>
<b>Loss for the year</b>	<b>(39,642)</b>	<b>(28,262)</b>

**Home Credit Finance a.s.**  
Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>13,091,099</b>	<b>7,366,846</b>	<b>4,536,160</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	50,000	–
<b>B.</b>	<b>Fixed assets</b>	<b>7,983,395</b>	<b>1,565,299</b>	<b>61,678</b>
B.I.	Intangible fixed assets	23,798	27,405	28,266
B.II.	Tangible fixed assets	29,645	97,302	25,476
B.III.	Long-term investments	7,929,952	1,440,592	7,936
B.III.1.	Investments in group undertakings	1,388,546	340,328	–
<b>C.</b>	<b>Current assets</b>	<b>4,817,301</b>	<b>5,697,019</b>	<b>4,413,391</b>
C.I.	Inventories	18,768	3,610	2,823
C.II.	Long-term receivables	9,143	1,661,624	–
C.III.	Short-term receivables	2,129,365	3,513,320	4,064,744
C.IV.	Short-term financial assets	2,660,025	518,465	345,824
D.I.	Accruals and deferrals	290,404	54,528	61,091

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>13,091,099</b>	<b>7,366,846</b>	<b>4,536,160</b>
<b>A.</b>	<b>Equity</b>	<b>505,807</b>	<b>182,964</b>	<b>172,564</b>
A.I.	Basic share capital	300,000	300,000	250,000
A.II.	Capital contributions	(69,926)	(2,160)	–
A.III.	Reserve funds, undistributable reserves and other funds created from profit	7,000	5,000	–
A.IV.	Retained earnings	(121,875)	(150,716)	(90,249)
A.V.	Profit/(loss) for the current period	390,608	30,840	12,813
<b>B.</b>	<b>Liabilities</b>	<b>12,440,430</b>	<b>6,952,477</b>	<b>4,249,316</b>
B.I.	Provisions	–	(23,264)	640
B.II.	Long-term liabilities	5,500,000	5,646,394	3,435,230
B.III.	Short-term liabilities	6,390,430	429,347	813,446
B.IV.	Bank loans and overdrafts	550,000	900,000	–
C.I.	Accruals and deferrals	144,862	231,405	114,280

**Home Credit Finance a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
I.+II.	Operating revenues	180,733	173,195	13,423
A.+B.	Cost of goods sold and cost of materials, energy and services	560,867	280,287	202,705
+	<b>Gross margin</b>	<b>(380,133)</b>	<b>(107,092)</b>	<b>(189,282)</b>
C.	Staff costs	94,592	73,991	53,709
E.	Depreciation of tangibles, amortization of intangibles	73,355	122,247	18,725
G.	Change in balance of operating provisions and comprehensive prepaid expenses	(276,703)	205,350	217,350
III.+IV.+V.	Other operating income	5,764,102	210,324	17,482
D.+F.+H.+I.	Other operating expenses	5,813,061	166,622	23,748
*	<b>Operating profit/(loss)</b>	<b>(320,337)</b>	<b>(464,978)</b>	<b>(485,332)</b>
M.	Change in balance of financing provisions	–	1,675	(640)
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	10,915,463	8,062,514	2,644,809
J.+K.+L. +N.+O.+P.	Other financing expenses	10,095,535	7,445,069	2,042,728
*	<b>Financing profit/(loss)</b>	<b>819,928</b>	<b>619,120</b>	<b>601,441</b>
Q.	Corporate income tax	108,983	123,302	103,780
**	<b>Profit/(loss) on ordinary activity</b>	<b>390,608</b>	<b>30,840</b>	<b>12,329</b>
XIII.	Extraordinary income	–	–	566
R.+S.	Extraordinary expenses	–	–	82
*	<b>Extraordinary profit/(loss)</b>	<b>–</b>	<b>–</b>	<b>484</b>
***	<b>Profit/(loss) for the current period</b>	<b>390,608</b>	<b>30,840</b>	<b>12,813</b>

**Home Credit & Finance Bank LLC.**

Balance Sheet According to International Financial Reporting Standards (IFRS)  
as of 31 December 2003 (RUR '000)

	2003	2002
<b>TOTAL ASSETS</b>	<b>8,173,377</b>	<b>339,337</b>
Cash	4,915	6,405
Receivables from central bank	1,313,041	51,655
Receivables from financial institutions	1,336,095	140,135
Receivables from outstanding loans	5,220,867	92,057
Securities	6,456	21,402
Fixed assets	153,271	19,853
Deferred tax asset	73,640	-
Other assets	65,092	7,830

	2003	2002
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,173,377</b>	<b>339,337</b>
Liabilities to financial institutions	6,737,022	-
Client deposits	151,481	135,009
Other liabilities	101,769	5,284
<b>Total liabilities</b>	<b>6,990,272</b>	<b>140,293</b>
Basic share capital	405,707	332,707
Other capital contributions	1,266,336	164,336
Retained earnings	(488,938)	(297,999)
<b>Total shareholders' equity</b>	<b>1,183,105</b>	<b>199,044</b>

**Home Credit & Finance Bank LLC.**

Profit and Loss Account According to International Financial Reporting Standards (IFRS)

as of 31 December 2003 (RUR '000)

