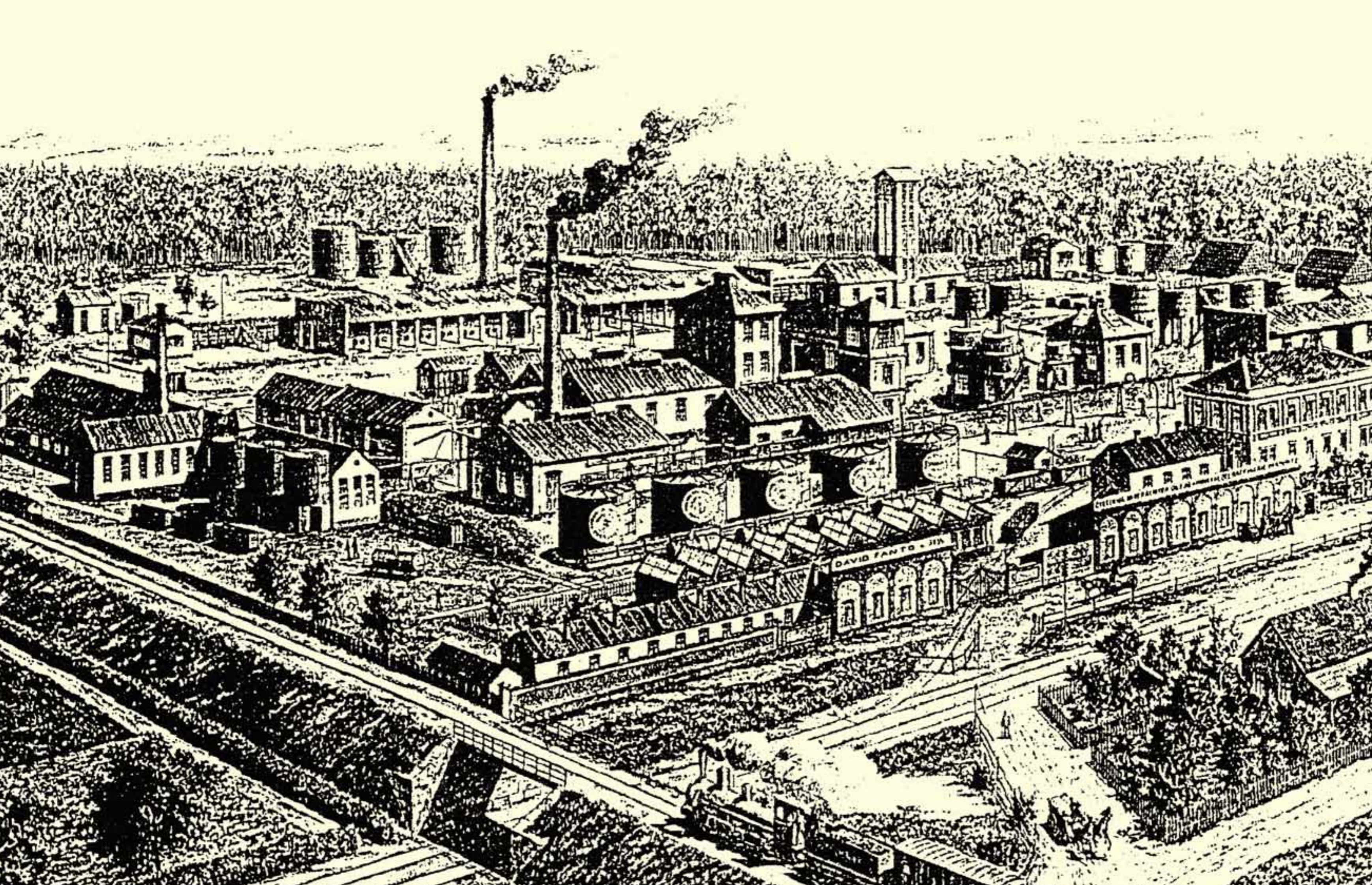


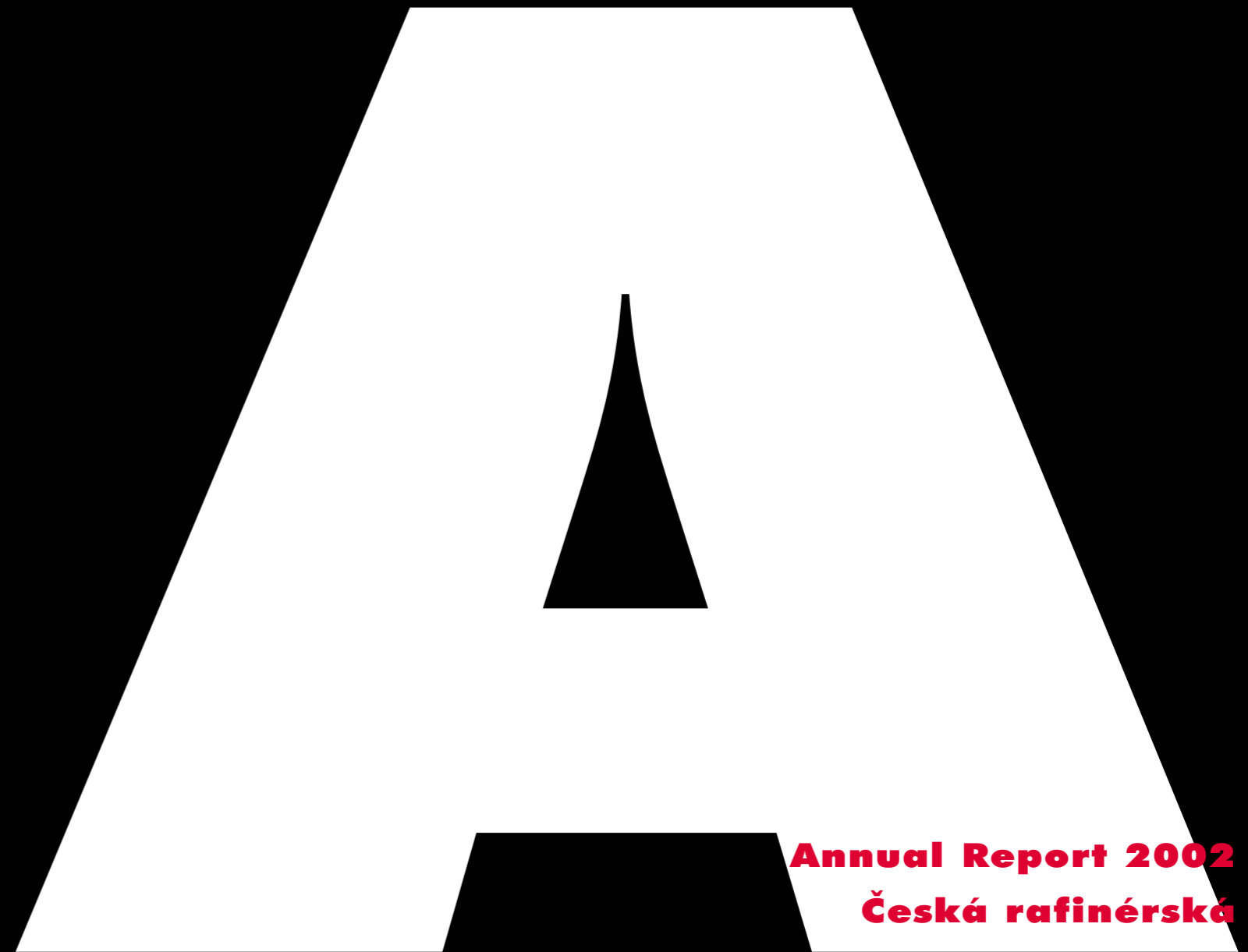
 **Česká
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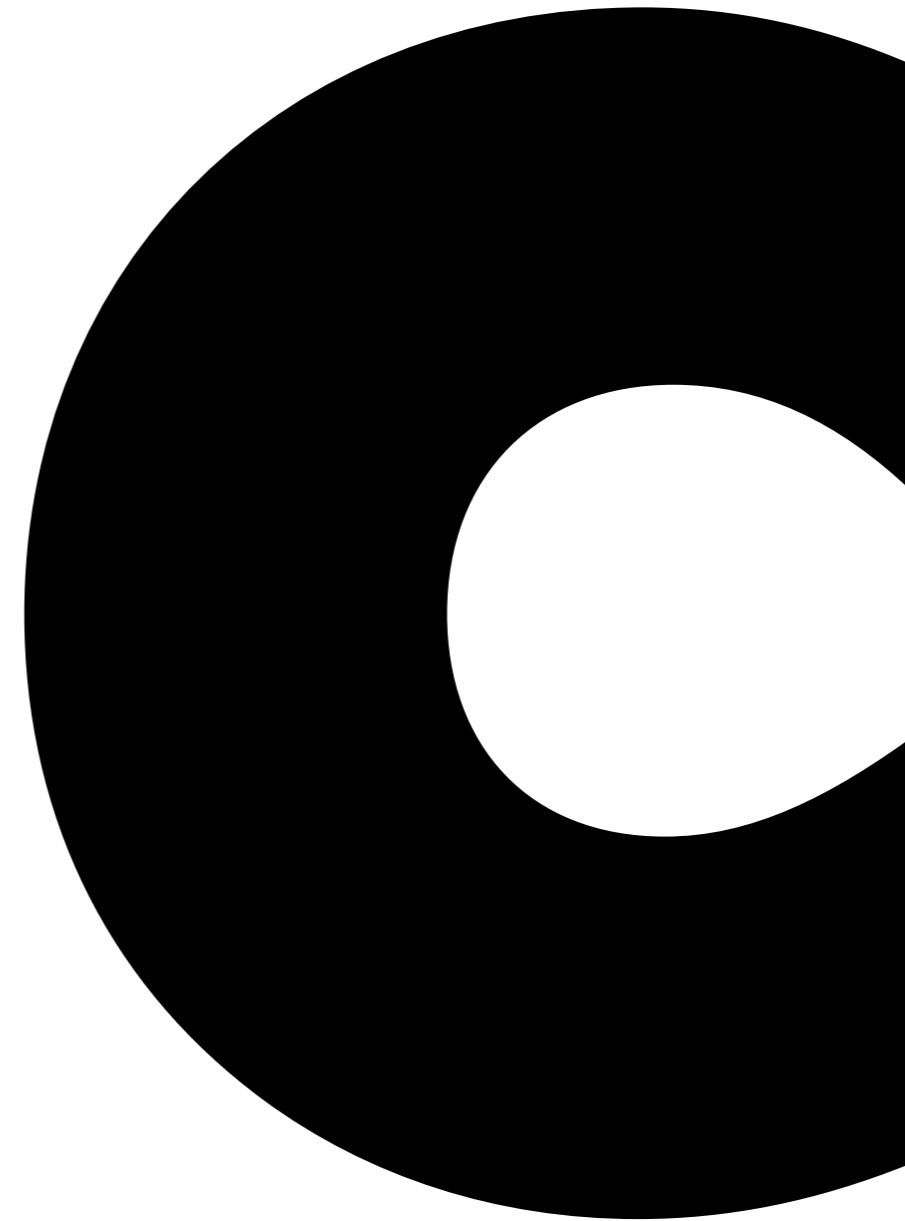
Česká rafinérská

Annual Report





Annual Report 2002
Česká rafinérská



Company Profile

Name: ČESKÁ RAFINÉRSKÁ, a.s.

Registered office: Litvínov, Záluží 2, Postal Code 436 70, Czech Republic

Registered No. (IČO): 62741772

Incorporated in the Companies Register maintained by the Regional Court in Ústí nad Labem, Section B, File 696

Share capital: CZK 9,348,240,000

Securities issued: 934,824 ordinary registered shares; the total amount of the issue is CZK 9,348,240,000.

The Company is a part of a corporate group (holding), the controlling entity of which is UNIPETROL, a.s. having its registered office at Klimentská 10, Praha 1, Reg. No. 61672190, which is a part of a corporate group the controlling entity of which is the National Property Fund of the Czech Republic with its registered office at Rašínovo nábřeží 42, Praha 2, Reg. No. 41692918.

In the year under review, the Company did not acquire any of its own shares or interim certificates, or any shares or interim certificates of its controlling entity.

There are two subsidiaries of Česká rafinérská based in Poland (CRC Polska Sp. z o. o.) and in Slovakia (ČESKÁ RAFINÉRSKÁ SLOVAKIA s.r.o.).

Česká rafinérská is a production and trading company operating in the field of crude oil processing and running refineries in Kralupy nad Vltavou and Litvínov. Its primary products include automotive gasoline, diesel fuel, aircraft fuels, heating oils, asphalts, feedstock for the petrochemical and chemical industries, materials for lubricating oil production, and materials for other industrial use. The Company holds a dominant position in the Czech Republic's market in terms of motor fuels and certain specialist products. It exports a portion of its output, some of it to EU countries. The Company purchases the results of R & D, know-how and expertise from external entities, primarily under a technical assistance agreement with Shell Global Solution International.

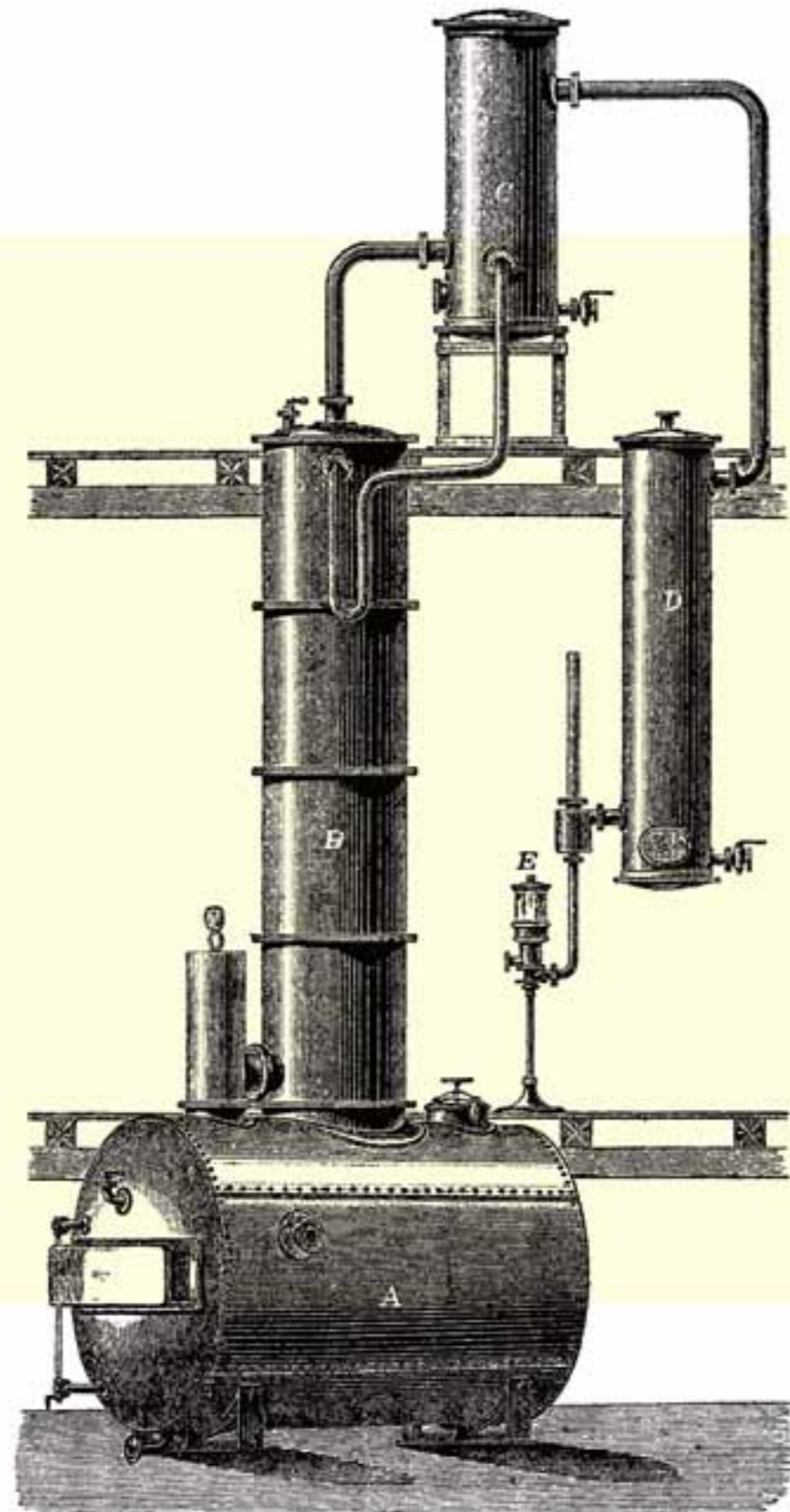
In the past period, Česká rafinérská produced the largest volume of motor fuels in the last three years and supplied them to the Czech market and for export. After the FCC units were put in operation, the product portfolio was enlarged by the addition of polymer-grade polypropylene. With its turnover of CZK 40.7 billion, the Company reported a net loss of CZK 736 million. The Company exhibited a continuously stable financial situation in the past year.

Financial results and assets (CZK billion)	2002
Turnover	40,7
Profit after tax	-0,736
Total assets	27,834
Equity	16,303
Liabilities	0,011

Based on a decision of the shareholders, the first half of 2003 seeing the preparatory work for transforming the Company into a cost centre – a processing refinery. After the transformation, Česká rafinérská will be operated so that the commercial and financial activities will become the responsibility of the owners – processors, and the Company will focus on its core business – producing oil products of top class parameters for both domestic and export markets as cost-effectively as possible.

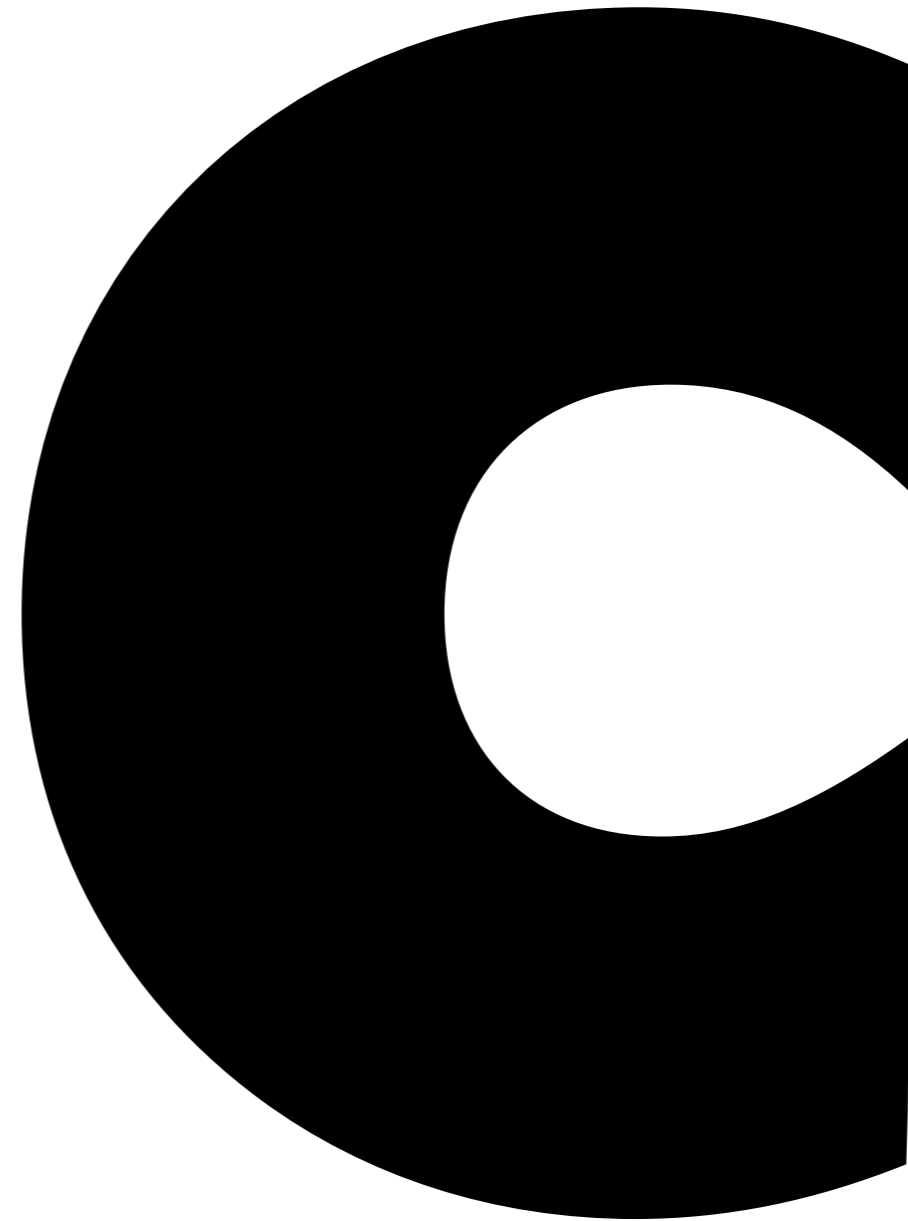
The 2002 Highlights

- July - The shareholders of Česká rafinérská decided at a General Meeting to transform the company into a cost-centre refinery
- August - Due to floods, the Kralupy refinery stopped operating for safety reasons for ten days
- August - Česká rafinérská's employees and contractors achieved a record-breaking 6 million hours worked without a registered injury
- October - Česká rafinérská defended its Responsible Care award for two more years
- December - Completion of the main part of the capital investment project, Centralisation of the Control Rooms in the Litvínov Refinery



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CEO's Foreword



Ivan Ottis
Chairman of the Board of Directors and Chief Executive Officer

Dear Shareholders and Friends,

I am pleased to present the Annual Report for 2002, which is slightly different from those you may have received in previous years.