	2003	2002
Interest income	361,778	17,074
Interest expense	(106,489)	(5,538)
<b>Net interest income</b>	<b>255,289</b>	<b>11,536</b>
Fee and commission income	161,469	6,091
Fees and commissions paid	(7,489)	(517)
<b>Net fee and commission income</b>	<b>153,980</b>	<b>5,574</b>
Net securities income	353	3,855
Currency gain/(loss)	(68,718)	13,921
Other financing income	2,749	6,679
<b>Operating income</b>	<b>(65,616)</b>	<b>24,455</b>
Provisioning	(156,500)	776
General operating expenses	(504,713)	(81,640)
<b>Operating expenses</b>	<b>(661,213)</b>	<b>(80,864)</b>
Loss on non-monetary position	-	(11,922)
<b>Earnings before tax</b>	<b>(317,560)</b>	<b>(51,221)</b>
Tax	73,621	(54)
<b>Earnings after tax</b>	<b>(243,939)</b>	<b>(51,275)</b>

**Home Credit Slovakia, a.s.**  
Balance Sheet, Abridged as at 31 December 2003 (SKK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>3,004,023</b>	<b>2,557,901</b>	<b>1,636,102</b>
<b>A. Receivables for subscribed capital</b>	–	–	–
<b>B. Fixed assets</b>	<b>123,755</b>	<b>16,079</b>	<b>20,518</b>
B.I. Intangible fixed assets	1,391	2,147	2,397
B.II. Tangible fixed assets	10,044	12,932	17,121
B.III. Long-term investments	112,320	1,000	1,000
B.III.1. Investments in group undertakings	1,000	1,000	1,000
<b>C. Current assets</b>	<b>2,701,113</b>	<b>2,441,256</b>	<b>1,572,572</b>
C.I. Inventories	12,490	87	200
C.II. Long-term receivables	1,109,676	1,384,880	662,825
C.III. Short-term receivables	1,519,253	888,228	663,341
C.IV. Short-term financial assets	59,694	168,061	246,206
<b>D. Accruals and deferrals</b>	<b>179,155</b>	<b>100,566</b>	<b>43,012</b>

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,004,023</b>	<b>2,557,901</b>	<b>1,636,102</b>
<b>A. Equity</b>	<b>(5,075)</b>	<b>3,007</b>	<b>(29,407)</b>
A.I. Basic share capital	60,000	60,000	16,000
A.II. Capital contributions	(5,318)	–	–
A.III. Reserve funds, undistributable reserves and other funds created from profit	1,494	1,494	–
A.IV. Retained earnings	(61,459)	(46,901)	(52,878)
A.V. Profit/(loss) for the current period	208	(11,586)	7,471
<b>B. Liabilities</b>	<b>3,007,044</b>	<b>2,537,193</b>	<b>1,657,205</b>
B.I. Provisions	28,728	11,800	–
B.II. Long-term liabilities	52,540	1,418,355	1,362,702
B.III. Short-term liabilities	231,982	307,946	114,261
B.IV. Bank loans and overdrafts	2,693,794	799,092	180,242
<b>C. Accruals and deferrals</b>	<b>2,054</b>	<b>17,701</b>	<b>8,304</b>

**Home Credit Slovakia, a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (SKK '000)

		2003	2002	2001
I.+II.	Operating revenues	759,567	536,901	338,171
A.+B.	Cost of goods sold and cost of materials, energy and services	296,721	185,537	113,223
+	<b>Gross margin</b>	<b>462,846</b>	<b>351,364</b>	<b>224,948</b>
C.	Staff costs	64,837	50,778	39,594
E.	Depreciation of tangibles, amortization of intangibles	12,397	13,532	12,528
IV.+V.	Settlement of provisions, adjustments, and accrued/deferred operating income	107,099	53,822	9,065
G.+H.	Creation of provisions, adjustments, and accrued/deferred operating expenses	142,013	107,099	53,822
III.+VI.+VII.	Other operating income	202,765	27,439	1,578
D.+F.+I.+J.	Other operating expenses	355,745	64,406	1,772
*	<b>Operating profit/(loss)</b>	<b>197,718</b>	<b>196,810</b>	<b>127,875</b>
XI.	Income from restatement of equity securities and settlement of provisions to financing income	2,746	-	36,727
M.	Expenses associated with financial assets and restatement of equity securities	92,825	-	-
VIII.+IX.+X. +XII+XIII. +XIV.+XV.	Other financing income	68,317	141,837	8,811
K.+N.+O.+P.	Other financing expenses	196,306	337,883	157,729
*	<b>Financing profit/(loss)</b>	<b>(218,068)</b>	<b>(196,046)</b>	<b>(112,191)</b>
T.	Corporate income tax	(21,955)	11,130	8,248
**	<b>Profit/(loss) on ordinary activity</b>	<b>1,605</b>	<b>(10,366)</b>	<b>7,436</b>
XVIII.	Extraordinary income	969	519	330
U.+V.	Extraordinary expenses	2,366	1,739	295
*	<b>Extraordinary profit/(loss)</b>	<b>(1,397)</b>	<b>(1,220)</b>	<b>35</b>
***	<b>Profit/(loss) for the current period</b>	<b>208</b>	<b>(11,586)</b>	<b>7,471</b>

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>11,923,940</b>	<b>19,826,014</b>	<b>8,124,462</b>
1. Cash in hand, balances with central banks	805,581	540,298	410,223
2. State couponless bills and other securities eligible for refinancing with the central bank	2,731,038	488,103	1,821,641
3. Receivables from banks and credit unions	3,911,795	15,343,613	3,715,337
4. Receivables from clients, credit union members	3,138,467	926,157	754,073
5. Debt securities	52,603	1,750,692	294,374
6. Shares, units and other investments	7,094	6,331	7,590
7. Interests in associated undertakings	-	-	-
8. Interests in group undertakings	-	-	-
9. Intangible fixed assets	208,359	167,134	160,341
10. Tangible fixed assets	376,408	271,005	310,853
11. Other assets	565,143	310,564	247,820
12. Capital subscriptions receivable	-	-	364,046
13. Prepayments and accrued income	127,452	22,117	38,164