The artistic concept of the report is meant to commemorate the fact that Česká rafinérská builds on a more than century-old tradition of motor fuel production within the territory of the Czech Republic, a tradition marked with both successful and less successful periods – varying with external circumstances and the refineries' ability to respond to them.

For Česká rafinérská, 2002 marked one of the toughest periods. Factors such as stagnant and relatively low refinery margins, the extraordinary strengthening of the Czech crown, and increasing pressure from rival refineries seeking to combat oversaturation on their own markets failed to create a favorable business environment.

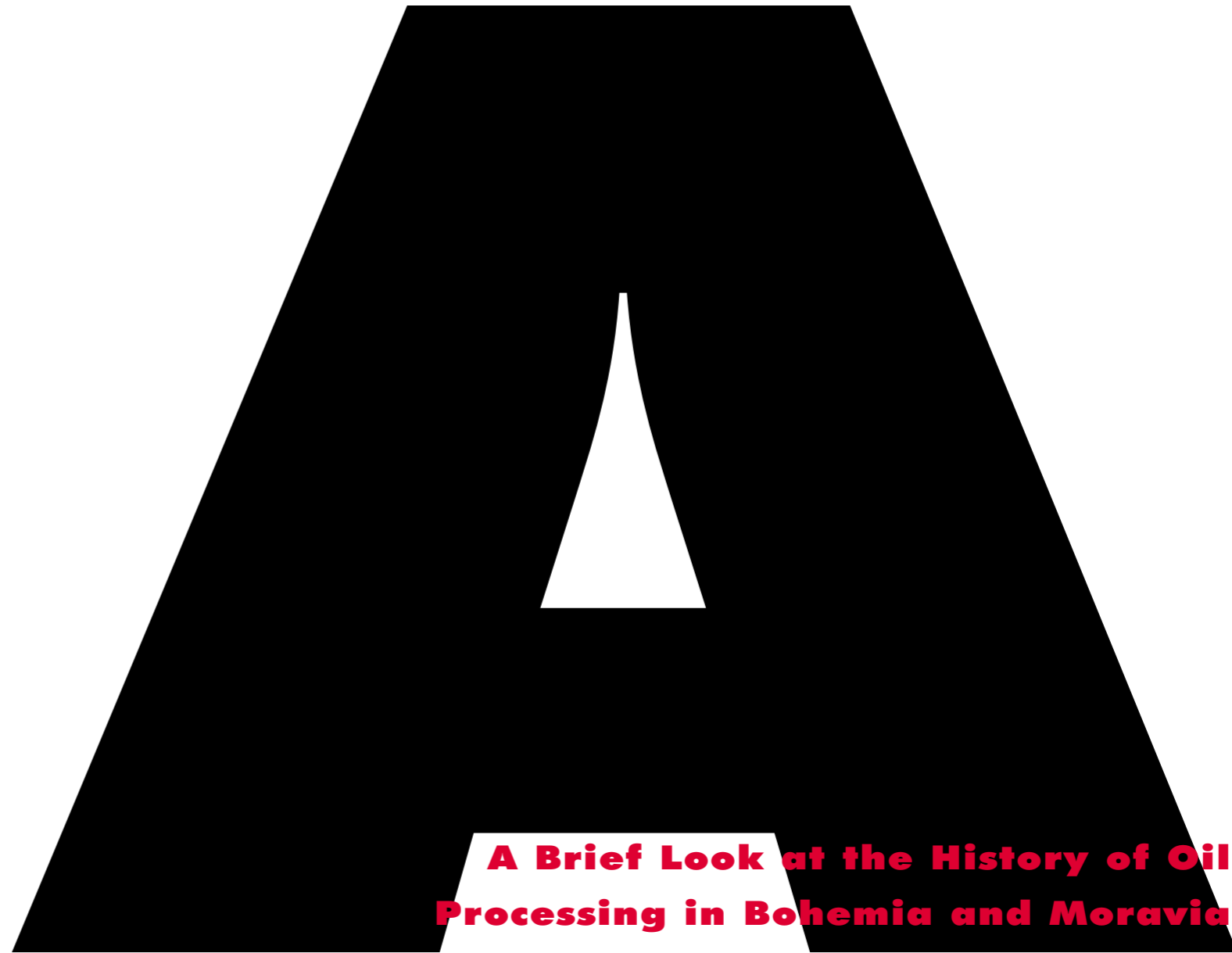
The Company responded to these adverse factors by increasing its share on the domestic market, by expanding exports, by introducing cost-saving schemes, with programs boosting crude processing efficiency, and through sustained stabilization of its financial standing.

Despite these efforts, 2002 ended up in a loss for Česká rafinérská.

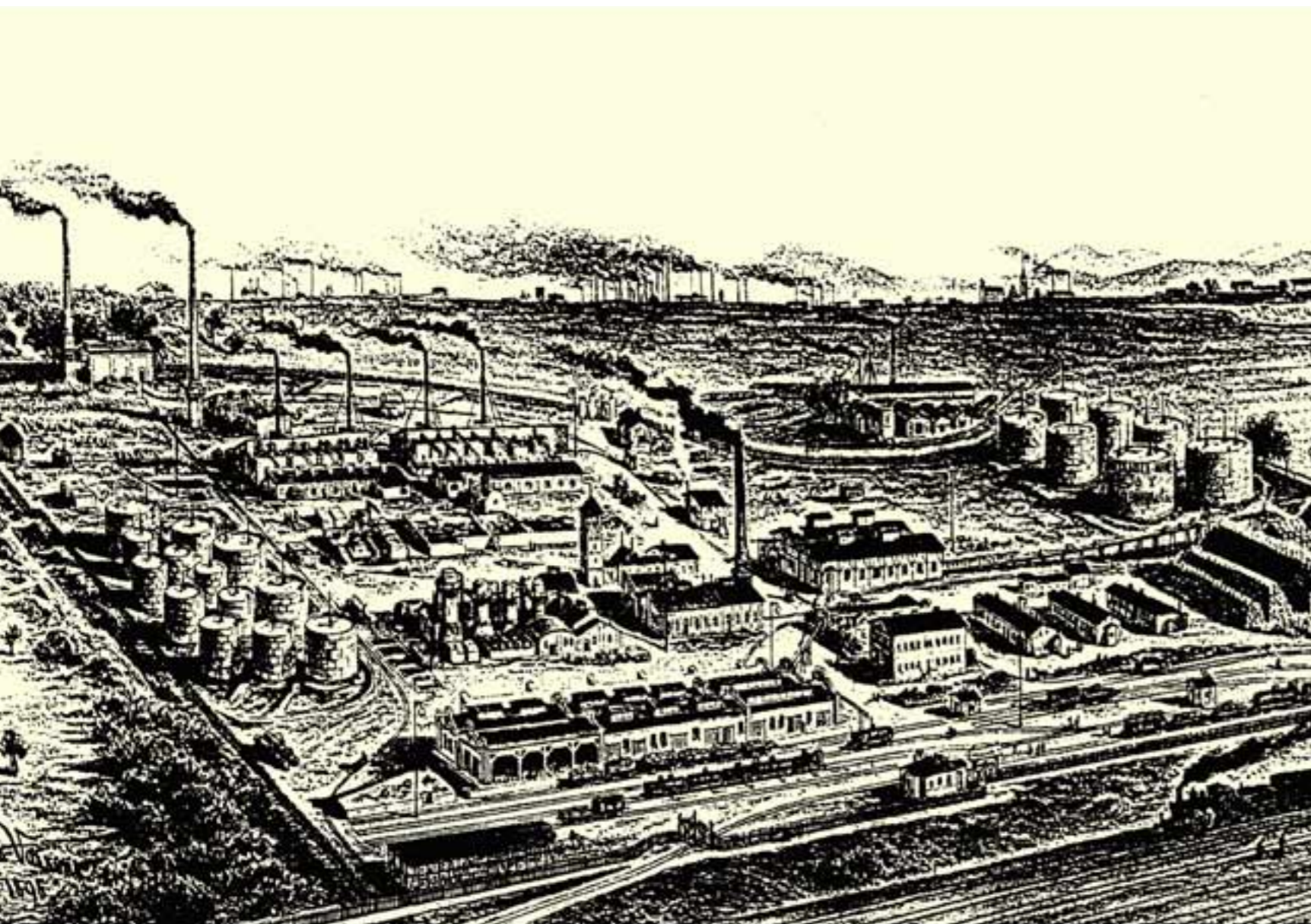
On the other hand, activities placing Česká rafinérská irreversibly among the top companies of its kind in this part of Europe – in technology and equipment; enhancement of professional know-how, skills, and motivation of its staff; in work safety results; in terms of environmental friendliness and of behavior towards one's neighborhood – proceeded successfully.

These accomplishments represent a pledge for the immediate future, with Česká rafinérská ready to appear in its novel role.

Ivan Ottis
Chairman and CEO



**A Brief Look at the History of Oil
Processing in Bohemia and Moravia**



Historically, the territory of today's Czech Republic has been connected with a high concentration of trades and industry. The traditional industries include oil processing.

Our brief look at the history of oil processing in our country proves that this industry, too, developed in the pan-European development context. From the late 19th century, but mainly throughout the 20th century, refineries were built and perfected to provide the required range of oil products to suit the transport, energy, chemical and other industries.

The development of refineries in Bohemia and Moravia also clearly shows a trend towards the concentration and specialisation of the production of individual oil products into several facilities, whose primary marketplace was the domestic market. Close contact with the 'world' and the necessity to export a part of the production was the driving force behind the technological progress and upgrading to the period's top standards.

Česká rafinérská draws on a tradition that has run for over a hundred years, and we want to take a brief look into this tradition.

First refineries in Bohemia and Moravia

The beginnings of industrial oil processing in our country date back to the end of the 19th century. Initially, the primary product was lighting kerosene and by-products were lubricating oils and paraffin for the production of candles; petrol was a waste product. The first factory to start production in Bohemia was the Továrna na rafinování petroleje (Kerosene Refining Factory) in 1887 in Zábouř near Týnec nad Labem, which burned to the ground shortly thereafter and ceased to exist in 1898. In Moravia, the Bohumínská rafinérie a.s. (Bohumín Refinery) was founded in the same year. Following its integration in 1922, the company was taken over by Fantovy závody (Fanta Works) in Pardubice, and its operation was discontinued for competition reasons in 1930. In the Ostrava region, there was also Přívozské závody na čištění olejů (Přívoz Oil Purification Facility) founded in 1888; Holandsche Maatschapij Amsterdam held an interest in this company. Only the 1997 floods put an end to this refinery's operation, and the company bore the name OSTRAMO at that time. Fantovy závody was founded in 1889 in Pardubice and the company was an important oil refinery before and after the World War I. The company has continued operating under the name PARAMO in the suburb of Pardubice since the latter half of the 20th century. Rafinérie minerálních olejů v Šumperku (Mineral Oil Refinery in Šumperk), formed in the mid-1890s, was acquired by Apollo-Nafta of Bratislava in 1928 and its operation stopped in the mid-1930s. The limited partnership, Kralupská rafinérie minerálních olejů Lederer a spol. (Kralupy Refinery of Mineral Oils Lederer and Co.), was formed in 1900.

The yellow-coloured petrol stations owned by the Kralupy kerosene company and bearing the Kralupol logo were spread all over the country after WWI. Advancements in oil processing grew with the increasing danger of war. As this refinery was the smallest in the entire Protectorate, production there was stopped completely in 1943. The refinery and the town were grievously damaged by the allies' air raid in May 1945. During the 1950s, the refinery was used for the recuperation of used motor oils. The crude oil refinery was never restored in its original location. The Kolínská rafinérie petroleje (Kolín Oil Refinery) founded in 1901, also numbers among the important refineries. It was leased to Vacuum Oil Company of USA in 1925 and sold to the same company in 1929. Extensive investments that the owner made in the facility and a sales network built based on American experience brought the company a continued growth and significant profits. Under the name KORAMO, the company gradually specialised in the production of high-quality lubricating oils of the Mogul brand and other lubricants. The oil refineries in the territory of the Austro-Hungarian Empire set up cartels several times after 1893; however, the bonds did not last. Out of seven refineries that had processed 365 kt of oil before WWI (their available capacity was approximately 380 kt after the war), Fantovy závody Pardubice accounted for roughly 40% while the remaining six companies processed approx. 10% each (Bohumínská rafinérie, Apollo Bratislava, Ostrava-Přívoz, Lederer Kralupy nad Vltavou, Šumperk and Kolín). A cartel also existed later during the first Czechoslovak Republic era. In the Austro-Hungarian Empire, to which Bohemia and Moravia belonged before 1918, oil was mined primarily in Galicia (south-eastern Poland and part of Ukraine from Krakow to Lvov). At that time, our refineries processed primarily the Galician crude. Later, in addition to limited supplies of Romanian and American oil, oil from the Baku area in the Caucasus took on an important role. Crude oil mining within the territory of the newly formed Czechoslovak Republic – in western Slovakia (Gbely) and later in southern Moravia (Hodonín) – never exceeded 30 kt per year before 1938 and used barely 10% of the domestic refineries' capacity. Therefore, the principal portion of crude oil was initially imported from Russia, America and the then Persia (Iran), later almost exclusively from Romania. During WWII, the material changed substantially. In addition to the aforementioned domestic and Romanian crude oils, the refineries also processed high-quality Austrian oils mined in the Marchfeld area (Matzen and Zistersdorf). As domestic crude oil mining was relatively small (30 to 50 kt per year), crude oil consumption was covered by imports prior to WWII (150 to 200 kt per year). As a point of interest, we can add that the annual consumption of crude oil was approximately 10 kt in 1920, 120 kt in 1930 and 330 kt in 1938.





Litvinov Refinery In addition to the century of refining crude oil, the territory of the Czech Republic has also seen the widespread use of hydrogenation processing of another fossil material – coal – into liquid fuels. German technicians built a hydrogenation facility in Záluží in the Most lignite basin for the annual production of 660 kt of synthetic fuels – aircraft kerosene and diesel fuel – from the lignite mined in local quarries. They did so with surprising speed shortly after the Sudetenland (the Czech borderland) was occupied. Synthetic fuel production in Záluží hit its peak in 1944, when a system of hydrogenation chambers produced 400 kt of petrol from 3,694 kt of coal, using 350 bar of pressure in the catalyst. Towards the end of the war, 70% of the equipment was destroyed following 21 air raids by British and American bombers. The facility's operations were stopped and the production plant was unable to continue working.

The hydrogenation plant was quickly restored after the war and brought back into commission in mid-1945. It was used for the production of coal-based motor fuels for the post-war renewal of the country. The Československá továrna na motorová paliva v Záluží (Czechoslovak Motor Fuel Plant) produced 130 kt of fuels in 1946, 60% of which was automotive petrol, 25% was diesel fuel with kerosene and the rest was kerosene and liquefied hydrocarbon gases making up the rest. The gradual growth of concurrent crude oil processing in the following years called for a separation of the technologies for processing coal tar and, later, for the construction of special crude oil refining equipment.

After the coal carbonisation facility stopped operating in 1971, crude oil became the dominant raw material for fuel production in Záluží. Various types of crude oil were imported to Litvínov – first from Austria, Romania and Hungary, later primarily from the Soviet Union. The Saratov and Mukhanov crude oil was imported until 1964; afterwards, the Romashkino crude was imported until 1974/1975. Since then, the refinery has processed a blend of Western Siberian crude oils (the REB). The oil was first transported using rail tank cars. The Družhba pipeline terminating in Bratislava was completed in March 1962, and in 1964 it was extended to Záluží. Its transport capacity is 20 million tonnes per year. Thus, the hydrogenation plant was gradually transformed into a typical conversion oil refinery with attached petrochemical production during the 1960s. In 1964/1965, a 300 kt unit for thermal cracking of petrol and gas to ethylene and propylene started operating. Linked to the thermal cracking, ethanol and ethylbenzene synthesis units followed, and the production of oxo-alcohols from propylene, carbon monoxide and hydrogen started in 1969. In the

refinery section of the plant, the atmospheric-vacuum distillation unit started operating in 1967. Its capacity is 1 million tonnes of crude per year, and it produced three vacuum oil distillate fractions with boiling points from 360°C to 580°C. The vacuum distillates were catalytically hydro-cracked in the original chambers to oil distillates that are supplied to oil refineries as a primary raw material for lubricating oil production. In addition, there used to be from 30% to 60% of lighter fractions (including gases) that added to the production of motor fuels in Záluží. The residue from vacuum distillation was sold as road asphalt.

The rapid spread of motor vehicles in Czechoslovakia in the early 1980s necessitated increased capacity for motor fuel production in Litvínov (formerly Záluží), in addition to the new refinery in Kralupy nad Vltavou that started processing three million tonnes in 1975 and Slovnaft Bratislava capable of processing six to nine million tonnes. So the Nová rafinérie Litvínov (NRL – New Litvínov Refinery) started operating in 1981/1982 with a capacity basically identical to that of the Kralupy refinery, and the quantity of crude processed in the Litvínov refinery thus grew up to 5 million tonnes per year in 1982. NRL's compact block consisted of atmospheric distillation with the capacity of three million tonnes, three medium-pressure hydrogenation units with a capacity of 600 kt of petrol, 300 kt of kerosene and 600 kt of gas oil. A hydrocrack unit was added to the compact block in 1988 in order to extend the material base of the new ethylene unit. A new ethylene unit, built in 1980/1981 replaced the old one, which had suffered an accident in 1974, and became one of the biggest units of its kind in Central Europe (its capacity is 450 kt of ethylene). The production of automotive gasoline reached 600 to 700 kt a year in the late 1980s. Concurrently, 1.3 to 1.4 million tonnes of diesel fuel, 70 kt of jet kerosene, and 1.8 to 2.2 million tonnes of fuel oils were produced. A continuous catalytic reforming (CCR) unit and the visbreaking unit (for thermal cracking of the vacuum residue) were built in the Litvínov refinery in the 1990'. A fire in the tank field in 1996 accelerated modernisation of the blending and storage facilities. The latter activities took place as part of Česká rafinérská, into which the Litvínov and Kralupy refineries were integrated as of 1 January 1996.



Kralupy Refinery The Nová rafinérie Kralupy (NRK – New Kralupy Refinery) capable of processing 3 million tonnes of crude oil per year started operating in 1975 on the premises of the state enterprise, Kaučuk Kralupy nad Vltavou. The fuel refinery had no cracking process and utilised just hydrogenation refining of the primary fractions and heavy petrol reforming (a hydro-skimming refinery). It operated as a compact block without intermediate storage and used cost-saving heat recuperation. The NRK processed the sulphur-rich Western Siberian crude oil, supplied through a branch of the Družba pipeline. Its principal products are motor fuels and fuel oils. The Kralupy refinery became the main supplier of jet kerosene for the Praha-Ruzyně international airport. An MTBE unit was added in the early 1980s to increase the octane number of automotive petrol.

In 1995, the NRK was connected to a new pipeline – the IKL from Ingolstadt in Bavaria, which enabled the supply of the low-sulphur crude oil required for the production of low-sulphur motor fuels and fuel oils. The refinery was already part of Česká rafinérská when the units for isomerisation of the modern C₅/C₆ fraction and for re-distillation of the reforming product were added in 1997. A vacuum distillation unit capable of processing 2,000 tonnes of material a day and a fluid catalytic crack capable of processing 3,800 tonnes of material started operating in 2001. Which this, the refinery became one of the plants that provide comprehensive processing of crude oil.

Česká rafinérská The privatisation of the Czech economy and market liberalisation created prerequisites for the formation of joint ventures. The necessity of strengthening capital and achieving competitiveness was the reason for internationalisation in crude oil processing, or production and sales of oil products. Following complicated negotiations and with the support of resolutions of the government and the governmental privatisation committee, the following steps led to the formation of Česká rafinérská:

- Foundation of Česká rafinérská, a. s. by two shareholders – Chemopetrol, a. s. and Kaučuk, a. s.
- Transfer of principal facilities, stock of crude oil, intermediate products, finished products, and the refinery staff of Chemopetrol, a. s. and Kaučuk, a. s. to Česká rafinérská, a. s.
- Purchase of newly issued shares in the value of USD 168 million (CZK 4.3 billion) by strategic investors – Agip, Conoco, and Shell
- Formation of a joint venture with share capital of CZK 9.436 billion and shareholder interests
- The owners' undertaking commitment to implement an investment programme worth CZK 17 billion.

Following its formation, the company started reengineering both the management and operating processes beyond the investment plan implementation. The objective was to create a company with unified management that would be capable of responding flexibly to market requirements, of meeting demanding work safety and environmental regulations, and of restructuring human resources following the necessary investments.

Today, Česká rafinérská is a state of art company that meets the demanding requirements of both domestic and export markets, and it ranks among the most important companies in the Czech Republic.

Outlook The first decade of the 21st century is and will be characterised by the adoption measures in the refining industry that are based on the statutory requirements for the quality of fuels and other energy media in the EU countries, which the Czech Republic is gradually adopting as part of its accession to the European Union. This is why Česká rafinérská, too, needs to respond and to be flexible vis-à-vis the challenges of the era. Based on an agreement between shareholders, the process of transforming the company into a reprocessing refinery will commence in 2003, and investment projects, within the framework of the Clean Fuels project will be launched.

Excerpts from the book: A Century of Motor Fuels in Bohemia and Moravia,
Luděk Holub, Miroslav Nevošad, Oldřich Švajgl, Aleš Soukup, Rostislav Kopal



**Report of the Board of Directors
on the Business and Assets**



Ivan Souček
Member of the Board of Directors

John William deHaseth
Member of the Board of Directors

Oscar Magnoni
Member of the Board of Directors

Miroslav Šamal
Member of the Board of Directors

Eric Van Anderson
Vice-Chairman of the Board of Directors

Ivan Ottis
Chairman of the Board of Director

Miroslav Debnár
Member of the Board of Directors

On behalf of the Board of Directors of ČESKÁ RAFINÉRSKÁ, a.s. ¹, we present the Report on the Business and Assets of ČESKÁ RAFINÉRSKÁ, a.s. in 2002.

The Company's Shareholders set the following major tasks for the Company to achieve in 2002:

- Generate a net profit after tax of CZK 781 million and not exceed fixed cash operating costs of CZK 2.012 billion.
- Maintain Best-In-Class ranking with respect to Health, Safety and the Environment
- Create the necessary prerequisites for retaining Quality Management System certification in accordance with ČSN ISO 9001 and the Environmental Protection Management System certification in accordance with ČSN ISO 14001.
- Increase market share on the motor fuels market and establish appropriate commercial conditions to utilize the Company's increased production potential as facilitated by the FCC unit.
- Take specific steps in the Clean Fuels Project aimed at producing motor fuels in accordance with the quality requirements of European Union legislation.
- Create the prerequisites for the personal development and motivation of employees having a high level of responsibility for the activities they perform.

The social and economic climate in the Czech Republic and in the world was very challenging for all economic operators in 2002. During the year under review, both the world's and the European economy experienced recession, the Czech Crown strengthened and extreme floods impacted one of the Company's refineries. Česká rafinérská took the necessary steps to meet the above tasks and objectives. Many of the tasks were carried out, and targets were exceeded in some cases. However, the bottom line is that the year 2002 brought a considerable financial downturn for the Company. This report will discuss its causes, but also appraise the major, positive developments in other areas of our business.

Financial Situation and Assets

Following an extremely successful year 2000, in 2002 the company recorded a net loss for the second time in its history, amounting to CZK 715 million. The non-consolidated net loss, excluding the Company's Polish and Slovak subsidiaries, amounted to CZK 736 million. In 2002, the consolidated turnover amounted to CZK 42.6 billion, and non-consolidated turnover totalled CZK 40.7 billion

¹ Hereinafter referred to as the "Company" ■ ² Results of Česká rafinérská, a.s. for 2002 are consolidated, which means that they include the results of all members of the Group, including the CRC Polska Sp. z o. o. and Česká rafinérská Slovensko, s r.o. subsidiaries

Turnover, net profit and investments from 1998 to 2002 in CZK billion*

	1998	1999	2000	2001	2002
Turnover	27,3	31,6	52,1	45,6	40,7
Net profit	1,96	1,48	2,52	-0,06	-0,74
Fix Operating Cost	N.A.	1,92	1,65	1,92	1,87
Invested	1,84	4,33	4,99	2,47	1,61

* non-consolidated figures

Consolidated net assets decreased from CZK 29.5 billion to CZK 28.1 billion, i.e. by CZK 1.4 billion in comparison with the previous accounting period. The company's continuing investment activities covered the increase in accumulated depreciation of fixed assets, and fixed assets therefore did not change in comparison with 2001. Stock went up by CZK 1.1 billion, overdue receivables dropped by CZK 0.4 billion and financial assets dropped by CZK 1.9 billion. Consolidated equity fell from CZK 17 billion to CZK 16.3 billion, which is represented by a consolidated loss after tax of CZK 715 million.

The negative result posted for 2002 was - both absolutely and compared to the shareholder-assigned Business Plan indicators - affected by a number of both negative and positive factors. Regrettably, as is apparent from the specifications set out below, it was the negative effects that would predominate.

One of the decisive negative effects was that caused by the strengthening of the Czech Crown versus the US Dollar. The exchange rate development has direct impact on the Company's profit margin through the Rotterdam Notional Refinery Margin, which is based on USD quotation. In real terms, in 2002 the impact amounted to - CZK 1.1 billion in the refinery margin.

Selling prices lower than those envisaged in the Business Plan eroded the profit by another CZK 1 billion. These were consequence of the competitive environment, the company's pricing policies, customers' tactics, and lower prices of feed for both petro and agrochemicals in comparison with the Business Plan. A development in crude oil purchase & transportation other than anticipated in the Business Plan, produced another minus CZK 180 million. In addition, the distribution costs of semi-finished and final products were CZK 180 million higher. Conversely, the lower volumes

of crude processed, coupled with lower utility prices agreed upon between the Shareholders, brought savings of approximately CZK 250 million. Rising crude oil prices moreover contributed to the result - through a positive stock effect - in the amount of CZK 200 million.

Summarizing the above, unlike that in the excellent year 2000, the business environment in 2002 was markedly less favorable in comparison with the assumptions in the Business Plan for 2002, both on the sales side and on the side of crude supplies. The measures implemented over the year have brought CZK 172 million in fixed cost savings, attained particularly in areas of personnel costs, demolition, and the overall 10% cost cut imposed on all company divisions. For the sake of achieving additional savings, a program to enhance synergy between the two refineries through a significant increase in semi-finished product transfers - despite the partially negative impact upon distribution costs - was developed. Moreover, the Refinery Margin Improvement program was launched. While part of it was successfully accomplished in 2002, the rest will be completed in 2003.

In 2002, the Company was financed utilizing the CZK 5 billion syndicated loan negotiated in 2000 with HSBC from which only CZK 2 billion was drawn with maturity in 2005 and by short-term credit lines of between CZK 1 and 3 billion. The company's interest expense amounted to CZK 138 million in 2002.

To reduce credit exposure and to minimize these costs the Company adopted a program called Working Capital Reduction aimed at minimizing crude inventories, optimizing the timing of crude purchases and consumption, increasing turnover rate of product inventories, and emphasizing adherence to payment discipline of customers. To further improve cash flow, the management reconsidered the investment plan for 2002 and changed the structure and phasing of investments to reduce capital expenditures.

Commercial Operations

Stiff competition on the oil products market continued from previous years. Given the availability of additional volumes of light oil products provided by the fluid catalytic cracking unit (FCC) commissioned in the previous year, in 2002 the Company strove to maintain and considerably increase its market share in the domestic motor fuels segment and boost its exports. This was a challenging task, given zero consumption growth in domestic and European motor fuels, combined with the growing pressure posed by motor fuel importers.

Domestic market share of major product groups from 1998 to 2002, in %

	1998	1999	2000	2001	2002
Automotive gasoline	52	47	52	44	50
Diesel oil	55	42	45	43	48
Aviation Fuels	61	74	82	88	79
Light fuel oil, including Extra light	43	47	34	5	3
Heavy fuel oil	54	54	55	49	46
Bitumen	60	59	59	44	45
LPG	41	32	32	50	43

Already in the first half of 2002, the flexible commercial policy helped to increase its market share in the motor fuel segment and to reach the 50% mark. By the end of the year the Company's market share in the automotive gasoline segment had stabilized at 50% and its share of the diesel oil segment had reached a promising level of 48%. The Company therefore considerably exceeded the 2001 figures, and with respect to diesel fuel even exceeded the impressive 2000 figures. In 2002, Česká rafinářská produced and sold more than four million tons of finished products, an increase of nearly 12% in comparison with the previous year. Domestic sales grew by 10% and export deliveries increased by 14%. The highest increase, more than double, was recorded in the export of bitumen. Out of this, the domestic and international sale of mainstay commodities – motor fuels – rose by almost a fifth. On the other hand, the production of heating oils decreased as planned since the demand for them had been decreasing for a long of time. The increase in the sale of fuels was achieved despite a drop in sales to the shareholders' companies. Also feed stock deliveries to petro and agrochemicals were lower than planned.

The higher market share was achieved at the cost of prices lower than planned because in an environment of sturdy competition the company had to introduce a number of price and other incentives. At the same time, it had to deal with the fact that EURO 2000 specifications were introduced into the Czech Republic more than a year earlier than anticipated. The deadline set by the government was 1 January 2003.



Domestic sales of major product groups in 1998 to 2002, in thousands of tons

	1998	1999	2000	2001	2002	Business Plan 2002
Automotive gasoline	928	900	991	870	985	911
Diesel oil and gas oils	1159	914	1090	1142	1368	1 353
Aviation fuels	110	140	156	159	159	185
Light fuel oil, including Extra light	58	51	28	3	1	0
Heavy fuel oil	561	444	295	253	194	206
Bitumen	205	206	219	156	170	201
LPG	70	60	65	106	90	156

On the other hand, the fact that the Company increased its exports to Poland and Slovakia, where the business of its subsidiaries, Česká rafinérská Polska and Česká rafinérská Slovakia, reached a fully developed stage, was positive. The company was also able to keep its position on the discerning markets in the European Union.

Exports by major product groups from 1998 to 2002, in thousands of tons

	1998	1999	2000	2001	2002
Automotive gasoline	55	100	76	210	272
Diesel oil and gas oils	571	620	493	614	690
Heavy fuel oil	432	202	133	116	62
Bitumen	119	118	100	30	66
LPG	31	28	23	27	42

With the commercial contracts for a number of intermediate products expiring with the end of 2001, the need arose to set - for the upcoming period - the commercial agreements for the sale of petro and agrochemical feedstock to partner companies within Unipetrol, making - to mutual advantage - the most out of the companies' technical & logistic interlinkedness. Due to markedly different views held by the respective parties involved complicated negotiations tended to drag on, and it was not until the second half of the year that a compromise solution was achieved. That situation has had, as mentioned above, a significant impact upon the company's aggregate economic result.

In 2002, additional changes in the company's commercial policy were carried out and the commercial strategy was redefined to flexibly respond to the current market situation in order to achieve the highest possible efficiency in business operations. The deepening of relationships with key customers on the one hand, and a stronger focus on developing the customer portfolio and extending it by adding smaller creditworthy companies on the other hand, continued. Modern e-commerce with customers played an important role. The increasingly customer-friendly orientation of all Company sections was confirmed by the results of customer satisfaction surveys undertaken on a regular basis.

The company's main business objective for 2002 – achieving a larger market share in the domestic sales of both strategic commodities, i.e. automobile petrol and diesel oil – was met in terms of the trend. Motor fuel sales volumes in fact exceeded those anticipated in the 2002 Business Plan (see Table 4). Consistent with that, the Company kept seeking to achieve a higher market share as required by Shareholders. With regard to refinery margin level, product availability, and complicated market environment, the Company decided to refrain from chasing the market share indicator while running the risk of increasing its bad debts record. Thereupon, the principles of customer credit limit control have acted as major instruments of the Company strategy which proved to be fairly effective - despite the fact that it diminished our chances to sell additional volumes of products, thereby improving our market share.

Production

In 2002, 5.601 million tons of crude oil were processed, which is an increase by 182,000 tons in comparison with 2001. However, this was about 500,000 tons less than was planned. The main reasons for this were the unplanned month-long shut-down of the petrochemical units in Chemopetrol Litvínov in April, the one month shut-down of the Kralupy refinery due to the August floods, ongoing control of processing by sales of motor fuels and ongoing

optimization of the ratio of domestic to export sales. The crude processed in Kralupy refinery - deviating in quality from 2002 Business Plan pre-requisites – brought about a drop in the volumes of crude actually needed.

The use of conversion capacities continued to increase. The output of products with a higher added value rose whereas that of lower value heating oils went down. These results confirm the already stabilized integration of the fluid catalytic cracking units in Kralupy and the visbreaking unit in Litvínov into the overall crude processing scheme. Conversion units with the maximum added value (continuous reforming and hydrocracking units) were operated at almost 100% capacity, and the visbreaking unit was operated at 70% capacity (100% use is contingent on the 100% use of the Litvínov refinery's capacity).

The FCC unit was operated under planned capacity. Its use was dictated by the ability to sell motor fuels and to optimize the allocation of production between Kralupy and Litvínov. Refineries switched over to production in accordance with the EURO 2000 specifications and to a limited extent started production based on the EURO 2005 specifications.

In comparison with 2001, the reliability and availability of production units improved dramatically thanks to a further intensification of up-to-date inspection and maintenance procedures inside the Company, reliability improvement projects and partnership with and education of the Company's contractors. Another factor was the significantly increased focus on operator training and update of working procedures

Volume of processed crude oil in 1998-2002, in thousands of tons

	1998	1999	2000	2001	2002
Processed crude	6013	5287	5395	5418	5601

Safety and Health at Work

In 2002, the Company was able to meet its objectives in the area of safety and health at work to the fullest extent. The ambitious long-term application of a behaviorist approach to employees' self-improvement combined with the improvement of systems for enhancing the integrity of machinery brought unique results: in 2002, no accidents resulting in subsequent incapacity for work of an employee of Česká rafinérská or its contractors were recorded. By February 2003, the Company had logged seven million working hours without any such accident. These results positioned Česká rafinérská among the world's leading industrial companies and were highly appreciated by

shareholders and the expert public. Therefore, in 2002 the Company decided to apply for the "Safe Company" award and underwent the required audit resulting in bestowment of the 'Safe Company' award in April 2003.

Total recordable rate of industrial injuries within 1998-2002

	1998	1999	2000	2001	2002
Number of injuries resulting in absence of company's own employees	1	1	2	0	0
Combined frequency of injuries resulting in absence	- *	0,6	1,1	0	0
Combined frequency of injuries requiring medical attention	- *	2,4	1,6	1,1	0,9
Total combined frequency of injuries	- *	4,6	2,9	2,1	3,4
Total number of fires	5	5	10	14	4

* Combined means own employees plus contractors' employees, monitored since 1999

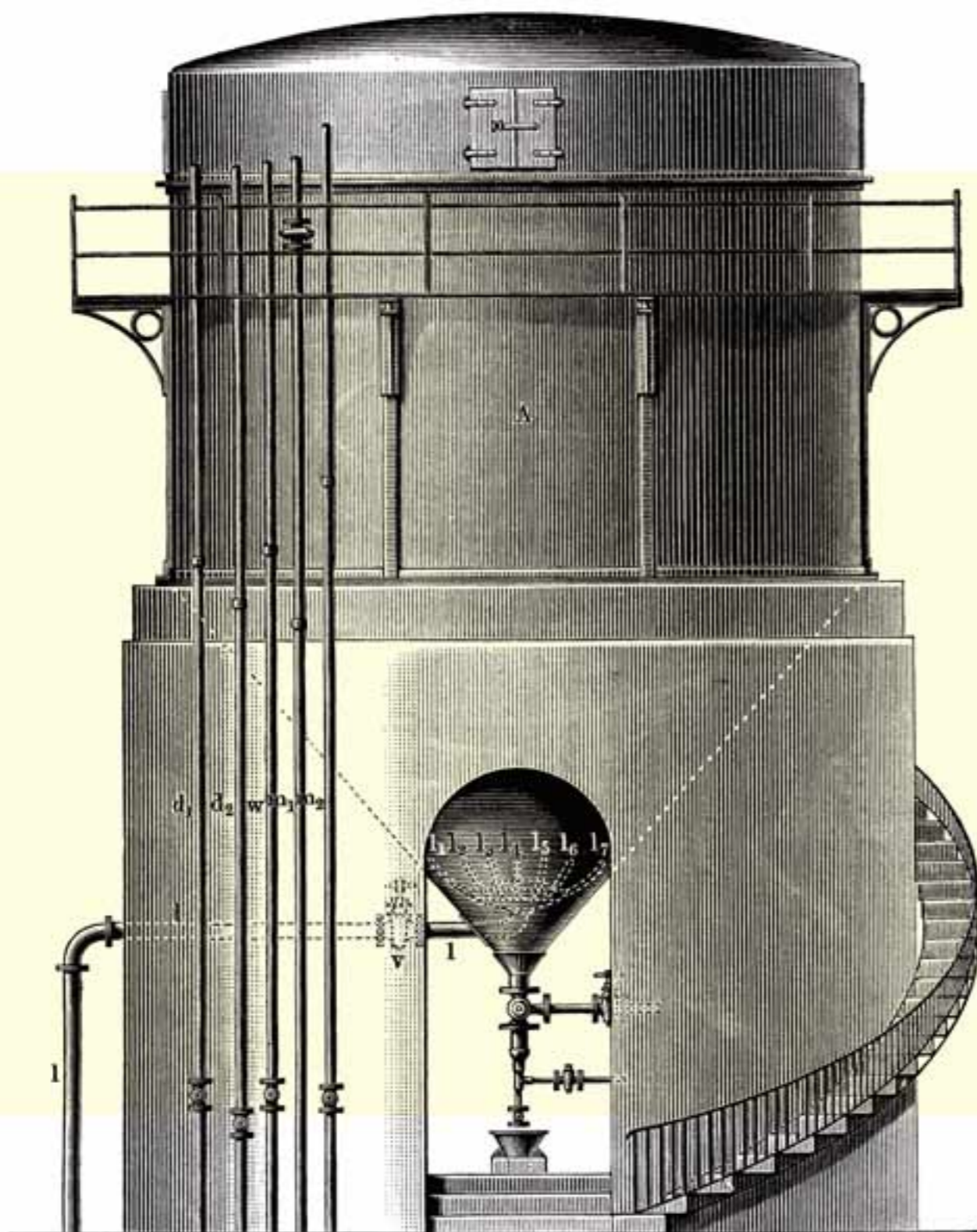
Environmental Protection

The continuous and systematic protection of the environment is based on the Company's certification under ČSN EN ISO 14001. The Company's current environmental policy reflects all international standards for environmental protection management and saving of non-renewable resources, accepts liability for providing services and information to customers, and supports an open approach to the general public.

In 2002, the Company invested nearly CZK 73 million in environmental protection. This investment included mainly adjustments to the storage of liquid gases and waste management. Massive investment in previous years led to a marked reduction in emissions as well as liquid and solid wastes, most of which are now well below the limits required by law. There is evidence that the new technological units did not create any additional environmental burden. Quite the contrary, they have contributed to an improvement in safety protection for the surrounding areas.

The high standards of the safety protection and health at work as well as the systematic attention devoted to environmental protection contributed to the successful defense of the Responsible Care title awarded to the Company as early as 2000.

As for the concrete development of relevant environment-related indicators and parameters, it is dealt with in Česká rafinérská's 2002 Report on the Environmental Impact.



Quality Management

The Company successfully continued the implementation of the Total Management System. The quality, comprehensiveness, and interconnection of internal processes in the areas of safety, environmental protection, customer relationship standards and public relations are regularly monitored in accordance with ČSN ISO 9001 and ČSN ISO 14001. According to an audit conducted by Lloyd's Register Quality Assurance, the company has been meeting the above standards since 2001. Control audits conducted in 2002 confirmed the high standard of the quality management and environmental protection introduced by the company in accordance with stringent international standards. Internal audits of standardized activities and procedures are carried out and evaluated on an ongoing basis as part of improving the quality management process. Also quality improvement projects were launched in 2002 bearing fruits to the Company.

Investment Activities

When establishing the Company, the company's shareholders set the task for the company to modernize and complete the technological scheme of crude oil processing in the Kralupy and Litvínov refineries, pursuing the goal of achieving full competitiveness by meeting the quality requirements for motor fuels and other products and enabling a safe and environmentally-friendly operation in the first decade of the new millennium. As part of the ongoing extensive investment program, CZK 1,608 billion were invested in 2002. Owing to the fact that CZK 427,009 million had been paid in advance payments prior to 2002, investments - in and on themselves - equaled CZK 1,181 billion.

Distribution of capital expenditures in 2002, in thousand CZK

Category	Litvínov	Kralupy	Both sites	Total
Development	20589	195350	136305	352244
Replacement	655408	258082	44289	957779
Environmental	68379	4807	0	73186
Safety	145818	78766	0	224584
Other	0	0	270	270
Total	919014	565825	180864	1608063

Numerous projects intended to increase the profitability, safety, and reliability of the facilities and enhance environmental protection were completed in both refineries. The main part of the Litvínov Control Room Centralization project was completed by reconnecting units to the new control system operated from a single central control room. This was accomplished during full operation of the units without having to bring the facilities to a standstill. Similarly, the re-instrumentation project and the re-routing of the control of the existing refinery units to the central control room were completed - again during full operation - in Kralupy refinery in February 2003. In addition, alterations to LPG storage tanks, including loading and unloading, were made. A revamp of the Litvínov oily water gathering system was launched – to be completed in September 2003.