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,923,940</b>	<b>19,826,014</b>	<b>8,124,462</b>
1. Payables in respect of banks, credit unions	20,434	1,257,879	285,389
2. Payables in respect of clients, credit union members	9,562,158	17,439,022	6,230,978
3. Liabilities relating to debt securities	1,002,004	-	330,040
4. Other liabilities	284,242	128,429	75,394
5. Deferred income and accrued expenses	17,450	9,847	15,867
6. Provisions	3,400	23,616	27,808
7. Subordinated debt	200,555	-	-
8. Basic share capital	1,042,302	1,042,302	1,042,302
9. Share issue premium	-	110,258	110,258
10. Capital reserves and other funds created from profit	-	-	-
11. Revaluation reserve	-	-	-
12. Capital funds	-	-	-
13. Revaluation surplus/deficit	-	-	-
14. Profit/(loss) carried forward	(75,081)	6,426	-
15. Profit/(loss) of the accounting period	(133,524)	(191,765)	6,426

**eBanka, a.s.****Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)**

		2003	2002	2001
1.	Interest and similar income	339,996	492,136	460,620
2.	Interest and similar expenses	(137,398)	(319,502)	(310,217)
3.	Income from shares and equity interests	-	-	-
4.	Fee and commission income	592,783	406,216	225,352
5.	Fee and commission expenses	(103,130)	(109,402)	(66,358)
6.	Net gain/(loss) from financing operations	89,889	36,067	30,350
7.	Other operating income	86,792	44,501	149,635
8.	Other operating expenses	(27,245)	(17,568)	(16,644)
9.	Administrative expenses	(776,515)	(610,113)	(541,336)
10.	Release of provisions and adjustments to tangible and intangible assets	-	-	-
11.	Depreciation, amortization, net change in provisioning and adjustments to tangible and intangible assets	(146,079)	(139,378)	(95 904)
12.	Release of adjustments and provisions to receivables and guarantees, income from receivables previously written off	33,543	7,544	503,089
13.	Write-offs, net change in adjustments and provisioning to receivables and guarantees	(78,110)	(36,402)	(464,144)
14.	Release of adjustments to interests in group and associated undertakings	-	-	-
15.	Loss on transfer of interests in group and associated undertakings, net change in adjustments to interests in group and associated undertakings	-	-	-
16.	Release of other provisions	-	-	550
17.	Net change in other provisioning	11,322	(4,165)	(10,557)
18.	Share in profits/(losses) of group and associated undertakings	-	-	-
19.	Profit/(loss) for the accounting period from ordinary activities, before tax	(114,152)	(250,066)	(135,564)
20.	Extraordinary income	-	1,415	-
21.	Extraordinary expenses	-	(1,415)	-
22.	Profit/(loss) for the accounting period from extraordinary activities, before tax	-	-	-
23.	Income tax	(19,372)	58,301	141,990
24.	Profit/(loss) for the accounting period, after tax	(133,524)	(191,765)	6,426

**Penzijní fond České pojišťovny, a.s.**  
Balance Sheet as of 31 December 2003 (CZK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>11,094,736</b>	<b>7,600,108</b>	<b>5,746,557</b>
1. Cash in hand, balances with central banks	18	143	95
2. State couponless bills and other securities eligible for refinancing with the central bank	-	-	-
3. Receivables from banks and credit unions	781,862	258,601	525,696
4. Receivables from non-bank entities	-	-	-
5. Debt securities	9,557,342	6,900,080	4,469,819
6. Shares, units and other investments	309,872	116,164	463,441
7. Interests in associated undertakings	-	-	-
8. Interests in group undertakings	-	-	-
9. Intangible fixed assets	5,284	1,473	3,518
10. Tangible fixed assets	20,690	10,813	13,918
11. Other assets	211,920	153,892	131,587
12. Capital subscriptions receivable	-	-	-
13. Prepayments and accrued income	207,748	158,942	138,483

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,094,736</b>	<b>7,600,108</b>	<b>5,746,557</b>
1. Payables in respect of banks, credit unions	-	-	-
2. Payables in respect of clients, credit union members	-	-	-
3. Liabilities relating to debt securities	-	-	-
4. Other liabilities	10,415,469	6,958,913	5,406,400
5. Deferred income and accrued expenses	3,694	4	5
6. Provisions	592	390	-
7. Subordinated debt	-	-	-
8. Basic share capital	210,000	210,000	110,000
9. Share issue premium	50,000	50,000	-
10. Capital reserves and other funds created from profit	75,065	53,944	27,101
11. Revaluation reserve	-	-	-
12. Capital funds	80,057	25,713	25,713
13. Revaluation surplus/deficit	(47,832)	92,015	(28,428)
14. Profit/(loss) carried forward	12,927	8,172	26,172
15. Profit/(loss) of the accounting period	294,764	200,957	179,594

**Penzijní fond České pojišťovny, a.s.**

Profit and Loss Account as of 31 December 2003 (CZK '000)

		2003	2002	2001
1.	Interest and similar income	366,628	304,229	283,990
2.	Interest and similar expenses	–	29	209
3.	Income from shares and equity interests	13,526	1,140	42,084
4.	Fee and commission income	572	539	524
5.	Fee and commission expenses	92,262	89,013	86,011
6.	Net gain/(loss) from financing operations	137,132	106,608	32,509
7.	Other operating income	4,402	3,800	364
8.	Other operating expenses	5,214	1,099	243
9.	Administrative expenses	118,568	90,773	79,873
10.	Release of provisions and adjustments to tangible and intangible assets	–	416	–
11.	Depreciation, amortization, net change in provisioning and adjustments to tangible and intangible assets	10,793	11,784	14,405
12.	Release of adjustments and provisions to receivables and guarantees, income from receivables previously written off	7	26,992	3,301
13.	Write-offs, net change in adjustments and provisioning to receivables and guarantees	–	26,992	3,292
14.	Release of adjustments to interests in group and associated undertakings	–	–	–
15.	Loss on transfer of interests in group and associated undertakings, net change in adjustments to interests in group and associated undertakings	–	–	–
16.	Release of other provisions	–	–	–
17.	Net change in other provisioning	666	390	–
18.	Share in profits/(losses) of group and associated undertakings	–	–	–
19.	<b>Profit/(loss) for the accounting period from ordinary activities, before tax</b>	<b>294,764</b>	<b>223,644</b>	<b>178,739</b>
20.	Extraordinary income	–	398	1,038
21.	Extraordinary expenses	–	23,085	183
22.	<b>Profit/(loss) for the accounting period from extraordinary activities, before tax</b>	<b>–</b>	<b>(22,687)</b>	<b>855</b>
23.	<b>Profit/(loss) for the accounting period, after tax</b>	<b>294,764</b>	<b>200,957</b>	<b>179,594</b>

**ČP INVEST investiční společnost, a.s.**  
 Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>187,545</b>	<b>177,976</b>	<b>175,046</b>
1. Cash in hand, balances with central banks	35	105	69
2. Receivables from banks and credit unions	24,868	16,295	17,293
a) due on demand	1,867	1,062	364
b) other	23,001	15,233	16,929
3. Debt securities	138,803	140,111	80,631
of which: a) issued by government institutions	-	-	49,929
b) other	138,803	140,111	30,702
4. Shares, units and other investments	2,859	3,041	19,013
5. Interests in group undertakings	1,120	1,300	1,300
6. Intangible fixed assets	2,638	2,491	2,120
7. Tangible fixed assets	4,714	6,855	47,931
8. Other assets	11,545	7,490	6,030
9. Prepayments and accrued income	963	288	659
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>187,545</b>	<b>177,976</b>	<b>175,046</b>
1. Other liabilities	7,149	5,703	15,583
2. Deferred income and accrued expenses	145	5	525
3. Provisions	3,208	2,000	-
4. Basic share capital	91,000	91,000	91,000
5. Capital reserves and other funds created from profit	34,124	34,145	34,489
6. Capital funds	10,006	10,006	10,006
7. Profit/(loss) carried forward	35,117	23,443	40,295
8. Profit/(loss) of the accounting period	6,796	11,674	(16,852)

**ČP INVEST investiční společnost, a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
1.	Interest and similar income	7,174	5,700	5,968
	of which, e.g.: interest on debt securities	6,773	3,434	2,708
2.	Interest and similar expenses	(29)	(59)	(16)
3.	Fee and commission expenses	(525)	(1,857)	(3,622)
4.	Net gain/(loss) from financing operations	(293)	21,932	(30,596)
5.	Other operating income	55,778	93,649	26,450
6.	Other operating expenses	(31,188)	(131,615)	(36,814)
7.	Administrative expenses	(19,389)	(22,226)	(13,310)
8.	Release of provisions and adjustments to tangible and intangible assets	–	45,614	–
9.	Depreciation, amortization, net change in provisioning and adjustments to tangible and intangible assets	(3,386)	(3,145)	(11,041)
10.	Release of adjustments and provisions to receivables and guarantees, income from receivables previously written off	–	321	–
11.	Write-offs, net change in adjustments and provisioning to receivables and guarantees	–	(427)	–
12.	Release of adjustments to interests in group and associated undertakings	42	–	–
13.	Loss on transfer of interests in group and associated undertakings, net change in adjustments to interests in group and associated undertakings	(180)	–	–
14.	Release of other provisions	–	–	–
15.	Net change in other provisioning	(1,208)	(2,000)	–
16.	Share in profits/(losses) of group and associated undertakings	–	–	–
17.	<b>Profit/(loss) for the accounting period from ordinary activities, before tax</b>	<b>6,796</b>	<b>5,887</b>	<b>(15,708)</b>
18.	Extraordinary income	–	–	180
19.	Extraordinary expenses	–	–	–
20.	<b>Profit/(loss) for the accounting period from extraordinary activities, before tax</b>	<b>–</b>	<b>–</b>	<b>180</b>
21.	Tax	–	(5,787)	1,324
22.	<b>Profit/(loss) for the accounting period, after tax</b>	<b>6,796</b>	<b>11,674</b>	<b>(16,852)</b>

**ČP Leasing, a.s.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>9,006,660</b>	<b>7,954,194</b>	<b>6,726,289</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	–	100,000
<b>B.</b>	<b>Fixed assets</b>	<b>8,252,652</b>	<b>7,364,408</b>	<b>6,000,166</b>
B.I.	Intangible fixed assets	19,753	17,451	12,568
B.II.	Tangible fixed assets	8,204,010	7,322,473	5,980,991
B.III.	Long-term investments	28,889	24,484	6,607
B.III.1.	Investments in group undertakings	4,350	2,000	1,000
<b>C.</b>	<b>Current assets</b>	<b>557,139</b>	<b>406,140</b>	<b>411,238</b>
C.I.	Inventories	–	–	–
C.II.	Long-term receivables	–	–	–
C.III.	Short-term receivables	469,288	330,902	369,735
C.IV.	Short-term financial assets	87,851	75,238	61,307
D.I.	Accruals and deferrals	196,869	183,646	195,081