In 2002, the implementation stage started for a further group of projects jointly referred to as "Clean Fuels 2005", following the already completed 2001 project for diesel segregation. These projects are aimed at modernizing the existing production units. After the planned modifications these units will be able to produce motor fuels complying with requirements specified in the legislation that will become effective in 2005 and 2009. The necessary project documentation was completed during the year under review.

Human Resources

A challenging business environment, capital investment projects for development, modernization of production facilities, and the streamlining of ancillary activities – all of these are placing increased demands on the Company's employees. The successful Pyramid – You Can Build on Your Knowledge scheme carried out in 2002 was a continuation of the Operator 2000, Laboratory Technician 2000, and Shift Supervisor 2000 programs, which created the prerequisites for the restructuring of the workforce in accordance with the long-term manpower optimization scheme. The Job Replacement Center, established for the retraining of redundant employees, continued. E-learning, played an important role in the employee training process. Intranet was added to the existing information channels and conditions for its further use were created. Employees' opinions and attitudes were examined in a sociological survey. The Health Support Program and other activities for employees and their development continued.

Employees by job positions in 1998 to 2002

	1998	1999	2000	2001	2002
Operators, lab workers and manual workers	716	569	465	392	390
Engineering and administrative workers	507	485	384	366	360
Managers	30	30	28	30	29
Employees of the Job Replacement Center	0	135	234	100	2
Total	1253	1219	1111	888	788

Public Relations

The effectiveness of the Public Relations strategy pursued for a long time and the systematic measures taken in the area of public relations proved their worth especially in 2002 when in August extreme floods hit both regions. Both during and after the floods, Česká rafinérská helped others with its potential, materials, its employees' voluntary work, and last but not least, financial resources. By reallocating financial resources, it provided a total of CZK 4.0 million to the local authorities and other entities in the affected regions as prompt financial assistance.

Financial gifts and material assistance to those inflicted by the 2002 floods

Kralupy nad Vltavou	CZK 1,600,000	
The Ustecky Region	CZK 1,000,000	
Veltrusy	CZK 500,000	
Chvatěruby	CZK 500,000	
Most	CZK 300,000	
Nelahozeves	CZK 100,000	
Material assistance	CZK 620,000	Fuel for rescuers, protection aids, dryers, etc.

Despite the unfavorable result reported for 2002, the company honored its obligations to the neighboring towns and villages and was supportive for communities in its regions over and beyond its statutory duties. The financial gifts, and



support for sport, cultural and social events helped to maintain and develop leisure time options for citizens living in both regions. Special attention has been devoted to the youth.

Česká rafinérská is an active member of the Economic and Social Council of the Most Region, the Erzgebirge/Krušnohoří Euroregion, the Czech Association of Petroleum Industry and Trade, and many other associations and professional organizations.

Changes in the Board of Directors and Implementation of the Business Plan

The General Meeting in October 2002 elected Ivan Souček to the Board of Directors, replacing Milan Vyskočil. At the same time, Ivan Souček became the company's Investment Director. On 1 February 2003, Miroslav Šamal was elected to the Board of Directors, replacing Jiří Pavlas. By the same token, Miroslav Šamal became the company's Commercial Director. Although the company did not achieve the yield set out for it in the Business plan, it did successfully accomplish, and often surpassed, all of the other targets.

A higher-than-planned turnover was achieved in major product sales. On the 2002 domestic key commodities market, the company built on well-judged decisions, while respecting current market conditions, and it accepted the necessary risks associated with receivables and optimized the costs relating to its market share increase, in an effort to maximize its economic results. As a result, within 2001 and 2002, the company managed to ensure a sufficient – although not the maximum - market share for placing its products ex the newly built conversion capacities.

Nevertheless, for the refineries to be able to retain their market competitiveness, it is the level of utility & transportation costs that increasingly is becoming of paramount importance. And that is a parameter that, regrettably, is not yet satisfactory in terms of the company. In contrast with that, fixed costs were – in a conceptual way – cut by 10%, thus creating a reference level for the years to come.

In a way, year 2002 was a turning point separating the period of the completion of major upgrading & development projects launched in the aftermath of 1996 from the period of standard investments poured into product quality improvement common elsewhere in European refineries. The upgrades and company development were financed both from the foreign Shareholders' initial contributions and from the company's own resources, i.e, requiring a significantly lower use of external resources than that envisaged by the Shareholders in 1995.

The company has entered 2003 with a modernized production base, with employees adapted to an international environment, and equipped with a basic system of supervisory procedures.

Eric v. Anderson
Vice-Chairman of the Board of Directors

Ivan Ottis
Chairman of the Board of Directors

Kralupy nad Vltavou, April 28, 2003



Report of the Supervisory Board



Alois Dvořák
Member of the Supervisory Board

Josef Gros
Vice-Chairman
of the Supervisory Board

Enrico Amici
Member of the Supervisory Board

Ladislav Varhaník
Member of the Supervisory Board

Jiří Eminger
Member of the Supervisory Board

Jan Klimeš
Member of the Supervisory Board

Zdeněk Černý
Chairman of the Supervisory Board

Marie Čížinská
Member of the Supervisory Board

Ilona Pokorná
Member of the Supervisory Board

Position of the Supervisory Board of ČESKÁ RAFINÉRSKÁ a.s., on the Company's regular financial statements for the year 2002, on the consolidated financial statements of 31 December 2002 and on the examination of the report on relations between the controlling and controlled body, and on relations between the controlled bodies and other bodies controlled by the same controlling body for the year 2002.

Arthur Andersen Česká republika k.s., has examined the regular financial statements for 2002 and the consolidated financial statements for 2002 and made its auditor statement – no reservations. Taking into consideration the auditor's statement, the Supervisory Board states that the regular and consolidated financial statements depict truly in all material aspects the assets, liabilities, equity and financial standing of Česká rafinérská a.s., as at 31 December 2002, as well as its profit/loss for 2002, in accordance with the Accounting Act and the relevant regulations of the Czech Republic.

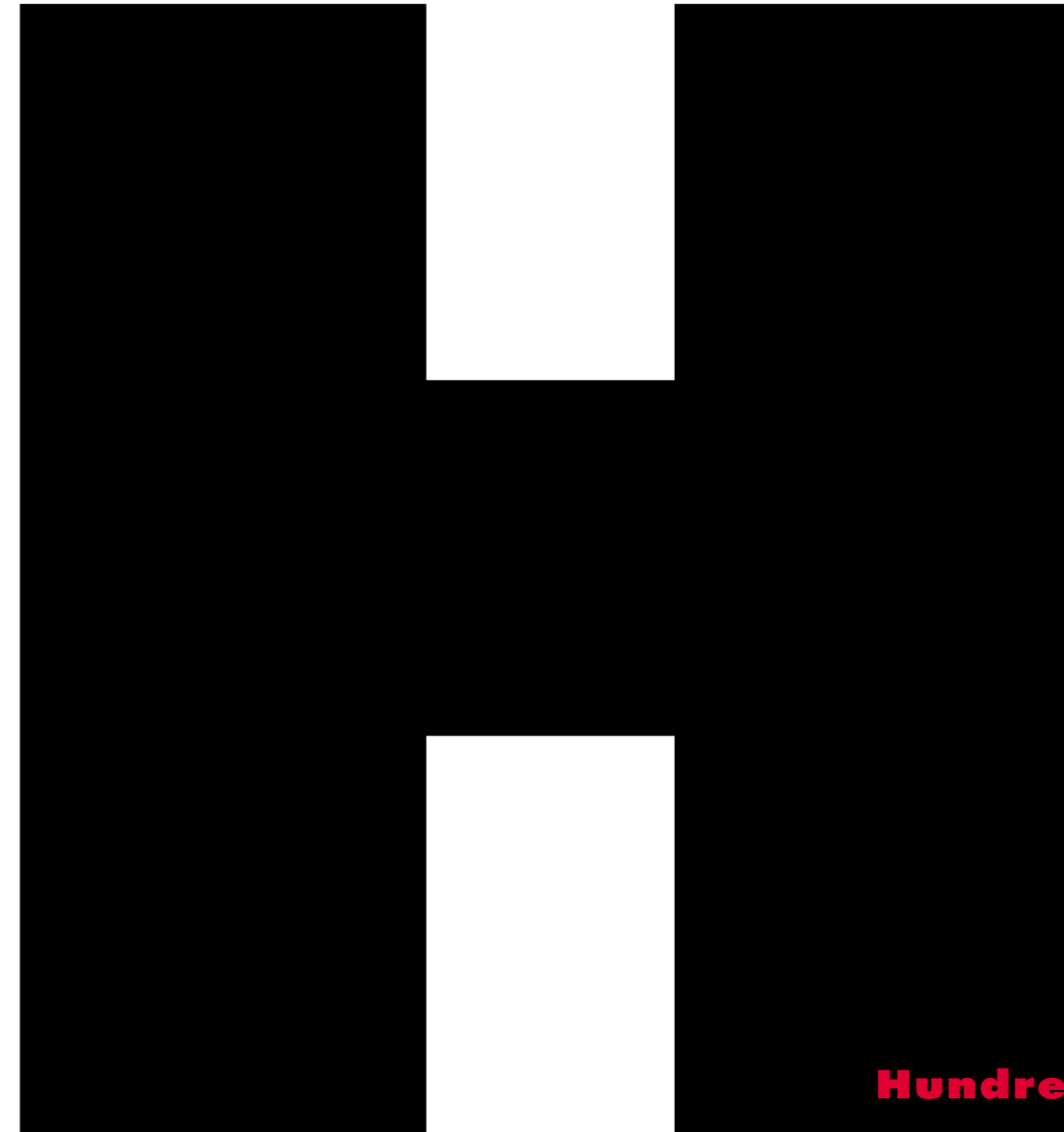
The Supervisory Board also states that it did not discover any material misrepresentations in the submitted statements of 31 December 2002 or in other documents submitted by the Board of Directors to the Supervisory Board for discussion during 2002, which would suggest that accounting records were not maintained properly in accordance with actuality and legal regulations.

The Supervisory Board recommends, to today's General Meeting, approval of the 2002 annual financial statements and consolidated financial statements and approval of the payment of the loss posted in the annual financial statements using the retained profit.

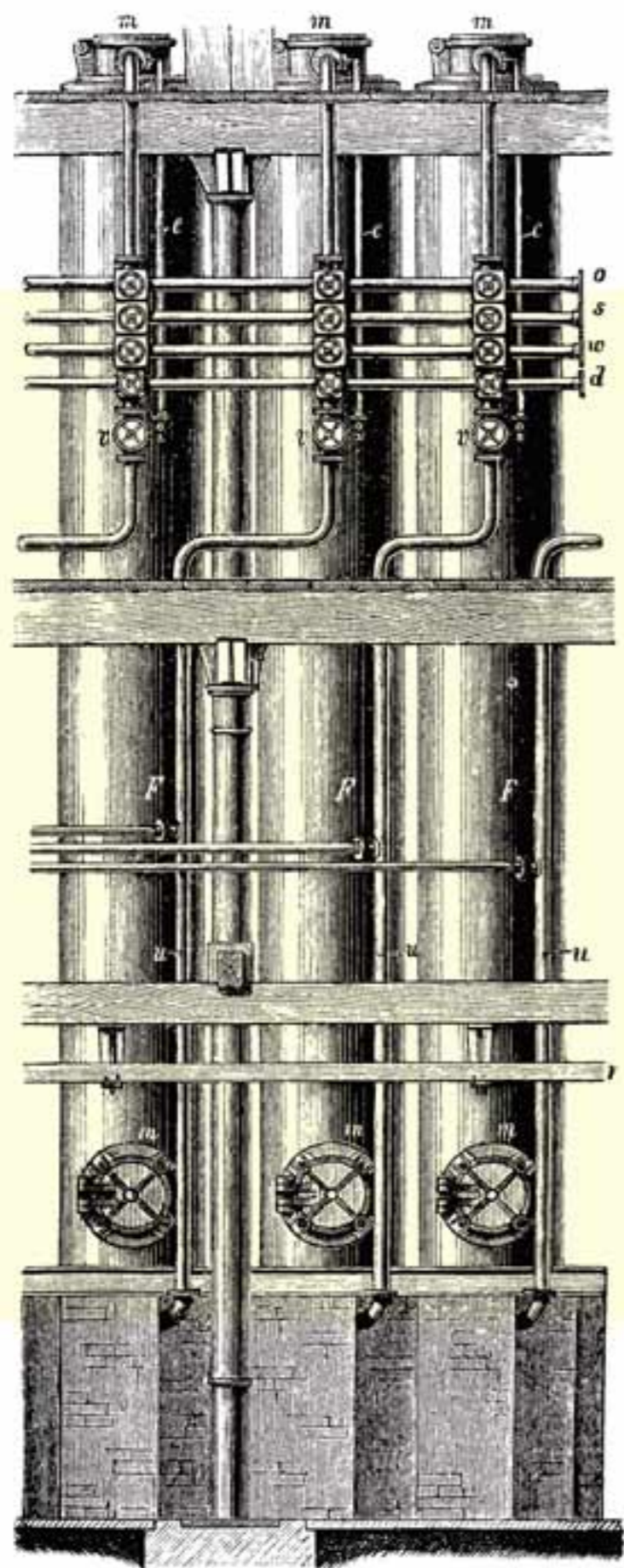
The Supervisory Board examined the report on relations between the controlling and controlled body, and relations between the controlled body and other bodies controlled by the same controlling body for the year 2002 as prepared by the Company's Board of Directors and submitted to the Supervisory Board. The Supervisory Board has no substantial reservations concerning the submitted report.

Zdeněk Černý

Chairman of the Supervisory Board
Kralupy nad Vltavou, April 28, 2003



Hundred Main Clients



1. ČS Propanbutanová společnost, s.r.o. ■ Aectra S.A. ■ Agip Praha, a.s. ■ AGROFERT HOLDING, a.s. ■ AGRON plus, s.r.o. ■ ALIACHEM a.s., odštěpný závod SYNTHESIA ■ AMAL Co. Ltd Sp. z o. o. ■ Andrej Páč - Maztech ■ ANTARES-PETROL Mineraloelhandelsges. m.b.H. ■ Aquachemia s.r.o. Žilina ■ Aral ČR, a.s. ■ ARMEX S.H. OIL, s.r.o. ■ AVIA MINERALÖLHANDELSGES. m.b.H ■ Bena CZ s.r.o. ■ BENZINA a.s. ■ BP Polska Sp. z.o.o. ■ Brenntag International ■ Chemicals GmbH ■ CONOCOPhillips Czech Republic, s.r.o. ■ CONTINENTALE AG ■ CRC Polska Sp. z o. o. ■ Cukrovary TTD a.s. ■ ČEPRO, a.s. ■ ČESKÁ RAFINÉRSKÁ Slovakia, s.r.o. ■ Český plyn k.s. ■ ČMO - České a moravské obalovny s.r.o. ■ DEHTOCHEMA BITUMAT, a.s. ■ Eastern Sugar Česká republika a.s. ■ Eastman Sokolov, a.s. ■ EIGL, akc.spol. ■ ENERGY TRADING H GmbH ■ ESSO Austria GmbH ■ ESSO, s.r.o. ■ EURO - Šarm spol. s r.o. ■ EUROCRUX s.r.o. ■ FAU s.r.o. ■ Frantschach Pulp & Paper a.s. ■ G7, a.s. ■ Gas filling, spol. s r.o. ■ GAS PETROL Trade s.r.o. ■ GKG Mineraloel Handel GmbH & CO KG ■ Helm AG ■ Chemopetrol, a.s. ■ Impex trade s.r.o. ■ Jan Vinduška ■ JAS BUDAPEST KFT. ■ Jiří Křeček ■ K.W. Nitzsche & E.O. WEISS BAU GmbH ■ KARIMPEX, a.s. ■ Kaučuk, a.s. ■ KORAMO, a.s. ■ Lafarge Cement, a.s. ■ LUKOIL PRAGUE, a.s. ■ MK Mineralkontor AG ■ MVV Energie CZ s.r.o. ■ Nová Huť, a.s. ■ Nutricia Mléčná výživa, a.s. ■ OMV Česká republika, s.r.o. ■ PARAMO, a.s. ■ Petr Lamich - LAMA ■ PETROGAS, spol. s r.o. ■ Popilka spol. s r.o. ■ Pražská teplárenská, a.s. ■ Pražské silniční a vodohospodářské stavby, a.s. ■ PROBO GROUP, a.s. ■ PROPANTRANS s.r.o. ■ První seriozní, s.r.o. ■ RoBiN OIL, spol. s r.o. ■ Ruhr-Schwefelsäure GmbH ■ SETADIESEL, a.s. ■ Shell & DEA Direct GmbH ■ Shell Austria Gesellschaft m.b.H. ■ Shell Czech republic, a.s. ■ Shell Gas ČR, s.r.o. ■ SILMET Příbram, a.s. ■ SOKOLOVSKÁ UHELNÁ, a.s. ■ SPOLANA a.s. ■ Spolek pro chemickou a hutní výrobu, akciová společnost ■ Správa státních hmotných rezerv ■ Stavby silnic a železnic a.s. ■ STRABAG a.s. ■ SVAM CS, s.r.o. ■ TONAMO, a.s. ■ TOPEXOL, s.r.o. ■ TOTALFINAELF Česká republika s.r.o. ■ Unipetrol Austria GmbH ■ Unipetrol Deutschland GmbH ■ V.D. WALKER a.s. ■ Vendys & V s.r.o. ■ Vladimír Minařík KM-PRONA ■ Vodohospodářské stavby, spol. s r.o. ■ VOEST - ALPINE INTERTRADING AG ■ W.A.G. minerální paliva, a.s. ■ WORLD SERVIS spol. s.r.o. ■ WTG-LK spol. s r.o.

P

Products

Transport

Česká rafinérská supplies the market with fuels used in road, railroad, water and air transport. It produces unleaded gasoline (BA) under EN 228 European specification as of the Normal 91, Super 95 and Super plus 98 types for modern gasoline engines, primarily in road vehicles. Diesel fuels under the EN 590 (NM) European specification produced by Česká rafinérská are intended for use in diesel engines in trucks, locomotives and boats. Aircraft gasoline is used in the gasoline engines of smaller recreational and utility aircrafts. Jet engines in medium and large aircrafts use the JET A1 kerosene. In some cases, gasoline engines also use a mixture of propane and butane as an alternative fuel. In 2002, Česká rafinérská produced 3,3 million tonnes of motor fuels used by motorists in the Czech Republic and other countries.

Sales of motor fuels in 2002 in thousands of tonnes

Fuels	rok 2002
BA 91 Special	141
BA 91 Normal	67
BA 95 Super	1 044
BA 98 Super/plus	5
Automotive Unleaded Gasoline Total	1 257
NM EN 590	1 878
JET A1	159
LB 78	1
LPG	2
Total	3 297

Road construction

Česká rafinérská produces several types of road asphalt (SA) under European specification EN 12591 from vacuum residua and vacuum fraction by oxidation. These materials are used e.g. in construction and maintenance of bituminous roadways, walkways, roadway substrates, and in the production of bituminous concrete and various bitumen products.

In 2002, Česká rafinérská produced 236 thousand tonnes of asphalts, which it supplied to construction companies in the Czech Republic and the neighboring countries. A significant quantity of asphalt was used in bituminous mixtures used for intense construction works in the Federal Republic of Germany.

Sales of asphalt in 2002 in thousands of tonnes

Asphalts	
Road Asphalt SA 160/220	14
Road Asphalt SA 50/70	84
Road Asphalt SA 70/100	139
Total	236

Chemical industry

Česká rafinérská is a key supplier of raw materials for petrochemical and chemical production. Its products, which constitute feed stocks materials for the Chemopetrol ethylene unit, include virgin naphta, LPG, gasoil, vacuum destilate from hydrocracker (HCVD). The heavy petroleum residua, including visbreaker residua, are the rew material for Chemopetrol POX unit to produce hydrogen. The Company also produces solvents used as paint solvents, solvents for medicinal purposes and petroleum ethers used for cosmetics and pharmaceutical purposes. Another product consists in propylene. Česká rafinérská is a traditional producer of a raw material for the production of basic lube oils. Other refinery products include liquid sulfur used in a number of chemical production processes. Raw materials supplied by Česká rafinérská are used by Chemopetrol for the production of polyethylene and polypropylene, which are then used for various products for everyday and/or industrial use. Hydrogen produced by Chemopetrol is used for the production of ammonia, which is then used for production of nitric acid and fertilizers. In 2002, the Company supplied 1.379 million tonnes of products to chemical industries in the Czech Republic and the neighboring countries, of which 95 % were supplied to Chemapetrol Litvínov.

Sales in 2002 in thousands of tonnes

Chemical industry

LPG	67
Virgin Naphta	321
Gasoil	111
HCVD	520
OH*	27
Residue for POX**	297
Solvents	1
Propylen	36
Total	1 379

*OH = lubricant base oils

**POX = partial oxidation unit

Energy

Česká rafinérská produces two basic lines of energy products: heating gases and heating oils. The traditional propane/butane supplied in pressure containers for households and leisure activities is complemented by propane filled household reservoirs. Butane is the popular heating fuel in various industries.