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,006,660</b>	<b>7,954,194</b>	<b>6,726,289</b>
<b>A.</b>	<b>Equity</b>	<b>322,809</b>	<b>208,645</b>	<b>165,612</b>
A.I.	Basic share capital	300,000	300,000	200,000
A.II.	Capital contributions	2,479	1,000	100,000
A.III.	Reserve funds, undistributable reserves and other funds created from profit	2,720	619	–
A.IV.	Retained earnings	(95,076)	(135,007)	(137,481)
<b>A.V.</b>	<b>Profit/(loss) for the current period</b>	<b>112,686</b>	<b>42,033</b>	<b>3,093</b>
<b>B.</b>	<b>Liabilities</b>	<b>7,392,081</b>	<b>6,636,738</b>	<b>5,780,755</b>
B.I.	Provisions	60,438	1,593	3,303
B.II.	Long-term liabilities	3,405,288	3,006,230	3,060,741
B.III.	Short-term liabilities	2,393,874	2,137,374	1,836,957
B.IV.	Bank loans and overdrafts	1,532,481	1,491,541	885,904
C.I.	Accruals and deferrals	1,291,770	1,108,811	775,780

**ČP Leasing, a.s.**
**Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)**

		2003	2002	2001
I.+II.	Operating revenues	5,067,730	3,900,891,	2,616,886
A.+B.	Cost of goods sold and cost of materials, energy and services	468,645	237,173	164,661
<b>+</b>	<b>Gross margin</b>	<b>4,599,085</b>	<b>3,663,718</b>	<b>2,452,225</b>
C.	Staff costs	78,903	65,891	60,483
E.	Depreciation of tangibles, amortization of intangibles	3,647,428	2,809,014	1,824,734
G.	Change in balance of operating provisions and comprehensive prepaid expenses	114,933	28,121	229,683
III.+IV.+V.	Other operating income	636,878	473,786	317,563
D.+F.+H.+I.	Other operating expenses	524,210	485,086	289,963
<b>*</b>	<b>Operating profit/(loss)</b>	<b>870,489</b>	<b>749,392</b>	<b>464,825</b>
M.	Change in balance of financing provisions	–	–	–
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	30,378	24,319	36,890
J.+K.+L. +N.+O.+P.	Other financing expenses	735,749	706,773	508,654
<b>*</b>	<b>Financing profit/(loss)</b>	<b>(705,371)</b>	<b>(682,454)</b>	<b>(471,828)</b>
Q.	Corporate income tax	52,432	24,893	24,477
<b>**</b>	<b>Profit/(loss) on ordinary activity</b>	<b>112,686</b>	<b>42,045</b>	<b>(31,380)</b>
XIII.	Extraordinary income	–	13	69,688
R.+S.	Extraordinary expenses	–	25	35,215
<b>*</b>	<b>Extraordinary profit/(loss)</b>	<b>–</b>	<b>(12)</b>	<b>34,473</b>
<b>***</b>	<b>Profit/(loss) for the current period</b>	<b>112,686</b>	<b>42,033</b>	<b>3,093</b>

Remark: The data above as at 31 December 2003 are audited, but they are not data for the entire accounting period, as ?P Leasing, a.s. changed its accounting period from the calendar year to the year beginning on 1 April and ending 31 March.

**AB - CREDIT a. s.**

Balance Sheet, Abridged as at 30 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>1,275,819</b>	<b>226,025</b>	<b>3,365</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	–	–
<b>B.</b>	<b>Fixed assets</b>	<b>4,091</b>	<b>92</b>	<b>178</b>
B.I.	Intangible fixed assets	1,216	–	–
B.II.	Tangible fixed assets	875	92	178
B.III.	Long-term investments	2,000	–	–
B.III.1.	Investments in group undertakings	2,000	–	–
<b>C.</b>	<b>Current assets</b>	<b>1,268,437</b>	<b>225,888</b>	<b>3,149</b>
C.I.	Inventories	–	–	–
C.II.	Long-term receivables	5,611	–	–
C.III.	Short-term receivables	1,023,730	214,825	192
C.IV.	Short-term financial assets	239,096	11,063	2,957
D.I.	Accruals and deferrals	3,291	45	38

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,275,819</b>	<b>226,025</b>	<b>3,365</b>
<b>A.</b>	<b>Equity</b>	<b>238,285</b>	<b>47,033</b>	<b>1,878,</b>
A.I.	Basic share capital	1,601,000	1,581,200	1,601,000
A.II.	Capital contributions	(3,818)	–	–
A.III.	Reserve funds, undistributable reserves and other funds created from profit	4,674	1,426	1,427
A.IV.	Retained earnings	(1,538,841)	(1,600,549)	(1,594,658)
A.V.	Profit/(loss) for the current period	175,270	64,956	(5,891)
<b>B.</b>	<b>Liabilities</b>	<b>1,016,261</b>	<b>178,992</b>	<b>1,441</b>
B.I.	Provisions	25,032	–	–
B.II.	Long-term liabilities	647,698	–	–
B.III.	Short-term liabilities	126,667	2,992	1,441
B.IV.	Bank loans and overdrafts	216,864	176,000	–
C.I.	Accruals and deferrals	21,273	–	–