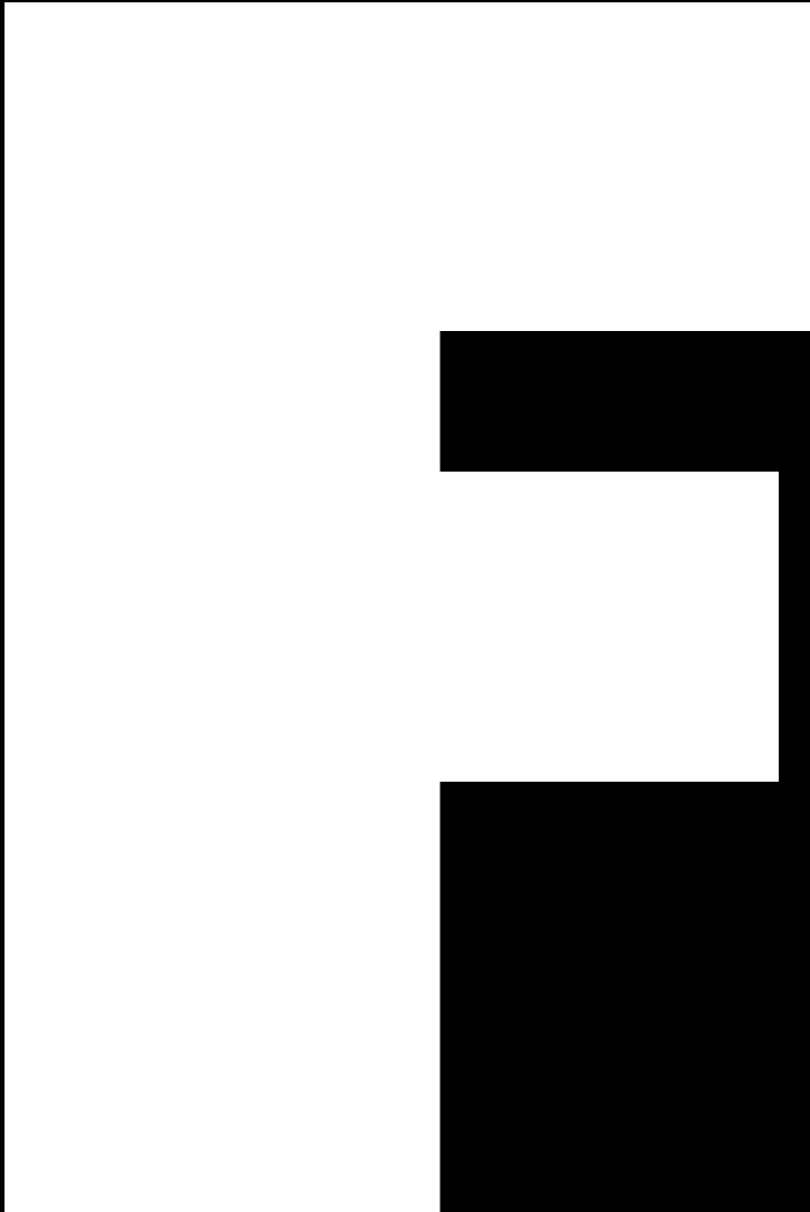
The range of heating oils produced by Česká rafinérská includes reduced guaranty high-sulfur heating oils, and the product range of the company is dominated by heating oils with sulfur content of up to 1%. This offer is complemented by with the extra-light heating oil with a sulfur of up to 0.2%, which is frequently used in heating of buildings in environmentally endangered areas of natural reserves.

In 2002, Česká rafinérská produced 567 thousand tonnes of heating oils and fuel gases supplied to clients in the Czech Republic and neighboring countries.

Sales of heating oils and fuel gases in thousand of tonnes 2002

Heating oils and fuel gases

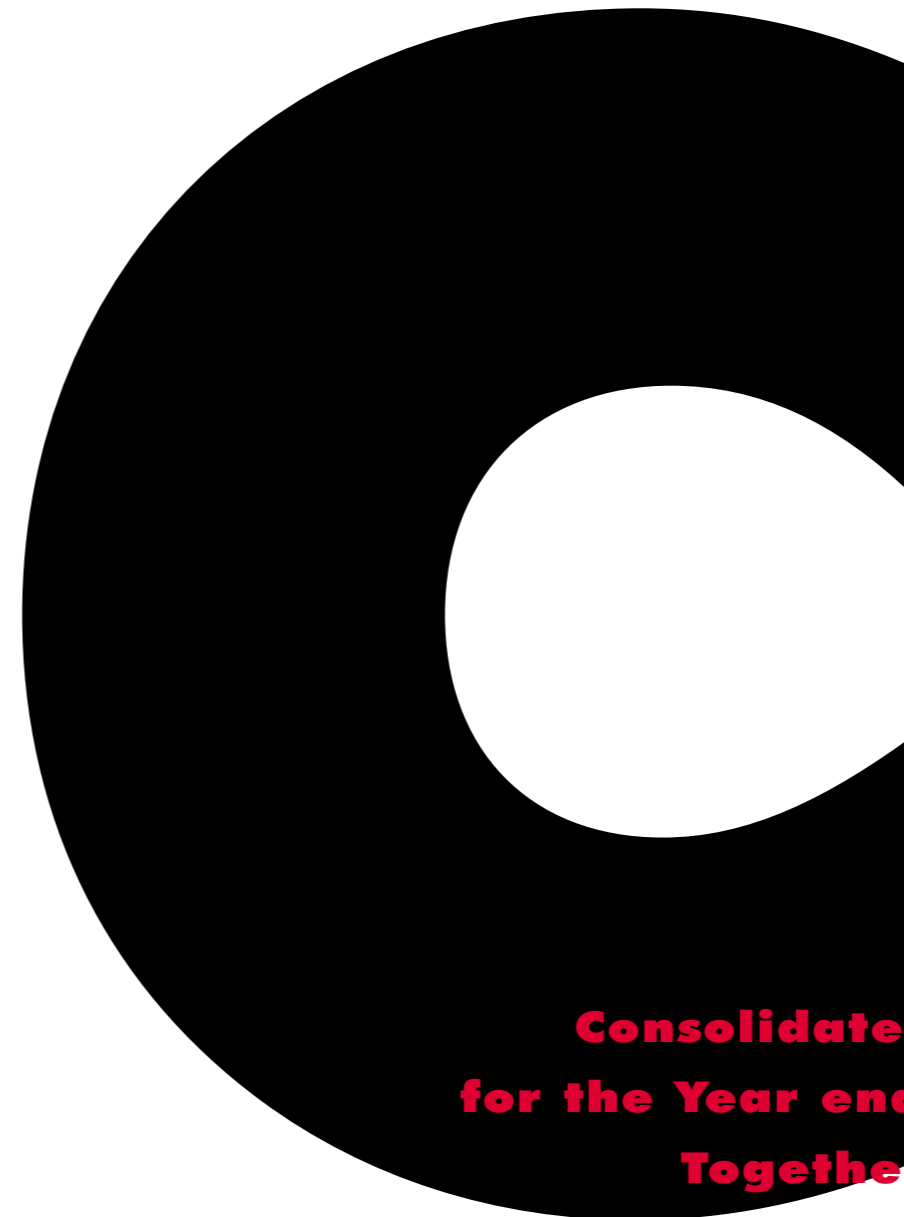
Propane	10
Propane-butane	53
Butanes	67
Heavy heating oil 3% S	53
Heavy heating oil 1% S	203
Extra-light heating oil 0,2% S	164
Fuel gas	17
Total	567



Financial Part

Annual Report 2002

Česká rafinérská



**Consolidated Financial Statements
for the Year ended 31 December 2002
Together with Auditor's Report**

AUDITORS' REPORT

To the Shareholders of Česká rafinérská, a.s.:

We have audited the consolidated financial statements of Česká rafinérská, a.s. and subsidiaries, for the year ended 31 December 2002 in accordance with the Act No. 254/2000 Coll. on Auditors and the auditing guidelines issued by the Chamber of Auditors. Our audit included an examination of evidence supporting the consolidated financial statements and of the accounting policies and estimates used by management in their preparation. Our audit procedures were carried out on a test basis and with regard to the principle of materiality. The Board of Directors is responsible for maintaining accounting records and for preparing consolidated financial statements which give a true and fair view of the assets, liabilities, equity, financial results and financial situation of Česká rafinérská, a.s. and subsidiaries. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole, based on our audit performed in accordance with this Act and the auditing guidelines. In our opinion, the consolidated financial statements present in all material respects a true and fair view of the assets, liabilities, equity and financial position of Česká rafinérská, a.s. and subsidiaries, as of 31 December 2002 and the financial results for the year then ended in accordance with Act No. 563/1991 Sb. on Accounting and relevant legislation.

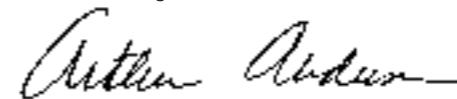
Without qualifying our opinion we wish to draw your attention to the following matters:

As more fully discussed in Notes 1 and 21, during 2002, the Company's shareholders initiated negotiations aimed at converting Česká rafinérská, a.s. from full-merchant mode into the processing mode. As a result of this change, most of the current commercial activities carried out within Česká rafinérská, a.s. shall be transferred to the shareholders. Conversion of the Česká rafinérská, a.s. to the processing refinery mode may also have a significant impact on the operation of its foreign subsidiaries. Their future status has not yet been decided.

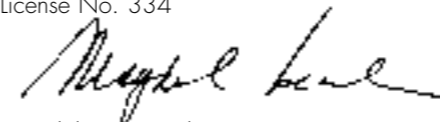
We have also audited the prior year consolidated financial statements of Česká rafinérská, a.s. and subsidiaries as of 31 December 2001 and 2000, respectively, and issued an unqualified report thereon dated 25 February 2002 and 23 February 2001, respectively.

The accompanying annual report for 2002 contains information about important matters related to the Company's financial statements, the evolution of its business and other matters. We have checked that the accounting information in the annual report is consistent with that contained in the audited financial statements as of 31 December 2002. Our work as auditors was confined to checking the annual report with the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company.

We have reviewed the information contained in the report on related parties, which was prepared in accordance with Section 66a of the Commercial Code. The Board of Directors is responsible for the complete and accurate presentation of the report. Our responsibility is to review the accuracy of the information included in the report. During our audit, nothing came to our attention that would cause us to believe that the information disclosed in the report was inaccurate. We did not review the completeness of the information presented in the report. In addition, we are unable to assess whether the relationships between related parties had an adverse affect on the Company. However, the management of the Company believes that all transactions between related parties were performed on an arm's length basis.

A handwritten signature in cursive script, appearing to read "Arthur Andersen".

Arthur Andersen Česká republika, k.s.
Husova 5
110 00 Praha 1
license No. 334

A handwritten signature in cursive script, appearing to read "Magdalena Soucek".

Magdalena Soucek
license No. 1291

28 February 2003
Prague, Czech Republic

BALANCE SHEET - LONG FORM

LINE	Gross	Current year		Prior year	Prior year	
		Provisions	Net	2001	2000	
				Net	Net	
TOTAL ASSETS	1	32,817,321	(4,695,528)	28,121,793	29,480,673	30,046,041
A. STOCK SUBSCRIPTIONS RECEIVABLE	2	0	0	0	0	0
B. FIXED & FINANCIAL ASSETS	3	21,055,561	(4,585,102)	16,470,459	16,566,199	15,207,487
B. I. Intangible fixed assets	4	837,107	(452,781)	384,326	378,042	389,607
B. I. 1 Foundation and organizational costs	5	0	0	0	0	0
2 Research and development	6	35,742	(15,150)	20,592	10,164	13,583
3 Software	7	527,587	(328,274)	199,313	179,550	232,860
4 Patents, rights and royalties	8	245,862	(109,357)	136,505	119,100	51,155
5 Other intangibles	9	0	0	0	0	0
6 Intangibles in progress	10	27,916	0	27,916	69,228	92,009
7 Advances for intangibles	11	0	0	0	0	0
B. II. Tangible fixed assets	12	20,218,454	(4,132,321)	16,086,133	16,188,157	14,817,441
B. II. 1 Land	13	0	0	0	0	0
2 Constructions	14	3,693,551	(325,031)	3,368,520	2,800,151	2,089,562
3 Separate movable items and groups of movable items	15	13,333,937	(3,037,638)	10,296,299	9,510,549	3,495,749
4 Permanent growth (e.g. forest)	16	0	0	0	0	0
5 Livestock	17	0	0	0	0	0
6 Other tangible assets	18	760,977	(177,307)	583,670	632,955	659,393
7 Tangibles in progress	19	816,273	0	816,273	1,728,385	6,960,428
8 Advances for tangibles	20	344,404	0	344,404	754,530	766,101
9 Adjustment to gained property	21	1,269,312	(592,345)	676,967	761,587	846,208
B. III. Long-term financial assets	22	0	0	0	0	439
B. III. 1 Subsidiaries (shareholdings > 50%)	23	0	0	0	0	439
2 Associates (shareholdings of 20% - 50%)	24	0	0	0	0	0
3 Other long-term securities and deposits	25	0	0	0	0	0
4 Intergroup loans	26	0	0	0	0	0
5 Other long-term loans and financial assets	27	0	0	0	0	0
6 Financial assets in progress	28	0	0	0	0	0
7 Advance for long-term assets	29	0	0	0	0	0

B. IV. Active consolidation difference (Goodwill)	30	0	0	0		
B. V. Investments accounted for under the equity method	31	0	0	0		
C. CURRENT ASSETS	32	11,333,639	(110,426)	11,223,213	12,321,426	14,389,097
C. I. Inventory	33	5,453,618	0	5,453,618	4,364,805	4,279,081
C. I. 1 Materials	34	3,653,580	0	3,653,580	2,391,130	2,720,666
2 Work-in-progress and semi-finished production	35	542,520	0	542,520	881,853	561,738
3 Finished products	36	1,111,131	0	1,111,131	1,012,316	976,871
4 Livestock	37	0	0	0	0	0
5 Goods	38	146,261	0	146,261	33,864	2,015
6 Advances paid	39	126	0	126	45,642	17,791
C. II. Long-term receivables	40	76,670	0	76,670	13,914	27,829
C. II. 1 Trade receivables	41	0	0	0	13,914	27,829
2 Receivables from partners and associations	42	0	0	0	0	0
3 Receivables from subsidiaries (shareholdings >50%)	43	0	0	0	0	0
4 Receivables from associates (shareholdings of 20% - 50%)	44	0	0	0	0	0
5 Other receivables	45	0	0	0	0	0
6 Deferred tax assets	51	76,670	0	76,670	0	0
C. III. Short-term receivables	46	5,297,804	(110,426)	5,187,378	5,559,656	6,847,190
C. III. 1 Trade receivables	47	5,239,755	(110,426)	5,129,329	5,298,475	6,830,924
2 Receivables from partners and associations	48	0	0	0	0	0
3 Receivables - Social security	49	0	0	0	0	0
4 Receivables - Taxes and subsidies	50	54,042	0	54,042	256,927	5,323
5 Receivables from subsidiaries (shareholdings > 50%)	52	0	0	0	0	0
6 Receivables from associates (shareholdings of 20% - 50%)	53	0	0	0	0	0
7 Other receivables	54	4,007	0	4,007	4,254	10,943
C. IV. Financial assets	55	505,547	0	505,547	2,383,051	3,234,997
C. IV. 1 Cash	56	1,128	0	1,128	864	1,758
2 Bank accounts	57	40,591	0	40,591	556,899	136,479
3 Short-term financial assets	58	463,828	0	463,828	1,825,288	3,096,760
4 Short-term financial assets in progress	59	0	0	0	0	0
D. OTHER ASSETS	60	428,121	0	428,121	593,048	449,457
D. I. Temporary accounts of assets	61	377,720	0	377,720	516,686	388,575
D. I. 1 Prepaid expenses	62	377,667	0	377,667	447,545	386,598
2 Unbilled revenue	63	53	0	53	69,141	1,977
D. II. Contingencies - gain (Estimated prepayments)	64	50,401	0	50,401	76,362	60,882

	LINE	Prior year Total	Prior year 2001	2000	
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES					
A.	SHAREHOLDER'S EQUITY	64	16,298,195	17,014,649	17,708,876
A. I.	Basic capital	65	9,348,240	9,348,240	9,348,240
A. I. 1	Basic capital	66	9,348,240	9,348,240	9,348,240
A. I. 2	Own shares	67	0	0	0
A. I. 3	Changes in basic capital	68	0	0	0
A. II.	Capital funds	69	(1,130)	0	0
A. II. 1	Share premium	70	0	0	0
A. II. 2	Other capital funds	71	0	0	0
A. II. 3	Revaluation of assets	72	(1,130)	0	0
A. II. 4	Revaluation of merger	73	0	0	0
A. II. 5	Revaluation of capital participation	74	0	0	0
A. III.	Funds created from profit	75	445,951	445,951	319,361
A. III. 1	Legal reserve fund	76	445,951	445,951	319,361
A. III. 2	Indivisible fund	77	0	0	0
A. III. 3	Statutory and other funds	78	0	0	0
A. IV.	Retained earnings	79	7,220,458	7,280,875	5,525,603
IV. 1	Retained earnings of previous years	80	7,220,458	7,280,875	5,525,603
IV. 2	Not compensated loss of previous years	81	0	0	0
A. V.	Consolidated earnings of accounting period	82	(715,324)	(60,417)	2,515,672
V. 1	Earnings of current period	83	(715,324)	(60,417)	2,515,672
V. 2	Consolidated earnings - equity method (+/-)	84	0	0	0
A. VI.	Passive consolidation difference (Badwill)	85			
A. VII.	Consolidated reserve funds	86			
B.	LIABILITIES	87	11,615,664	12,224,764	12,084,438
B. I.	Reserves	88	385,958	490,239	474,672
B. I. 1	Legal reserves (tax deductible)	89	335,817	374,200	345,417
B. I. 2	Reserve for income tax	90	0	0	0
B. I. 3	Other reserves	91	50,141	116,039	129,255

B. II.	Long-term liabilities	92	50	310,619	579,828
B. II. 1	Long-term payables to subsidiaries (shareholdings > 50%)	93	0	0	0
B. II. 2	Long-term payables to associates (shareholdings of > 20% - 50%)	94	0	0	0
B. II. 3	Long-term deposits received	95	0	0	0
B. II. 4	Bonds payable	96	0	0	0
B. II. 5	Long-term notes payable	97	0	0	0
B. II. 6	Rent and other long-term payables	98	50	150	161
B. II. 7	Deferred taxes	105	0	310,469	579,667
B. III.	Short-term liabilities	99	9,031,310	8,625,126	10,934,873
B. III. 1	Trade payables	100	4,920,209	4,547,833	4,392,966
B. III. 2	Payables to partners and associations	101	0	0	0
B. III. 3	Payables to employees	102	2,910	1,565	21,111
B. III. 4	Social security payable	103	12,285	13,413	13,585
B. III. 5	Taxes payable	104	4,054,776	3,672,706	5,659,717
B. III. 7	Payables to subsidiaries (shareholdings > 50%)	106	0	0	0
B. III. 8	Payables to associates (shareholdings of 20% - 50%)	107	0	0	0
B. III. 8	Other payables	108	41,130	389,609	847,494
B. IV.	Bank loans and short-term notes	109	2,198,346	2,798,780	95,065
B. IV. 1	Long-term bank loans	110	1,333,333	2,000,000	0
B. IV. 2	Short-term bank loans	111	865,013	798,780	95,065
B. IV. 3	Short-term notes	112	0	0	0
C.	OTHER LIABILITIES - TEMPORARY ACCOUNTS OF LIABILITIES	113	207,934	241,260	252,727
C. I.	Accruals	114	63,734	65,213	29,140
C. I. 1	Accruals	115	63,734	65,213	29,140
C. I. 2	Deferred income	116	0	0	0
C. II.	Contingencies - loss (Estimated accruals)	117	144,200	176,047	223,587
D.	MINORITY CAPITAL	118	0	0	0
D. I.	Minority basic capital	119			
D. II.	Minority capital funds	120			
D. III.	Minority funds created from profit, including retained earnings	121			
D. IV.	Minority earnings from current accounting period	122			

PROFIT AND LOSS STATEMENT - LONG FORM

	LINE	Current period	Prior year 2001	Prior year 2000	
I.	Revenues from goods sold	1	2,823,981	1,381,124	542,322
A.	Cost of goods sold	2	2,891,169	1,386,714	512,988
+	Gross margin	3	(67,188)	(5,590)	29,334
II.	Operation	4	39,573,374	45,938,654	51,997,079
II. 1	Revenues from finished products and services	5	39,747,920	45,628,510	52,059,254
2	Changes in inventory	6	(174,546)	310,144	(62,175)
3	Capitalization (of own work)	7	0	0	0
B.	Consumption from operation	8	38,601,647	44,443,404	46,506,168
B. 1	Consumption of material and energy	9	36,311,588	42,156,733	44,624,656
B. 2	Services	10	2,290,059	2,286,671	1,881,512
+	Value added	11	904,539	1,489,660	5,520,245
C.	Personnel expenses	12	493,035	546,327	532,894
C. 1	Wages and salaries and earnings of partners and coop. members	13	353,754	396,965	378,828
C. 2	Bonuses to members of executive bodies of companies and coop.	14	2,668	2,174	2,366
C. 3	Social insurance and other expenses	15	122,319	130,425	132,464
C. 4	Statutory social expenses	16	14,294	16,763	19,236
D.	Taxes and fees	17	9,724	5,887	4,527
E.	Amortization of intangibles and depreciation of tangibles	18	1,192,494	885,358	556,523
	Settling of passive consolidation difference (Badwill)	19	0	0	0
	Settling of active consolidation difference (Goodwill)	20	0	0	0
III.	Revenues from intangible and tangible assets and material sold	21	112,807	13,346	6,571
F.	Net book value of intangibles, tangibles and material sold	22	109,335	19,920	4,799
IV.	Reversal of reserves and prepaid expenses	23	272,627	175,503	212,195
G.	Creation of reserves and prepaid expenses	24	242,758	161,410	236,148
V.	Reversal of provisions	25	103,287	63,959	37,989
H.	Creation of provisions	26	129,823	194,619	194,101
VI.	Other operational revenues	27	65,670	29,025	16,571
I.	Other operational expenses	28	123,447	96,223	18,197
VII.	Transfer of operational revenues	29	0	0	0
J.	Transfer of operational expenses	30	0	0	0
*	Consolidated operating results	31	(841,686)	(138,251)	4,246,382
VIII.	Revenues from sales of securities and deposits	32	0	0	100,350

K.	Sold securities and deposits	33	0	0	102,450
IX.	Revenues from long-term financial investments	34	0	0	0
IX. 1	Revenues from securities and deposits in companies in the group	35	0	0	0
2	Revenues from other long-term investment securities and deposits	36	0	0	0
3	Revenues from other long-term financial investments	37	0	0	0
X.	Revenues from short-term financial assets	38	3,693	9,923	46,731
L.	Costs of financial assets	39	0	0	0
XI.	Revenue from revaluation of equity securities	40	0	0	0
M.	Costs of revaluation of equity securities	41	0	0	0
XII.	Reversal of financial reserves	42	74,412	44,752	0
N.	Creation of financial reserves	43	0	74,412	44,752
XIII.	Reversal of provisions	44	0	0	0
O.	Creation of provisions	45	0	0	0
XIV.	Interest revenues	46	19,529	31,981	14,150
P.	Interest expenses	47	137,985	92,537	11,803
XV.	Other financial revenues	48	593,875	823,541	1,426,681
Q.	Other financial expenses	49	802,518	943,100	1,596,605
XVI.	Transfer of financial revenues	50	0	0	0
R.	Transfer of financial expenses	51	0	0	0
*	Consolidated result from financial activities	52	(248,994)	(199,852)	(167,698)
S.	Income tax on normal activity	53	(372,289)	(256,653)	1,530,179
S. 1	- due	54	14,850	10,909	1,136,274
S. 2	- deferred	55	(387,139)	(267,562)	393,905
**	Consolidated result after taxes from normal activities	56	(718,391)	(81,450)	2,548,505
XVII.	Extraordinary revenues	57	13,873	93,915	14,048
T.	Extraordinary expenses	58	10,667	72,415	46,881
U.	Income tax on extraordinary activity	59	139	467	0
U. 1	- due	60	139	467	0
U. 2	- deferred	61	0	0	0
*	Consolidated result from extraordinary activities	62	3,067	21,033	(32,833)
**	Consolidated net result excluding equity income (loss)	63	(715,324)	(60,417)	2,515,672
1	Earnings for the accounting period - group share	64	0	0	0
2	Earnings for the accounting period - minority share	65	0	0	0
**	Income / loss from equity method consolidation	66	0	0	0
***	Consolidated net result for the accounting period	67	(715,324)	(60,417)	2,515,672
	Consolidated result of operations before tax	68	(1,087,474)	(316,603)	4,045,851

1. COMPANY'S DESCRIPTION AND DEFINITION OF THE CONSOLIDATION GROUP

Česká rafinérská, a.s. ("the Company") is a Czech joint stock company incorporated on 28 April 1995 and its legal seat is in Litvínov, Czech Republic. The Company operates two petrochemical refineries in the Czech Republic. The Company is also the parent company of Česká rafinérská Slovakia, s.r.o., a Slovak limited liability company, and CRC Polska Sp z .o.o., a Polish limited liability company, which are involved in the trading of petrochemical products. The Company and its subsidiaries are hereinafter referred to as the "Group". The main activity of the Group is crude oil refining and sale of hydrocarbon fuels and lubricants.

There were changes made by the Company to the commercial register during 2002 relating to members of the Board of Directors and Supervisory Board.

The shareholders of the Company who hold a 10% or greater interest in the Company's basic capital are as follows:

Unipetrol, a.s.	51,00%
ENI International B.V.	16 1/3%
Conoco Central and Eastern Europe Holdings B.V.	16 1/3%
Shell Overseas B.V.	16 1/3%

The Group is a part of the consolidated group Unipetrol.

During 2002, the shareholders of Česká rafinérská, a.s. initiated negotiations aimed at converting Česká rafinérská, a.s. from full-merchant mode into the processing mode. In January 2003, the General Meeting of Česká rafinérská, a.s. formally approved these intentions and stated the rules and conditions under which the conversion takes place. Provided that these conditions are met as planned, the conversion should take place in May 2003. As a result of this change, most of the current commercial activities carried out within Česká rafinérská, a.s. shall be transferred to the shareholders. Conversion of Česká rafinérská, a.s. to the processing refinery mode may also have a significant impact on the operation of its foreign subsidiaries. Their future status has not yet been decided. (see Note 21).

Members of statutory and supervisory bodies of the Company at 31 December 2002 were as follows:

Board of Directors

Chairman: Ivan Ottis
 Vice-Chairman: Eric Van Anderson
 Member: Miroslav Debnár
 Member: Jiří Pavlas
 Member: Milan Vyskočil (through 27. 9. 2002)
 Member: Ivan Souček (since 15. 10. 2002)
 Member: Oscar Magnoni
 Member: John William deHaseth

Supervisory Board

Chairman: Zdeněk Černý
 Vice-Chairman: Josef Gros
 Member: Marie Čížinská
 Member: Ladislav Varhaník
 Member: Jiří Eminger
 Member: Jan Klimeš (since 29. 4. 2002)
 Member: Alois Dvořák (since 29. 4. 2002)
 Member: Ilona Pokorná (since 29. 4. 2002)
 Member: Enrico Amici

The Group is made of companies and subsidiaries that were included there from the aspect of materiality of their equity share and turnover of the Group.

The principal company of the consolidation group is Česká rafinérská, a.s., which is the parent company of the consolidation Group.

The consolidation Group consists of such subsidiaries where the Company holds more than a 50% ownership interest of an entity's basic capital.

Relevant financial information for the years 2002, 2001 and 2000 with respect to the sole consolidated subsidiaries, Česká rafinérská Slovakia, s.r.o. and CRC Polska Sp. z o.o., are as follows :

GROUP STRUCTURE 2002

Name: Registered Office	Česká rafinérská Slovakia s.r.o. Bratislava, Slovensko	CRC Polska Sp. z o.o. Wroclaw, Polsko
Acquisition Cost of Interest	167	83,024
Percentage of Ownership in %	100	100
Basic Capital (in TKc)	167	83,024
Shareholders Equity (in TKc)	2,859	89,991
Profit/Loss of Current Year (in TKc)	7,613	17,088
Retained Earnings (in TKc)	(4,924)	(10,121)
Total Assets (in TKc)	237,052	402,470
Intrinsic Value of an Interest (in TKc)	2,859	89,991
Dividends (in TKc)	-	-
Consolidation Method	Direct	Direct

GROUP STRUCTURE 2001

Name: Registered Office	Česká rafinérská Slovakia s.r.o. Bratislava, Slovensko	CRC Polska Sp. z o.o. Wroclaw, Polsko
Acquisition Cost of Interest	167	83,024
Percentage of Ownership in %	100	100
Basic Capital (in TKc)	167	83,024
Shareholders Equity (in TKc)	(4,755)	72,903
Profit/Loss of Current Year (in TKc)	16,692	(10,121)
Retained Earnings (in TKc)	(21,615)	-
Total Assets (in TKc)	165,575	482,891
Intrinsic Value of an Interest (in TKc)	(4,755)	72,903
Dividends (in TKc)	-	-
Consolidation Method	Direct	Direct

GROUP STRUCTURE 2001

Name: Registered Office	Česká rafinérská Slovakia s.r.o. Bratislava, Slovensko
Acquisition Cost of Interest	167
Percentage of Ownership in %	100
Basic Capital (in TKc)	167
Shareholders Equity (in TKc)	(21,447)
Profit/Loss of Current Year (in TKc)	(22,494)
Retained Earnings (in TKc)	880
Total Assets (in TKc)	89,435
Intrinsic Value of an Interest (in TKc)	(21,447)
Dividends (in TKc)	-
Consolidation Method	Direct

Financial statements of the Company were audited by Arthur Andersen Česká Republika, k.s., who issued an unqualified opinion. Financial statements of the subsidiaries were audited by other auditors who issued unqualified opinions.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Law on Accounting and the relevant accounting procedures for entrepreneurs as applicable for year 2002, 2001 and 2000.

The accompanying consolidated financial statements were prepared in compliance with applicable consolidation procedures, based on the direct method. Their purpose is to give a true picture of the assets, liabilities, equity and results of operations of the whole consolidation Group and to inform shareholders and creditors. To prepare the consolidated financial statements, a full consolidation was used for companies where the Company had a controlling interest (more than a 50% ownership interest).

Financial statements of all companies included in the consolidation were prepared as of 31 December 2002.

Financial statements of subsidiary companies with a registered seat abroad were translated to Czech crowns at the exchange rate at 31 December for the balance sheet and the yearly average exchange rate for the Profit and Loss statement as published by the Czech National Bank.

a) Impact of Law on Accounting Amendments – The impact of amendments to the Law on Accounting and to accounting procedures for entrepreneurs as of 1 January 2002 were reflected in net profit and loss in 2002 or in shareholders' equity as of 31 December 2002. For this reason, certain information in the financial statements is not comparable in full.

b) Information Comparability – In connection with amendments to the Law on Accounting and to accounting procedures for entrepreneurs, the comparability of balances has been affected in the following areas:

Balance Sheet

- In previous accounting periods, the balance sheet captions "Contingent gains/loss" included unrealized foreign exchange rate differences. Starting in 2002, such differences are charged to income.

- In previous accounting periods, the balance sheet caption "Other reserves" included reserves for unrealized foreign exchange rate differences. Starting in 2002, these reserves are no longer established.

Profit and Loss Statement

In previous accounting periods, extraordinary expenses and extraordinary revenues also included shortages and losses, and differences arising from inventory counts. Starting 2002, these items are reflected in cost of goods sold or in consumption of materials.

3. VALUATION STANDARDS

The valuation standards applied by the Group in compiling the 2002, 2001 and 2000 financial statements are as follows:

a) Intangible Fixed Assets – Intangible fixed assets are valued at their acquisition cost and related expenses, if any. Patents, rights and royalties are amortised over their useful lives as specified in the relevant contracts. Small intangible items with a cost of less than 60 TKc are not carried in the accompanying balance sheet but are expensed upon purchase to the profit and loss statement. Intangible fixed assets are amortised over their estimated useful economic lives.

b) Tangible Fixed Assets – Purchased tangible fixed assets are recorded at their acquisition cost including freight, customs duties and other related costs. Interest and other financial expenses incurred in the construction of tangible fixed assets are also capitalised. The costs of technical improvements are capitalised. Repairs and maintenance expenses are expensed as incurred. Small tangible items with a cost of less than 40 TKc are not carried in the accompanying balance sheet but are expensed upon purchase to the profit and loss statement. The adjustment to acquired property is calculated as the difference between the total appraised value of the property for contribution and the book value of the property as recorded in the accounting records of the contributing entity (see Note 4).

Depreciation

Depreciation is calculated based on acquisition cost and the estimated useful life of the related asset. The estimated useful lives are as follows:

	Years
Buildings, halls and constructions	50
Machinery and equipment	4 - 20
Vehicles	6 - 11
Furniture and fixtures	4 - 8
Other tangible fixed assets	4 - 30
Adjustment to acquired property	15

Additions to statutory reserve for major repairs relating to extraordinary overhauls or repairs of tangible fixed assets are based on annual estimates of the cost of the next overhaul or repair and on the time expected to elapse until next overhaul or repair.

c) Inventory – Purchased inventory (raw material and spare parts) is valued at cost using the weighted average method. Costs of purchased inventory include transportation and other applicable costs. Finished goods and work-in-progress are valued at standard cost. Cost of finished goods and work-in-process include direct materials, labor costs and production overhead. Finished goods held at subsidiaries include excise tax. Inventory of finished and semi-finished products is carried at the lower of cost and net realizable value.

d) Receivables and payables – Receivables and payables are carried at their nominal value after provision for doubtful accounts. Additions to the provision account are charged to Income. Receivables from and payables to companies included in the consolidation group are offset. Provisions are established based on a detailed review of the recoverability of receivables.

e) Shareholders' Equity – The basic capital of the Group is stated at the amount of the basic capital of the Company recorded in the Commercial Register maintained by the Regional Court. Contributions in excess of the basic capital are recorded as share premium. In accordance with the Commercial Code, the parent Company creates a legal reserve fund from profit. In the first year in which profit is generated, a joint-stock company should allocate 20% of profit after tax (however, not more than 10% of basic capital) to the legal reserve fund. In subsequent years, the reserve fund is allocated 5% of profit after tax until the fund reaches 20% of basic capital. This fund can only be used to offset losses.

f) Loans – Short- and long-term loans are recorded at face value. Any portion of long-term debt, which is due within one year, is regarded as short-term debt.

g) Financial Leases – The Group records leased assets by expensing the lease payments and capitalising the residual value of the leased assets when the lease contract expires and the purchase option is exercised. Lease payments paid in advance are recorded as prepaid expenses and amortised over the lease term.

h) Foreign Currency Transactions – Assets whose acquisition or production costs were denominated in foreign currencies were translated to local currencies at the exchange rates prevailing at the date of each acquisition. Foreign currency on hand, and receivables and payables denominated in foreign currencies are translated to national currencies based on daily exchange rates and are adjusted at year-end to the exchange rates at 31 December as published by the relative National Bank. The unrealized exchange rate gains and losses are charged or credited, as appropriate, to income for the year. In 2001 and 2000, realized exchange rate gains and losses were charged or credited, as appropriate, to income for the year. Unrealized exchange rate gains and losses were not recognized or charged, as appropriate, into income until collection or payment of the related item occurred, and were included in other liabilities or other assets, as appropriate, in the accompanying balance sheet. Unrealized exchange rate losses were included as assets in the accompanying balance sheet and were offset by a reserve with a corresponding charge to income.

i) Recognition of Revenues and Expenses – Revenues and expenses are recognised on an accrual basis, when the actual flow of the related goods or services occurs, regardless of when the related monetary or financial flow arises. In accordance with the accounting principle of prudence, the Group does not record contingent gains at year-end, whereas foreseeable contingent losses are recorded as they become known.

j) Income Tax – The corporate income tax expense is calculated for each company in the Group and is based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible reserves and provisions, entertainment expenses, differences between book and tax depreciation, etc.). The corporate income tax expense in the consolidated financial statements consists of the sum of corporate income tax expense of the parent Company and other companies of the Group, consolidated using the full consolidation method. The deferred tax position is calculated for each company in the Group and reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes. The consolidated deferred tax position is the sum of the deferred tax positions of the parent Company and other companies in the Group for which the full consolidation method has been used, adjusted for the effects of temporary differences resulting from intercompany transactions.

4. FIXED ASSETS

a) Intangible Fixed Assets (in TKc)

COST					
	At beginning of year	Additions	Disposals	Transfers	Total cost
Research and development	22,141	13,601	-	-	35,742
Software	388,865	18,378	-	120,344	527,587
Patents, rights and royalties	197,347	6,294	-	42,221	245,862
Intangibles in progress	69,228	14,812	(38,273)	(17,851)	27,916
2002 Total	677,581	53,085	(38,273)	144,714	837,107
2001 Total	556,217	242,513	(144,145)	22,996	677,581
2000 Total	452,346	243,026	(139,155)	-	556,217

ACCUMULATED AMORTISATION

	At beginning of year	Amortisation during year	Transfers	Total accumulated amortisation	Net book value
Research and development	(11,977)	(3,173)	-	(15,150)	20,952
Software	(209,315)	(118,529)	(430)	(328,274)	199,313
Patents, rights and royalties	(78,247)	(30,946)	(164)	(109,357)	136,505
Intangibles in progress	-	-	-	-	27,916
2002 Total	(299,539)	(152,648)	(594)	(452,781)	384,326
2001 Total	(166,610)	(132,929)	-	(299,539)	378,042
2000 Total	(73,399)	(93,211)	-	(166,610)	389,607

Research and development costs represent external studies, which are amortised over their estimated useful lives. Management has sound reasons to foresee the technical success and commercial profitability of these projects.

b) Tangible Fixed Assets (in TKc)

COST

	At beginning of year	Additions	Disposals	Transfers	Total cost
Constructions	3,048,304	683,600	(39,060)	707	3,693,551
Machinery and equipment	11,839,007	1,695,258	(200,615)	287	13,333,937
Art work and collections	-	1,090	-	-	1,090
Other tangibles	789,465	-	(29,578)	-	759,887
Tangibles in progress	1,748,385	1,593,544	(2,379,948)	(145,708)	816,273
Advances for tangibles	754,530	521,211	(931,337)	-	344,404
Adjustments to acquired property	1,269,312	-	-	-	1,269,312
2002 Total	19,449,003	4,494,703	(3,580,538)	(144,714)	20,218,454
2001 Total	17,269,459	10,511,492	(8,308,952)	(22,996)	19,449,003
2000 Total	12,407,613	8,291,656	(3,429,810)	-	17,269,459

ACCUMULATED DEPRECIATION

	At beginning of year	Depreciation during year	Transfers	Disposals	Provision	Total accumulated depreciation	Net book value
Constructions	(248,153)	(80,217)	(150)	3,489	-	(325,031)	3,368,520
Machinery and equipment	(2,328,458)	(934,580)	744	184,158	40,000	(3,037,638)	10,296,299
Art work and collections	-	-	-	-	-	-	1,090
Other tangibles	(156,510)	(25,520)	-	4,723	-	(177,307)	582,580
Tangibles in progress	(20,000)	-	-	-	20,000	-	816,273
Advances for Tangibles	-	-	-	-	-	-	344,404
Adjustments to acquired property	(507,725)	(84,620)	-	-	-	(592,345)	676,967
2002 Total	(3,260,846)	(1,124,936)	594	192,370	60,000	(4,132,321)	16,086,133
2001 Total	(2,452,018)	(837,032)	-	88,204	(60,000)	(3,260,846)	16,188,157
2000 Total	(1,933,383)	(547,928)	-	29,292	-	(2,452,018)	14,817,441

Depreciation expense for tangible fixed assets totaled 1,039,819 TKc, 752,411 TKc and 463,307 TKc in 2002, 2001 and 2000, respectively.

The total value of small tangible fixed assets, which are not reflected in the accompanying balance sheet, was 10,363 TKc, 16,368 TKc and 39,704 TKc as of 31 December 2002, 2001 and 2000, respectively.

The adjustment to acquired property of 1,269,312 TKc arose from the difference between the total price of property contributed to the Company by a shareholder and the book value of the property as recorded in the accounting records of the contributing entity (see Note 3b). The amount is depreciated on a straight-line basis over 15 years. Depreciation expense of the adjustment to acquired property totaled 84,620 TKc, 84,621 TKc and 84,621 TKc in 2002, 2001 and 2000, respectively.

5. RECEIVABLES

Provisions for doubtful receivables charged to income totaled 37,700 TKc, 30,015 TKc and 108,496 TKc, in 2002, 2001 and 2000, respectively.

Receivables overdue for more than 360 days totalled 122,983 TKc, 53,833 TKc and 95,488 TKc as of 31 December 2002, 2001 and 2000, respectively.

At 31 December 2002, the Group had no long-term receivables.

The Group has also receivables from related parties (see Note 19).

6. PROVISIONS

Provisions reflect a temporary diminution in value of assets (see Note 4 a 5).

Changes in the provision accounts during 2000, 2001 and 2002 are as follows (in TKc):

Provisions	Fixed assets	Inventory	Receivable - statutory	Receivable - other	Total
Balance at 31. 12. 1999	-	-	22,695	37,611	60,306
Additions	-	-	20,092	88,404	108,496
Use	-	-	-	(37,990)	(37,990)
Balance at 31. 12. 2000	-	-	42,787	88,025	130,813
Additions	60,000	20,000	5,444	24,571	110,015
Use	-	-	(16,763)	(48,052)	(64,815)
Balance at 31. 12. 2001	60,000	20,000	31,468	64,544	176,012
Additions	-	-	24,660	13,040	37,700
Use	(60,000)	(20,000)	(172)	(23,114)	(103,286)
Balance at 31. 12. 2002	-	-	55,956	54,470	110,426

Statutory provisions are created in compliance with the Czech Law on Reserves.