**AB - CREDIT a. s.****Profit and Loss Account, Abridged as at 30 December 2003 (CZK '000)**

		2003	2002	2001
I.+II.	Operating revenues	5,442	120	436
A.+B.	Cost of goods sold and cost of materials, energy and services	20,365	3,300	2,261
+	<b>Gross margin</b>	<b>(14,923)</b>	<b>(3,180)</b>	<b>(1,825)</b>
C.	Staff costs	7,679	2,260	2,856
E.	Depreciation of tangibles, amortization of intangibles	737	55	250
G.	Change in balance of operating provisions and comprehensive prepaid expenses	12,074	–	(245)
III.+IV.+V.	Other operating income	875,506	508	2,585
D.+F.+H.+I.	Other operating expenses	626,077	(73,300)	26,956
*	<b>Operating profit/(loss)</b>	<b>214,016</b>	<b>68,313</b>	<b>(29,057)</b>
M.	Change in balance of financing provisions	–	–	(36,920)
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	27,854	880	2,519
J.+K.+L. +N.+O.+P.	Other financing expenses	47,011	4,237	16,289
*	<b>Financing profit/(loss)</b>	<b>(19,157)</b>	<b>(3,357)</b>	<b>23,150</b>
Q.	Corporate income tax	19,589	–	–
**	<b>Profit/(loss) on ordinary activity</b>	<b>175,270</b>	<b>64,956</b>	<b>(5,907)</b>
XIII.	Extraordinary income	–	–	16
R.+S.	Extraordinary expenses	–	–	–
*	<b>Extraordinary profit/(loss)</b>	<b>–</b>	<b>–</b>	<b>16</b>
***	<b>Profit/(loss) for the current period</b>	<b>175,270</b>	<b>64,956</b>	<b>(5,891)</b>

Remark: Company compiles its financial statements as at 30 December 2003.

**Česká pojišťovna ZDRAVÍ a.s.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

	2003	2002	2001
<b>TOTAL ASSETS</b>	<b>266,066</b>	<b>258,152</b>	<b>255,369</b>
B. Intangible assets	228	347	713
C. Financial placements (investments)	216,175	207,743	209,519
E. Debtors	32,652	31,623	29,899
F. Other assets	11,319	11,507	1,415
G. Temporary asset accounts	5,692	6,932	13,823

	2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>266,066</b>	<b>258,152</b>	<b>255,369</b>
A. Registered capital	104,820	102,071	116,816
C. Technical provisions	136,583	125,548	111,575
E. Provision for other risks and losses	-	-	1,645
G. Creditors	22,572	27,036	25,080
H. Temporary liability accounts	2,091	3,497	253

**Česká pojišťovna ZDRAVÍ a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

	2003	2002	2001
<b>I. Technical account for non-life insurance</b>	-	-	-
1. Earned premiums, net of reinsurance	137,465	142,832	134,851
2. Income from financial placements (investments) transferred from Non-technical account	8,107	8,508	1,360
3. Other technical income, net of reinsurance	13,597	15,497	13,816
4. Claims paid, net of reinsurance	93,289	93,448	101,079
5. Change in balance of other technical provisions, net of reinsurance (+/-)	16,726	14,676	15,469
6. Bonuses and rebates, net of reinsurance	-	-	-
7. Net administrative expenses	29,377	58,963	52,007
8. Other technical expenses, net of reinsurance	15,751	16,148	18,323
9. Change in balance of equalization provision (+/-)	3,771	2,497	1,497
10. Subtotal, balance (result) of Technical account for non-life insurance	255	(18,895)	(40,787)
<b>III. Non-technical account</b>	-	-	-
1. Result of Technical account for non-life insurance	255	(18,895)	(40,787)
2. Result of Technical account for life assurance	-	-	-
3. Income from financial placements (investments)	83,699	267,306	210,353
4. Income from financial placements (investments) transferred from Technical account for life assurance	-	-	-
5. Costs connected with financial placements (investments)	71,014	253,765	206,544
6. Income from financial placements (investments) transferred to Technical account for non-life insurance	8,107	8,508	1,360
7. Other income	732	7,303	2,282
8. Other expenses	2,999	14,909	6,663
9. Income tax on ordinary activity	-	-	-
10. Profit or loss on ordinary activity, after tax	2,566	(21,468)	(42,719)
11. Extraordinary expenses	2,010	3,842	1,854
12. Extraordinary income	2,541	9,559	576
13. Extraordinary profit or loss	531	5,717	(1,278)
14. Income tax on extraordinary activity	-	-	-
15. Other taxes not included in previous items	16	19	20
16. Profit or loss for the accounting period	3,081	(15,770)	(44,017)

**CET 21 spol. s r.o.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>2,939,202</b>	<b>2,797,330</b>	<b>2,812,178</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	–	–
<b>B.</b>	<b>Fixed assets</b>	<b>159,721</b>	<b>179,602</b>	<b>200,837</b>
B.I.	Intangible fixed assets	32,869	42,534	45,674
B.II.	Tangible fixed assets	53,651	61,120	67,465
B.III.	Long-term investments	73,201	75,948	87,698
B.III.1.	Investments in group undertakings	73,201	75,948	87,698
<b>C.</b>	<b>Current assets</b>	<b>1,811,839</b>	<b>1,619,149</b>	<b>1,754,695</b>
C.I.	Inventories	648	3,383	1,370
C.II.	Long-term receivables	538,267	1,986	143
C.III.	Short-term receivables	1,243,731	1,487,492	1,749,682
C.IV.	Short-term financial assets	29,193	126,288	3,500
D.I.	Accruals and deferrals	967,642	998,579	856,646

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,939,202</b>	<b>2,797,330</b>	<b>2,812,178</b>
<b>A.</b>	<b>Equity</b>	<b>(543,996)</b>	<b>925,594</b>	<b>520,924</b>
A.I.	Basic share capital	(117,238)	(117,238)	10,200
A.II.	Capital contributions	(1,077)	(4,918)	–
A.III.	Reserve funds, undistributable reserves and other funds created from profit	2,720	2,620	2,620
A.IV.	Retained earnings	1,045,030	508,104	233,233
A.V.	Profit/(loss) for the current period	(1,473,431)	537,026	274,871
<b>B.</b>	<b>Liabilities</b>	<b>3,373,416</b>	<b>1,768,649</b>	<b>2,266,444</b>
B.I.	Provisions	27,338	53,000	5,608
B.II.	Long-term liabilities	1,887,693	68,671	–
B.III.	Short-term liabilities	1,280,471	1,311,978	1,515,572
B.IV.	Bank loans and overdrafts	177,914	335,000	745,264
C.I.	Accruals and deferrals	109,782	103,087	24,810