7. FINANCIAL ASSETS

The Company has bank accounts, which allow the Company to maintain overdraft facility. At 31 December 2002, 2001 and 2000, the overdraft balances totalled (in accordance with the agreed credit limit) 198,346 TKc, 798,780 TKc and 95,065 TKc, respectively, and were reflected as short-term loans in the accompanying balance sheet (see Note 12).

8. OTHER ASSETS

Prepaid expenses include prepaid rent and catalysts in use, which are being charged to income as the relevant service is provided or material used.

9. SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

The basic capital of the Company is comprised of 934,824 registered shares fully subscribed and paid, with a nominal value of 10 TKc.

The changes in the capital accounts during 2002, 2001 and 2000 were as follows (in TKc):

	Number of shares	Basic capital	Legal reserve fund
Balance at 31. 12. 1999	934,824	9,348,240	245,471
2000 Change	-	-	73,890
Balance at 31. 12. 2000	934,824	9,348,240	319,361
2001 Change	-	-	126,590
Balance at 31. 12. 2001	934,824	9,348,240	445,951
Balance at 31. 12. 2002	934,824	9,348,240	445,951

The Annual General Meeting held on 17 May 2002 approved to cover the loss of the 2001 accounting period from the retained earnings of previous years:

	(in TKc)
Loss for 2001	(60,417)
Compensation from retained earnings	60,417
Retained earnings at 31. 12. 2001	7,280,875
Compensation of loss for 2001	(60,417)
Retained earnings at 31. 12. 2002	7,220,458

The Annual General Meeting held on 4 May 2001 and the extraordinary General Meeting held on 27 September 2001 approved the following profit distribution for 2000:

	(in TKc)
Profit for 2000	2,515,672
Allocation to Legal reserve fund	(126,590)
Ordinary dividends	(253,338)
Extraordinary dividends	(380,472)
Undistributed profits added to retained earnings	1,755,272
Retained earnings at 31. 12. 2000	5,525,603
Transfer of 2000 profit	1,755,272
Retained earnings at 31. 12. 2001	7,280,875

The Annual General Meeting held on 26 May 2000 approved the following profit distribution for 1999:

	(in TKc)
Profit for 1999	1,477,639
Allocation to Legal reserve fund	(73,890)
Dividends	(147,702)
Undistributed profits added to retained earnings	1,257,047
Retained earnings at 31. 12. 1999	4,268,556
Transfer of 1999 profit	1,257,047
Retained earnings at 31. 12. 2000	5,525,603

In 2002, the Company paid out no dividends. In 2001, the Company paid out ordinary dividends of 271 Kc per share, totalling 253,338 TKc and extraordinary dividends of 407 Kc totalling 380,472 TKc. In 2000, the Company paid out dividends of 158 Kc per share, totalling 147,702 TKc.

10. RESERVES

The movements in the reserve accounts for contingencies and expenses were as follows (in TKc):

Reserves	Legal	Foreign exchange rate losses	Other
Balance at 31. 12. 1999	365,967	-	40,000
Additions	146,217	44,752	89,931
Use	(166,767)	-	(45,428)
Balance at 31. 12. 2000	345,417	44,752	84,503
Additions	119,783	74,412	41,627
Use	(91,000)	(44,752)	(84,503)
Balance at 31. 12. 2001	374,200	74,412	41,627
Additions	88,617	-	50,141
Use	(127,000)	(74,412)	(41,627)
Balance at 31. 12. 2002	335,817	-	50,141

The Group established the legal reserve in 2002, 2001 and 2000 for the purpose of repairs of tangible fixed assets.

Other reserves include primarily a reserve related to employees' retraining.

11. SHORT-TERM LIABILITIES

As of 31 December 2002, 2001 and 2000, the Group had no overdue short-term liabilities, respectively.

The Group has payables to related parties (see Note 19).

12. BANK LOANS AND SHORT-TERM NOTES

At 31 December 2002, the Company had a long-term bank loan and no other short-term notes, except for the overdraft accounts mentioned in Note 7.

Term	2002 Outstanding amount in TKc	2001 Outstanding amount in TKc	2000 Outstanding amount in TKc
Long-term loan	1,333,333	2,000,000	-
Current portion of long-term loan	666,667	-	-
Overdrafts	198,346	798,780	95,095
Total	2,198,346	2,798,780	95,095

The interest expense relating to bank loans and short-term notes for 2002, 2001 and 2000 was 137,985 TKc, 92,537 TKc and 11,803 TKc, respectively.

13. OTHER LIABILITIES

Accruals and contingencies include mainly unbilled services that are being charged to income for 2002, as appropriate.

14. INCOME TAXES

The calculation of 2002, 2001 and 2000 income taxes are as follows:

	2002 (in TKc)	2001 (in TKc)	2000 (in TKc)
Profit/(Loss) before taxes	(1,122,728)	(328,085)	4,067,743
Non-taxable revenues	(290,199)	(178,321)	(130,148)
Non-deductible expenses	295,749	315,711	379,737
Differences between book and tax depreciation	(180,557)	(813,492)	(465,828)
Gifts	-	-	(3,946)
10% relief on tangibles	-	-	(155,313)
Taxable income (loss)	(1,297,735)	(1,004,187)	3,692,245
Current income tax rate	31%	31%	31%
Tax due	-	-	1,144,596
Discounts (disabled people, tax withheld from dividends)	-	-	(9,377)
Prior year adjustments	-	7,527	1,055
Current tax due	-	7,527	1,136,274

The parent Company can carryforward tax losses generated since 2001 for up to seven years. The remaining tax loss carryforward from the years 2001 through 2002, amounted to 2,283,588 TKc as of 31 December 2002. Tax liabilities of subsidiaries are immaterial compared to results of operation of the parent Company. The parent Company quantified deferred taxes as follows:

Deferred tax items	Base	Tax rate	2002		2001		2000	
			Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	(2,073,126)	31%	-	(642,669)	-	(636,484)	-	(384,301)
Other temporary differences:								
Provision against receivables	36,803	31%	11,409	-	13,998	-	21,110	-
Revaluation of derivatives	1,132	31%	351	-	-	-	-	-
Provision against inventory	-	31%	-	-	6,200	-	-	-
Adjustment to acquired property	(676,967)	31%	-	(209,860)	-	(217,492)	-	(262,324)
Reserves	50,141	31%	15,544	-	35,972	-	40,069	-
10% investment relief	625,752	31%	193,983	-	176,039	-	-	-
Tax loss	2,283,588	31%	707,912	-	311,298	-	-	-
Total	247,323		929,199	(852,529)	543,507	(853,976)	61,179	(646,625)
Net			76,670		(310,469)			(585,446)

The parent Company has recorded a deferred tax asset of 76,670 TKc.

15. LEASING

The Company leases assets, which are recorded in an off-balance sheet account (see Note 3h).

Assets that are being used by the Company under finance leases (i.e. the assets are transferred to the Company when the leasing period expires) as of 31 December 2002, 2001 and 2000, respectively, are as follows (in TKc):

The parent Company quantified deferred taxes as follows:

Description	Terms	Total lease	Payments made as of 31. 12. 2002	Payments made as of 31. 12. 2001	Payments made as of 31. 12. 2000	Remaining payments as of 31.12. 2002	
						Due within one year	Due over one year
Isomerisation unit	As per contract	585,703	585,703	585,703	515,306	-	-
Company cars	As per contract	46,194	27,410	13,770	5,165	11,369	7,415

16. COMMITMENTS AND CONTINGENCIES

The Group has a long-term (15 years) transport contract with Mero ČR a.s., effective from 1 January 1996, and an annual transport contract with Transpetrol which stipulate a minimum annual throughput of crude oil through the IKL and Druzhba pipelines.

At 31 December 2002, the Company had issued the following guarantees:

Type of guarantee	on behalf of	Beneficiary	Reason	Amount (in TKc)	Curr.	Amount (in TKc)
Company Guarantee	CRC Slovakia	Citibank Slovakia	Overdraft	150,000	SKK	112,769
Company Guarantee	CRC Slovakia	Citibank Slovakia	Custom guarantee	40,000	SKK	30,072
Company Guarantee	CRC Polska	Handlowy Leasing S.A.	Leasing	150	PLN	1,180
Company Guarantee	CRC Polska	ING Bank Slaski	Credit contract	6,000	PLN	47,190
Company Guarantee	CRC Polska	ING Bank Slaski	Credit contract	3,000	PLN	23,595
Company Guarantee	CRC Polska	Shell Produkty Polska	Supplier's contract	10,000	PLN	78,650
Company Guarantee	CRC Polska	Bank Handlowy w Warszawie	Credit contract	6,000	PLN	47,190
Company Guarantee	CRC Polska	TuiR Warta S.A.	Custom guarantee	8,000	PLN	62,920
Total						403,566

At 31 December 2002 the Company has entered into foreign currency purchase contracts equivalent to 421,974 TKc. The forward contracts were closed in January 2003 with a net loss of 2,658 TKc.

17. REVENUES

The breakdown of the Company's 2002, 2001 and 2000 revenues from current activities is as follows (in TKc):

	2002		2001		2000	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Sale of products	31,245,353	8,076,352	36,807,815	8,520,765	44,006,480	7,577,800
Sale of services	377,073	49,142	299,930	-	471,767	3,207
Sale of goods	499,470	2,324,511	101,022	1,280,102	24,789	517,533
Total revenues	32,121,896	10,450,005	37,208,767	9,800,867	44,503,036	8,098,540

Revenues of the Company for 2002 were concentrated primarily with 54 main customers.

18. PERSONNEL AND RELATED EXPENSES

The average number of employees in the Group in 2002, 2001 and 2000, by category and the related personnel costs for the year, was as follows (in TKc):

	2002		2001		2000	
	Total Personnel	Directors, Deputy Directors and Managers	Total Personnel	Directors, Deputy Directors and Managers	Total Personnel	Directors, Deputy Directors and Managers
Average number of employees	822	28	981	31	1,160	30
Salaries and wages	353,754	39,177	396,965	44,090	378,828	41,947
Social insurance	122,319	13,409	130,425	16,635	132,464	14,460
Social expenses	14,294	256	16,763	293	19,236	251
Total personnel expenses	490,367	52,842	544,153	61,018	530,528	56,658

The members and former members of statutory, management and supervisory boards received total bonuses and other remuneration of 2,668 TKc, 2,174 TKc and 2,366 TKc in 2002, 2001 and 2000, respectively.

19. RELATED PARTY INFORMATION

No loans, guarantees or other benefits were granted to members of statutory bodies in 2002, 2001 and 2000 and they do not hold any shares of the Group.

The Group sells products to related parties in the ordinary course of business. Sales amounted to 17,756,548 TKc, 21,367,944 TKc and 25,989,139 TKc in 2002, 2001 and 2000, respectively.

Short-term receivables from related parties as of 31 December were as follows (in TKc):

Related party	2002	2001	2000
Aliachem, a.s.	265	432	-
Unipetrol Deutschland GmbH	781	3,889	-
Unipetrol Austria GmbH	9,432	3,029	-
Spolana, a.s.	2,089	4	-
AGIP Praha, a.s.	139,074	120,644	99,199
Benzina, a.s.	752,268	219,938	828,087
Chemopetrol, a.s.	997,546	619,265	1,594,738
Chemopetrol BM, a.s.	-	1	-
Chemopetrol doprava, a.s.	4	699	-
Conoco ČR, s.r.o.	138,153	97,839	129,961
Kaučuk, a.s.	58,260	38,303	48,396
Shell ČR, a.s.	363,802	553,756	717,777
Paramo, a.s.	3,898	54	8,204
Koramo, a.s.	40,835	60,815	-
Total	2,506,407	1,718,668	3,247,688

The Company purchases products and receives services from related parties in the ordinary course of business. In 2002, 2001 and 2000, purchases amounted to 3,546,777 TKc, 4,284,542 TKc and 3,776,547 TKc, respectively.

Short-term liabilities to related parties as of 31 December were as follows (in TKc):

Related party	2002	2001	2000
Benzina, a.s.	15,987	804	3,344
Chemopetrol, a.s.	123,252	210,663	180,355
Chemopetrol BM, a.s.	89	82	-
Chemopetrol-Doprava, a.s.	133,778	145,549	27,835
HC Chemopetrol, a.s.	-	549	-
Agip Praha, a.s.	6,004	4,520	-
Conoco ČR, s.r.o.	9,354	901	2,569
Kaučuk, a.s.	129,030	99,089	134,648
Shell ČR, a.s.	35,874	8,976	-
Unipetrol, a.s.	17,809	16,089	16,703
Spolana, a.s.	119	227	-
Koramo, a.s.	-	629	-
Paramo, a.s.	-	314	44
B.U.T., s.r.o.	17	30	65
Petrotrans, a.s.	10	-	-
Total	471,323	488,422	365,563

20. RESEARCH AND DEVELOPMENT COSTS

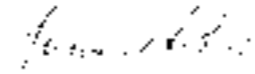

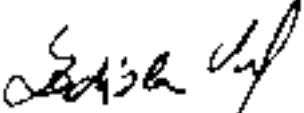
The Group did not charge any research and development costs to income in 2002, 2001 and 2000, respectively.

21. SUBSEQUENT EVENTS

During 2002, the shareholders of Česká rafinérská, a.s. initiated negotiations aimed at converting Česká rafinérská, a.s. from full-merchant mode into the processing mode. In January 2003, the General Meeting of Česká rafinérská, a.s. formally approved these intentions and stated the rules and conditions under which the conversion takes place. Provided that these conditions are met as planned, the conversion should take place in May 2003. As a result of this change, most of the current commercial activities carried out within Česká rafinérská, a.s. shall be transferred to the shareholders. Conversion of Česká rafinérská, a.s. to the processing refinery mode may also have a significant impact on the operation of its foreign subsidiaries. Their future status has not yet been decided.

22. FINANCIAL STATEMENTS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Condensed financial statements of subsidiaries and associated companies for 2002, 2001 and 2000 are summarised in Attachment 1.

	Signature of accounting Unites statutory Body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
Sent out on:			
			
	Ivan Ottis Chairman of the Board of Directors	Miroslav Hanousek Controller	Martin Kodl Deputy Controller

28 February 2003

AMENDMENT NO. 1

CASH FLOW STATEMENT

For the year ended 31 december 2002

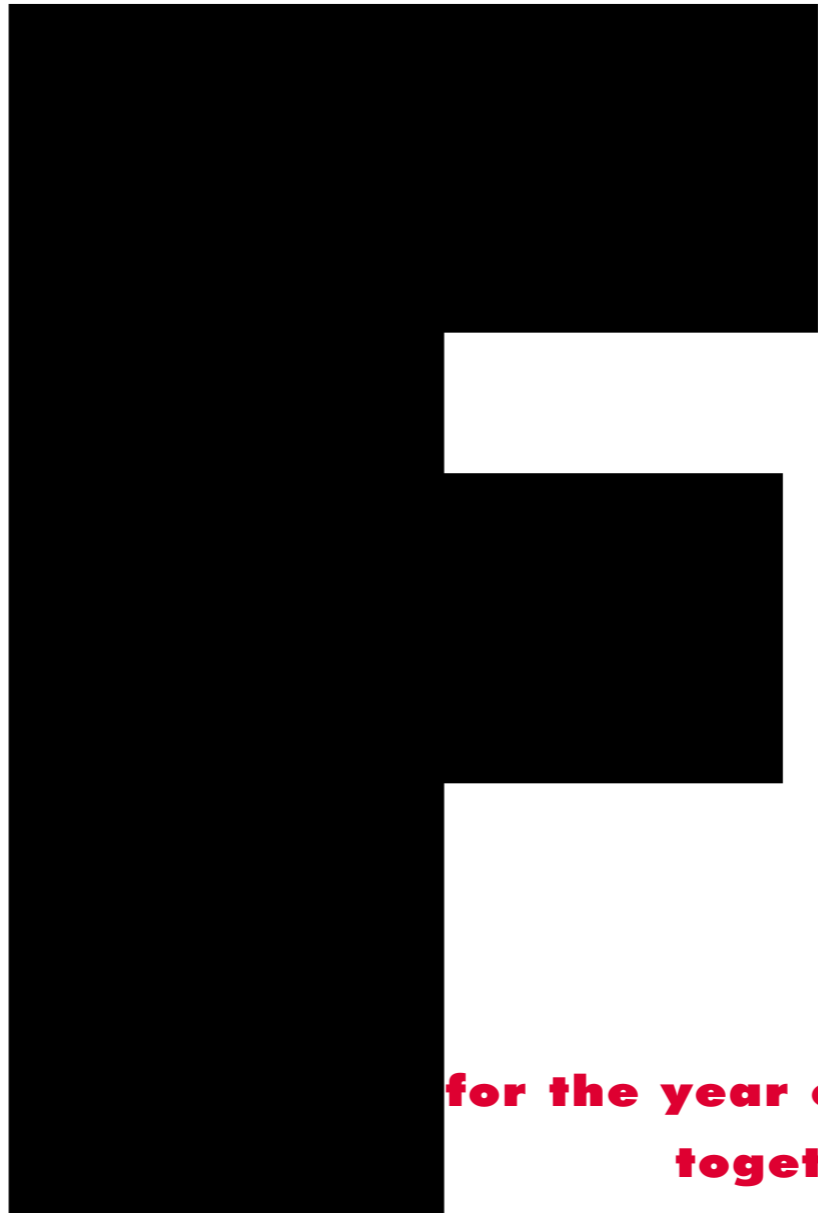
	Current year	Prior year 2001	Prior year 2000
P. Cash and cash equivalents at the beginning of the accounting period	2,383,051	3,234,997	2,411,288
Cash flow from main (operational) activity			
Z. Profit/loss from normal activity before taxes	(1,090,680)	(338,103)	4,078,684
A. 1. Adjustments by non-cash transactions	1,414,765	942,920	885,275
A. 1. 1. Depreciation of fixed assets	1,277,114	969,979	641,144
A. 1. 2. Change in provisions, reserves and change in prepayments and accruals	21,734	(94,292)	248,250
A. 1. 3. (Profit) loss from sale of fixed assets	(2,539)	6,677	(1,772)
A. 1. 4. Dividends and profit revenues	0	0	0
A. 1. 5. Interest expense and revenue	118,456	60,556	(2,347)
A* Net cash flow from operational activity before taxes and before changes in working capital and extraordinary items	324,085	604,817	4,963,959
A. 2. Change in working capital	(293,150)	(50,639)	1,224,700
A. 2. 1. Change in receivables from operational activities	369,246	1,339,642	(169,963)
A. 2. 2. Change in short-term payables from operational activities	406,417	(1,284,557)	1,325,806
A. 2. 3. Change in inventories balance	(1,068,813)	(105,724)	68,857
A** Net cash flow from operational activity before taxes and extraordinary items	30,935	554,178	6,188,659
A. 3. Interest paid	(137,985)	(92,537)	(11,803)
A. 4. Interest received	19,529	31,981	14,150
A. 5. Tax on normal activity and additional tax of prior years	(4,088)	(1,037,746)	(325,830)
A. 6. Proceeds and disbursements related to extraordinary items	(9,158)	(1,837)	221
A*** Net cash flow from operational activity	(100,767)	(545,961)	5,865,397

Cash flow from investment activity

B. 1. Fixed asset acquisition	(1,181,374)	(2,389,130)	(4,995,454)
B. 2. Sale of fixed assets	5,071	13,240	6,403
B. 3. Loans to related parties	0	0	0
B*** Net cash flow from investment activity	(1,176,303)	(2,375,890)	(4,989,051)

Cash flow from financial activity

C. 1. Change in long-term liabilities	(600,434)	2,703,715	95,065
C. 2. Impact of changes in equity	0	(633,810)	(147,702)
C. 2. 1. Capital and reserve fund increase	0	0	0
C. 2. 2. Refund of equity to shareholders	0	0	0
C. 2. 3. Monetary donations and subsidies to equity and other cash contributions of partners and shareholders	0	0	0
C. 2. 4. Settling of loss by shareholders	0	0	0
C. 2. 5. Direct payments debited to funds	0	0	0
C. 2. 6. Paid-out dividends and profit shares	0	(633,810)	(147,702)
C. 3. Dividends and profit shares received	0	0	0
C*** Net cash flow from financial activity	(600,434)	2,069,905	(52,637)
F. Net increase/decrease in cash	(1,877,504)	(851,946)	823,709
R. Cash and cash equivalents at the end of the accounting period	505,547	2,383,051	3,234,997



**Financial Statements
for the year ended 31 December 2002
together with Auditors' Report**

AUDITORS' REPORT

To the Shareholders of Česká rafinérská, a.s.:

We have audited the financial statements of Česká rafinérská, a.s., for the year ended 31 December 2002 in accordance with the Act No. 254/2000 Coll. on Auditors and the auditing guidelines issued by the Chamber of Auditors. Our audit included an examination of evidence supporting the financial statements and of the accounting policies and estimates used by management in their preparation. Our audit procedures were carried out on a test basis and with regard to the principle of materiality.