**CET 21 spol. s r.o.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
I.+II.	Operating revenues	5,075,176	4,559,210	4,242,935
A.+B.	Cost of goods sold and cost of materials, energy and services	3,975,989	3,556,959	3,570,170
+	<b>Gross margin</b>	<b>1,099,187</b>	<b>1,002,251</b>	<b>672,765</b>
C.	Staff costs	116,706	95,106	87,700
E.	Depreciation of tangibles, amortization of intangibles	19,197	16,773	7,573
G.	Change in balance of operating provisions and comprehensive prepaid expenses	13,908	58,152	(13,372)
III.+IV.+V.	Other operating income	8,916	36,595	2,498
D.+F.+H.+I.	Other operating expenses	2,873,659	125,634	92,042
*	<b>Operating profit/(loss)</b>	<b>(1,915,367)</b>	<b>743,181</b>	<b>501,320</b>
M.	Change in balance of financing provisions	5,589	6,832	(7,274)
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	17,582	129,274	32,478
J.+K.+L. +N.+O.+P.	Other financing expenses	94,369	70,013	121,889
*	<b>Financing profit/(loss)</b>	<b>(82,376)</b>	<b>52,429</b>	<b>(82,137)</b>
Q.	Corporate income tax	(537,634)	278,334	134,166
**	<b>Profit/(loss) on ordinary activity</b>	<b>(1,460,109)</b>	<b>517,276</b>	<b>285,017</b>
XIII.	Extraordinary income	872	20,778	1,156
R.+S.	Extraordinary expenses	14,194	1,028	11,302
*	<b>Extraordinary profit/(loss)</b>	<b>(13,322)</b>	<b>19,750</b>	<b>(10,146)</b>
***	<b>Profit/(loss) for the current period</b>	<b>(1,473,431)</b>	<b>537,026</b>	<b>274,871</b>

**Česká produkční 2000, a.s.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

	2003	1. 1. 2003	2002	2001
<b>TOTAL ASSETS</b>	<b>3,340,702</b>	<b>4,383,513</b>	<b>1,736,439</b>	<b>1,597,567</b>
<b>A. Receivables for subscribed capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>B. Fixed assets</b>	<b>333,896</b>	<b>654,366</b>	<b>455,368</b>	<b>602,658</b>
B.I. Intangible fixed assets	25,454	39,352	39,352	45,542
B.II. Tangible fixed assets	294,820	383,998	304,799	407,116
B.III. Long-term investments	13,622	231,016	111,217	150,000
B.III.1. Investments in group undertakings	1,410	212,316	111,217	150,000
<b>C. Current assets</b>	<b>2,996,774</b>	<b>3,716,269</b>	<b>1,267,851</b>	<b>958,706</b>
C.I. Inventories	45,066	13,391	13,391	16,720
C.II. Long-term receivables	2,723	59,632	456	470
C.III. Short-term receivables	2,938,732	3,639,188	1,251,183	939,587
C.IV. Short-term financial assets	10,253	4,058	2,821	1,929
D.I. Accruals and deferrals	10,032	12,878	13,220	36,203

	2003	1. 1. 2003	2002	2001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,340,702</b>	<b>4,383,513</b>	<b>1,736,439</b>	<b>1,597,567</b>
<b>A. Equity</b>	<b>2,049,934</b>	<b>1,524,438</b>	<b>1,104,230</b>	<b>721,599</b>
A.I. Basic share capital	625,000	625,000	100,000	100,000
A.II. Capital contributions	–	–	–	–
A.III. Reserve funds, undistributable reserves and other funds created from profit	1,098,971	1,098,921	20,200	19,900
A.IV. Retained earnings	(199,533)	(199,483)	601,398	28,770
A.V. Profit/(loss) for the current period	525,496	–	382,632	572,929
<b>B. Liabilities</b>	<b>1,248,697</b>	<b>2,816,312</b>	<b>596,057</b>	<b>860,310</b>
B.I. Provisions	10,690	8,468	8,468	26,959
B.II. Long-term liabilities	50,453	51,645	51,645	62,986
B.III. Short-term liabilities	792,554	978,694	268,439	316,799
B.IV. Bank loans and overdrafts	395,000	1,777,505	267,505	453,566
C.I. Accruals and deferrals	42,071	42,763	36,152	15,658

Remark: Due to the merger of Česká produkční 2000, a.s. and NOVA HOLDING, a.s., effective 1 January 2003 all figures for the period on or after 1 January 2003 are for the merged entity; figures for 2002 and 2001 are for Česká produkční 2000, a.s. only.

**Česká produkční 2000, a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
I.+II.	Operating revenues	2,384,986	1,944,808	2,073,991
A.+B.	Cost of goods sold and cost of materials, energy and services	784,430	670,877	752,831
<b>+</b>	<b>Gross margin</b>	<b>1,600,556</b>	<b>1,273,931</b>	<b>1,321,160</b>
C.	Staff costs	312,239	285,830	283,611
E.	Depreciation of tangibles, amortization of intangibles	153,098	149,636	150,188
G.	Change in balance of operating provisions and comprehensive prepaid expenses	271,941	(15,228)	4,581
III.+IV.+V.	Other operating income	84,682	177,058	341,906
D.+F.+H.+I.	Other operating expenses	158,238	193,572	400,028
<b>*</b>	<b>Operating profit/(loss)</b>	<b>789,722</b>	<b>837,179</b>	<b>824,658</b>
M.	Change in balance of financing provisions	(539,566)	188,910	–
VI.+VII.+VIII. +IX.+X. +XI.+XII.	Other financing income	365,271	43,028	58,357
J.+K.+L. +N.+O.+P.	Other financing expenses	849,485	43,985	81,680
<b>*</b>	<b>Financing profit/(loss)</b>	<b>55,352</b>	<b>(189,867)</b>	<b>(23,323)</b>
Q.	Corporate income tax	319,226	264,080	235,550
<b>**</b>	<b>Profit/(loss) on ordinary activity</b>	<b>525,848</b>	<b>383,232</b>	<b>565,785</b>
XIII.	Extraordinary income	45	764	10,748
R.+S.	Extraordinary expenses	397	1,364	3,604
<b>*</b>	<b>Extraordinary profit/(loss)</b>	<b>(352)</b>	<b>(600)</b>	<b>7,144</b>
<b>***</b>	<b>Profit/(loss) for the current period</b>	<b>525,496</b>	<b>382,632</b>	<b>572,929</b>

**MAG MEDIA 99, a.s.**

Balance Sheet, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
	<b>TOTAL ASSETS</b>	<b>1,588,147</b>	<b>1,320,132</b>	<b>1,829,526</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>	–	–	–
<b>B.</b>	<b>Fixed assets</b>	<b>2,562</b>	<b>3,688</b>	<b>5,689</b>
B.I.	Intangible fixed assets	822	1,431	1,986
B.II.	Tangible fixed assets	1,740	2,257	3,703
B.III.	Long-term investments	–	–	–
B.III.1.	Investments in group undertakings	–	–	–
<b>C.</b>	<b>Current assets</b>	<b>1,539,257</b>	<b>1,250,337</b>	<b>1,785,190</b>
C.I.	Inventories	–	–	–
C.II.	Long-term receivables	1,854	2,021	–
C.III.	Short-term receivables	1,531,359	1,204,022	1,703,887
C.IV.	Short-term financial assets	6,044	44,294	81,303
D. I.	Accruals and deferrals	46,328	66,107	38,648

		2003	2002	2001
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,588,147</b>	<b>1,320,132</b>	<b>1,829,526</b>
<b>A.</b>	<b>Equity</b>	<b>(305,104)</b>	<b>(136,913)</b>	<b>115,765</b>
A.I.	Basic share capital	1,000	1,000	1,000
A.II.	Capital contributions	–	–	–
A.III.	Reserve funds, undistributable reserves and other funds created from profit	200	200	200
A.IV.	Retained earnings	(138,113)	87,116	27,866
A.V.	Profit/(loss) for the current period	(168,191)	(225,229)	86,699
<b>B.</b>	<b>Liabilities</b>	<b>1,839,720</b>	<b>1,376,088</b>	<b>1,633,579</b>
B.I.	Provisions	1,667	–	–
B.II.	Long-term liabilities	221,300	14,638	1,946
B.III.	Short-term liabilities	1,616,753	1,361,450	1,631,633
B.IV.	Bank loans and overdrafts	–	–	–
C.I.	Accruals and deferrals	53,531	80,957	80,182

**MAG MEDIA 99, a.s.**

Profit and Loss Account, Abridged as at 31 December 2003 (CZK '000)

		2003	2002	2001
I.+II.	Operating revenues	4,985,194	4,420,596	4,231,792
A.+B.	Cost of goods sold and cost of materials, energy and services	4,849,342	4,350,710	4,155,010
+	<b>Gross margin</b>	<b>135,852</b>	<b>69,886</b>	<b>76,783</b>
C.	Staff costs	29,135	50,548	123,109
E.	Depreciation of tangibles, amortization of intangibles	2,001	2,441	2,795
G.	Change in balance of operating provisions and comprehensive prepaid expenses	40,376	(10,690)	9,597
III.+IV.+V.	Other operating income	3,310,168	1,338,192	95,993
D.+F.+H.+I.	Other operating expenses	3,233,632	1,299,329	11,426
*	<b>Operating profit/(loss)</b>	<b>140,876</b>	<b>66,450</b>	<b>25,850</b>
M.	Change in balance of financing provisions	(304,967)	304,967	-
VI.+VII.+VIII. +IX.+X. + XI.+XII.	Other financing income	468,510	145,600	76,915
J.+K.+L. +N.+O.+P.	Other financing expenses	1,046,301	79,703	4,965
*	<b>Financing profit/(loss)</b>	<b>(272,824)</b>	<b>(239,070)</b>	<b>71,951</b>
Q.	Corporate income tax	36,236	60,239	11,407
**	<b>Profit/(loss) on ordinary activity</b>	<b>(168,184)</b>	<b>(232,859)</b>	<b>86,394</b>
XIII.	Extraordinary income		8,358	310
R.+S.	Extraordinary expenses	7	728	5
*	<b>Extraordinary profit/(loss)</b>	<b>(7)</b>	<b>7,630</b>	<b>305</b>
***	<b>Profit/(loss) for the current period</b>	<b>(168,191)</b>	<b>(225,229)</b>	<b>86,699</b>





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

**PPF a .s.**

Na Pankráci 121, 140 21 Prague 4, Czech Republic

Telephone: (+420) 224 559 011

Fax: (+420) 224 559 222

Internet: [www.ppf.cz](http://www.ppf.cz)

E-mail: [info@ppf.cz](mailto:info@ppf.cz)

Consulting, design and production:

© B.I.G. Prague, Hill & Knowlton Associate, 2004