The Board of Directors is responsible for maintaining accounting records and for preparing financial statements which give a true and fair view of the assets, liabilities, equity, financial results and financial situation of Česká rafinérská, a.s. Our responsibility is to express an opinion on the financial statements taken as a whole, based on our audit performed in accordance with this Act and the auditing guidelines.

In our opinion, the financial statements present, in all material respects a true and fair view of the assets, liabilities, equity and financial position of Česká rafinérská, a.s., as of 31 December 2002 and the financial results for the year then ended in accordance with Act No. 563/1991 Coll. on Accounting and relevant legislation.

Without qualifying our opinion we wish to draw your attention to the following matters:

As more fully discussed in Notes 1 and 22, during 2002, the Company's Shareholders initiated negotiations aimed at converting Česká rafinérská, a.s. from full-merchant mode into the processing mode. As a result of this change, most of the current commercial activities carried out within Česká rafinérská, a.s. shall be transferred to the shareholders. Conversion of Česká rafinérská, a.s. to the processing refinery mode may also have a significant impact on the operation of its foreign subsidiaries. Their future status has not yet been decided.

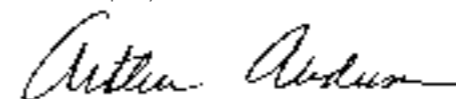
Česká rafinérská, a.s. is a parent company which compiled consolidated financial statements. We have issued an unqualified auditors' report on the consolidated financial statements dated 28 February 2002. Consolidated shareholders' equity amounts to 16,298,195 TKc, total assets amount to 28,121,793 TKc and the consolidated net loss was 715,324 TKc. In Note 19 to the financial statements, the intragroup sales as well as accounts receivable and payable balances as of the balance sheet date are disclosed.

We have also audited the prior year financial statements of Česká rafinérská, a.s. as of 31 December 2001 and 2000 and issued an unqualified report thereon dated 25 February 2002 and 23 February 2001, respectively.

The accompanying annual report for 2002 contains information about important matters related to the Company's financial statements, the evolution of its business and other matters. We have checked that the accounting information in the annual report is consistent with that contained in the audited financial statements as of 31 December 2002. Our work as auditors was confined to checking the annual report with the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company.

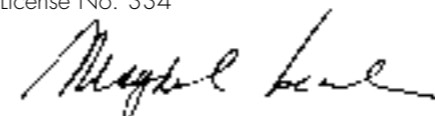
We have reviewed the information contained in the report on related parties, which was prepared in accordance with Section 66a of the Commercial Code. The Board of Directors is responsible for the complete and accurate presentation of the report. Our responsibility is to review the accuracy of the information included in the report. During our audit, nothing came to our attention that would cause us to believe that the information disclosed in the report was inaccurate.

We did not review the completeness of the information presented in the report. In addition, we are unable to assess whether the relationships between related parties had an adverse affect on the Company. However, the management of the Company believes that all transactions between related parties were performed on an arm's length basis.

A handwritten signature in black ink, appearing to read "Arthur Andersen".

Arthur Andersen Česká republika, k.s.

Husova 5
110 00 Praha 1
license No. 334

A handwritten signature in black ink, appearing to read "Magdalena Soucek".

Magdalena Soucek
license No. 1291

28 February 2003
Prague, Czech Republic

BALANCE SHEET - LONG FORM

	LINE	Gross	Current year Provisions	Net	Prior year 2001 Net	Prior year 2000 Net
TOTAL ASSETS	1	32,511,682	(4,676,784)	27,834,898	29,292,276	30,018,322
A. STOCK SUBSCRIPTIONS RECEIVABLE	2					
B. FIXED & FINANCIAL ASSETS	3	21,146,172	(4,584,025)	16,562,147	16,647,995	15,207,047
B. I. Intangible assets	4	836,754	(452,660)	384,094	377,925	389,588
B. I. 1 Expenses on foundation and organization	5	0	0	0	0	0
2 Research and development	6	35,742	(15,150)	20,592	10,164	13,583
3 Software	7	527,234	(328,153)	199,081	179,433	232,841
4 Patents, rights and royalties	8	245,862	(109,357)	136,505	119,100	51,155
5 Small and other intangibles	9	0	0	0	0	0
6 Intangibles in progress	10	27,916	0	27,916	69,228	92,009
7 Advances for intangibles	11	0	0	0	0	0
B. II. Tangible assets	12	20,216,568	(4,131,365)	16,085,203	16,186,879	14,816,853
B. II. 1 Land	13	0	0	0	0	0
2 Constructions	14	3,693,551	(325,031)	3,368,520	2,800,151	2,089,562
3 Separate movable items and groups of movable items	15	13,332,051	(3,036,682)	10,295,369	9,509,271	3,495,161
4 Permanent growth	16	0	0	0	0	0
5 Livestock	17	0	0	0	0	0
6 Other tangible assets	18	760,977	(177,307)	583,670	632,955	659,393
7 Tangibles in progress	19	816,273	0	816,273	1,728,385	6,960,428
8 Advances for tangibles	20	344,404	0	344,404	754,530	766,101
9 Adjustment to purchased property	21	1,269,312	(592,345)	676,967	761,587	846,208
B. III. Long-term financial assets	22	92,850	0	92,850	83,191	606
B. III. 1 Majority shareholdings and participating interests (shareholdings > 50%)	23	92,850	0	92,850	83,191	606
2 Substantial shareholdings and participating interests (shareholdings of 20% - 50%)	24	0	0	0	0	0
3 Other long-term securities and deposits	25	0	0	0	0	0
4 Intergroup loans	26	0	0	0	0	0
5 Other long-term loans and financial assets	27	0	0	0	0	0
6 Financial assets in progress	28	0	0	0	0	0
7 Advance for long-term assets	29	0	0	0	0	0

C. CURRENT ASSETS	30	10,938,075	(92,759)	10,845,316	12,051,995	14,362,162
C. I. Inventory	31	5,231,526	0	5,231,526	4,230,328	4,279,081
C. I. 1 Materials	32	3,653,580	0	3,653,580	2,391,130	2,720,666
2 Work-in-progress and semifinished production	33	542,520	0	542,520	881,853	561,738
3 Finished products	34	1,022,778	0	1,022,778	888,307	976,871
4 Livestock	35	0	0	0	0	0
5 Goods	36	12,648	0	12,648	23,396	2,015
6 Advances paid	37	0	0	0	45,642	17,791
C. II. Long-term receivables	38	76,670	0	76,670	13,914	27,829
C. II. 1 Trade and other receivables	39	0	0	0	13,914	27,829
2 Receivables from partners and associations	40	0	0	0	0	0
3 Receivables from related companies (shareholdings > 50%)	41	0	0	0	0	0
4 Receivables from related companies (shareholdings of 20% - 50%)	42	0	0	0	0	0
5 Other receivables	43	0	0	0	0	0
6 Deferred tax receivable	44	76,670	0	76,670	0	0
C. III. Short-term receivables	45	5,159,539	(92,759)	5,066,780	5,581,010	6,824,251
C. III. 1 Trade receivables	46	5,152,484	(92,759)	5,059,725	5,352,458	6,813,365
2 Receivables from partners and associations	47	0	0	0	0	0
3 Receivables from social security	48	0	0	0	0	0
4 Receivables from taxes and subsidies	49	3,083	0	3,083	224,488	0
5 Receivables from companies (shareholdings > 50%)	50	0	0	0	0	0
6 Receivables from related companies (shareholdings of 20% - 50%)	51	0	0	0	0	0
7 Other receivables	52	3,972	0	3,972	4,064	10,886
C. IV. Financial accounts	53	470,340	0	470,340	2,226,743	3,231,001
C. IV. 1 Cash	54	1,118	0	1,118	848	1,749
2 Bank accounts	55	5,394	0	5,394	400,607	132,492
3 Short-term financial assets	56	463,828	0	463,828	1,825,288	3,096,760
4 Short-term financial assets in progress	57	0	0	0	0	0
D. OTHER ASSETS	58	427,435	0	427,435	592,286	449,113
D. I. Temporary accounts of assets	59	377,034	0	377,034	515,924	388,231
D. I. 1 Prepaid expenses	60	376,981	0	376,981	446,823	386,254
2 Unbilled revenue	61	53	0	53	69,101	1,977
D. II. Contingencies - gain (Estimated prepayments)	62	50,401	0	50,401	76,362	60,882

	LINE	Current year	Prior year 2001	Prior year 2000
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES	63	27,834,898	29,292,276	30,018,322
A. SHAREHOLDER'S EQUITY	64	16,302,632	17,029,693	17,724,138
A. I. Basic capital	65	9,348,240	9,348,240	9,348,240
A. I. 1 Basic capital	66	9,348,240	9,348,240	9,348,240
2 Own shares	67	0	0	0
3 Changes in basic capital	68	0	0	0
A. II. Capital funds	69	8,528	0	0
A. II. 1 Share premium (agio)	70	0	0	0
2 Other capital funds	71	0	0	0
3 Revaluation of assets	72	8,528	0	0
4 Revaluation of merger	73	0	0	0
A. III. Funds created from profit	74	445,951	445,951	319,361
A. III. 1 Legal reserve fund	75	445,951	445,951	319,361
2 Indivisible fund	76	0	0	0
3 Statutory and other funds	77	0	0	0
A. IV. Retained earnings	78	7,235,502	7,296,137	5,524,752
IV. 1 Retained earnings of previous years	79	7,235,502	7,296,137	5,524,752
2 Retained losses of previous years	80	0	0	0
A. V. Result of current accounting period	81	(735,589)	(60,635)	2,531,785
B. LIABILITIES	82	11,324,694	12,021,672	12,041,036
B. I. Reserves	83	385,958	490,239	474,672
B. I. 1 Legal reserves (tax-deductible)	84	335,817	374,200	345,417
2 Reserves for corporate income tax	85	0	0	0
3 Other reserves	86	50,141	116,039	129,255

B. II. Long-term liabilities	87	0	310,469	585,446
B. II. 1 Long-term payables to related companies (shareholdings > 50%)	88	0	0	0
2 Long-term payables to related companies (shareholdings of > 20% - 50%)	89	0	0	0
3 Long-term deposits received	90	0	0	0
4 Bonds payable	91	0	0	0
5 Long-term notes payable	92	0	0	0
6 Other long-term payables	93	0	0	0
7 Deferred tax payable	94	0	310,469	585,446
B. III. Short-term liabilities	95	8,787,229	8,493,131	10,929,237
B. III. 1 Trade payables	96	4,747,342	4,426,983	4,391,744
2 Payables to partners and associations	97	0	0	0
3 Payables to employees	98	2,268	1,207	21,050
4 Social security payable	99	11,881	13,005	13,556
5 Taxes payable	100	3,994,651	3,664,298	5,656,851
6 Payables to related companies (shareholdings > 50%)	101	0	0	0
7 Payables to related companies (shareholdings of 20% - 50%)	102	0	0	0
8 Other payables	103	31,087	387,638	846,036
B. IV. Bank loans and short-term notes	104	2,151,507	2,727,833	51,681
B. IV. 1 Long-term bank loans	105	1,333,333	2,000,000	0
2 Short-term bank loans	106	818,174	727,833	51,681
3 Short-term notes	107	0	0	0
C. OTHER LIABILITIES - TEMPORARY ACCOUNTS OF LIABILITIES	108	207,572	240,911	253,148
C. I. Accruals	109	63,537	64,897	29,026
C. I. 1 Accruals	110	63,537	64,897	29,026
2 Deferred income	111	0	0	0
C. II. Contingencies - loss (Estimated accruals)	112	144,035	176,014	224,122

PROFIT AND LOSS STATEMENT - LONG FORM

	LINE	Current period	Prior year 2001	Prior year 2000	
I.	Revenues from goods sold	1	980,546	1,174,262	542,322
A.	Cost of goods sold	2	1,077,582	1,181,209	512,988
+	Gross margin	3	(97,036)	(6,947)	29,334
II.	Operation	4	39,515,535	45,888,748	51,720,284
II. 1	Revenues from finished products and services	5	39,738,506	45,637,540	51,782,459
2	Changes in inventory	6	(222,971)	251,208	(62,175)
3	Capitalization (of own work)	7	0	0	0
B.	Consumption from operation	8	38,576,973	44,418,350	46,236,422
B. 1	Consumption of material and energy	9	36,311,060	42,155,708	44,356,324
B. 2	Services	10	2,265,913	2,262,642	1,880,098
+	Value added	11	841,526	1,463,451	5,513,196
C.	Personnel expenses	12	486,123	540,246	531,459
C. 1	Wages and salaries and earnings of partners and coop. members	13	348,018	391,786	377,726
C. 2	Bonuses to members of executive bodies of companies and coop.	14	2,668	2,174	2,366
C. 3	Social insurance and other expenses	15	121,196	129,563	132,158
C. 4	Statutory social expenses	16	14,241	16,723	19,209
D.	Taxes and fees	17	7,632	5,486	4,520
E.	Amortization of intangibles and depreciation of tangibles	18	1,191,941	884,897	556,412
III.	Revenues from intangible and tangible assets and material sold	19	112,807	13,346	6,571
F.	Net book value of intangibles, tangibles and material sold	20	109,335	19,920	4,799
IV.	Reversal of reserves and prepaid expenses	21	272,627	175,503	212,195
G.	Creation of reserves and prepaid expenses	22	242,758	161,410	236,148
V.	Reversal of provisions	23	103,287	56,484	37,989
H.	Creation of provisions	24	124,045	186,840	173,190
VI.	Other operational revenues	25	59,181	19,614	16,536
I.	Other operational expenses	26	120,788	94,118	18,180
VII.	Transfer of operational revenues	27	0	0	0
J.	Transfer of operational expenses	28	0	0	0
*	Net operating results	29	(893,194)	(164,519)	4,261,779
VIII.	Revenues from sales of securities and deposits	30	0	0	100,350

K.	Sold securities and deposits	31	0	0	102,450
IX.	Revenues from long-term financial investments	32	0	0	0
IX. 1	Revenues from securities and deposits in companies in the group	33	0	0	0
2	Revenues from other long-term investment securities and deposits	34	0	0	0
3	Revenues from other long-term financial investments	35	0	0	0
X.	Revenues from short-term financial assets	36	3,693	9,923	46,731
L.	Costs of financial assets	37	0	0	0
XI.	Revenue from revaluation of equity securities	38	0	0	0
M.	Costs of revaluation of equity securities	39	0	0	0
XII.	Reversal of financial reserves	40	74,412	44,752	0
N.	Creation of financial reserves	41	0	74,412	44,752
XIII.	Reversal of provisions	42	0	0	0
O.	Creation of provisions	43	0	0	0
XIV.	Interest revenues	44	17,382	29,691	14,132
P.	Interest expenses	45	131,129	85,651	9,582
XV.	Other financial revenues	46	592,213	821,456	1,426,641
Q.	Other financial expenses	47	788,754	929,413	1,592,276
XVI.	Transfer of financial revenues	48	0	0	0
R.	Transfer of financial expenses	49	0	0	0
*	Net result from financial activities	50	(232,183)	(183,654)	(161,206)
S.	Income tax on normal activity	51	(387,139)	(267,450)	1,535,958
S. 1	- due	52	0	7,527	1,136,274
S. 2	- deferred	53	(387,139)	(274,977)	399,684
**	Net result after taxes from normal activities	54	(738,238)	(80,723)	2,564,615
XVII.	Extraordinary revenues	55	13,190	92,484	14,048
T.	Extraordinary expenses	56	10,541	72,396	46,878
U.	Income tax on extraordinary activity	57	0	0	0
U. 1	- due	58	0	0	0
U. 2	- deferred	59	0	0	0
*	Net result from extraordinary activities	60	2,649	20,088	(32,830)
W.	Income distribution to partners	61	0	0	0
***	Net income (net loss) for the accounting period	62	(735,589)	(60,635)	2,531,785
	Result of operations before tax	63	(1,122,728)	(328,085)	4,067,743

1. DESCRIPTION OF THE COMPANY

Česká rafinérská, a.s., ("the Company") is a Czech joint stock company and engages in the refining of crude oil into finished products and petrochemical feedstock. It was incorporated on 28 April 1995 and its legal seat is in Litvínov, Czech Republic. There were changes made by the Company to the commercial register during 2002 relating to members of the Board of Directors and Supervisory Board.

The shareholders of the Company who hold a 10% or greater interest in the Company's basic capital are as follows:

Unipetrol, a.s.	51,00%
ENI International B.V.	16 1/3%
Conoco Central and Eastern Europe Holdings B.V.	16 1/3%
Shell Overseas B.V.	16 1/3%

The Group is a part of the consolidated group Unipetrol.

During 2002, the shareholders of Česká rafinérská, a.s. initiated negotiations aimed at converting Česká rafinérská, a.s. from full-merchant mode into the processing mode. In January 2003, the General Meeting of Česká rafinérská, a.s. formally approved these intentions and stated the rules and conditions under which the conversion takes place. Provided that these conditions are met as planned, the conversion should take place in May 2003. As a result of this change, most of the current commercial activities carried out within Česká rafinérská, a.s. shall be transferred to the shareholders. Conversion of Česká rafinérská, a.s. to the processing refinery mode may also have a significant impact on the operation of its foreign subsidiaries. Their future status has not yet been decided. (see Note 21).

Members of statutory and supervisory bodies of the Company at 31 December 2002 were as follows:

Board of Directors

Chairman: Ivan Ottis

Vice-Chairman: Eric Van Anderson

Member: Miroslav Debnár

Member: Jiří Pavlas

Member: Milan Vyskočil (through 27. 9. 2002)

Member: Ivan Souček (since 15. 10. 2002)

Member: Oscar Magnoni

Member: John William deHaseth

Supervisory Board

Chairman: Zdeněk Černý

Vice-Chairman: Josef Gros

Member: Marie Čížinská

Member: Ladislav Varhaník

Member: Jiří Eminger

Member: Jan Klimeš (since 29. 4. 2002)

Member: Alois Dvořák (since 29. 4. 2002)

Member: Ilona Pokorná (since 29. 4. 2002)

Member: Enrico Amici

The Company is comprised of two petrochemical refineries, which are located in Kralupy and Litvínov, Czech Republic.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Law on Accounting and the relevant accounting procedures for entrepreneurs as applicable for 2002, 2001 and 2000.

a) **Impact of Law on Accounting Amendments** – The impact of amendments to the Law on Accounting and to accounting procedures for entrepreneurs as of 1 January 2002 were reflected in net profit and loss in 2002 or in shareholders' equity as of 31 December 2002. For this reason, certain information in the financial statements is not comparable in full.

b) **Information Comparability** – In connection with amendments to the Law on Accounting and to accounting procedures for entrepreneurs, the comparability of balances has been affected in the following areas:

Balance Sheet

- In previous accounting periods, the balance sheet captions "Contingent gains/loss" included unrealized foreign exchange rate differences. Starting in 2002, such differences are charged to income.

- In previous accounting periods, the balance sheet caption "Other reserves" included reserves for unrealized foreign exchange rate differences. Starting in 2002, these reserves are no longer established.

Profit and Loss Statement

In previous accounting periods, extraordinary expenses and extraordinary revenues also included shortages and losses, and differences arising from inventory counts. Starting 2002, these items are reflected in cost of goods sold or in consumption of materials.

Explanation Added for Translation to English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in compiling the 2002, 2001 and 2000 financial statements are as follows:

a) Intangible Fixed Assets – Intangible fixed assets are valued at their acquisition cost and related expenses, if any. Patents, rights and royalties are amortised over their useful lives as specified in the relevant contracts. Small intangible items with a cost of less than 60 TKc are not carried in the accompanying balance sheet but are expensed upon purchase to the profit and loss statement. Intangible fixed assets are amortised over their estimated useful economic life.

b) Tangible Fixed Assets – Purchased tangible fixed assets are recorded at their acquisition cost including freight, customs duties and other related costs. Interest and other financial expenses incurred in the construction of tangible fixed assets are also capitalised. The costs of technical improvements are capitalised. Repairs and maintenance expenditures are expensed as incurred. Small tangible items with a cost of less than 40 TKc are not carried in the accompanying balance sheet but are expensed upon purchase to the profit and loss statement. The adjustment to acquired property is calculated as the difference between the total appraised value of the property for contribution and the book value of the property as recorded in the accounting records of the contributing entity (see Note 4).

Depreciation

Depreciation is calculated based on acquisition cost and the estimated useful life of the related asset. The estimated useful lives are as follows:

	Years
Buildings, halls and constructions	50
Machinery and equipment	4 - 20
Vehicles	6 - 11
Furniture and fixtures	4 - 8
Other tangible fixed assets	4 - 30
Adjustment to acquired property	15

Additions to statutory reserve for major repairs relating to extraordinary overhauls or repairs of tangible fixed assets are based on annual estimates of the cost of the next overhaul or repair and on the time expected to elapse until next overhaul or repair.

c) Financial Assets – Holdings in group and associated companies are recorded at acquisition cost. As of 31 December 2002, the individual components of financial assets are revalued under the equity method. The revaluation amounts are recorded in shareholders' equity as revaluation of assets and liabilities. Valuation under the equity method represents the net asset value of the underlying subsidiary. In 2001 and 2000, securities, shares and interests were recorded at purchase price, i.e. excluding the related costs. However, when the carrying value of securities, shares and interests had decreased, the difference was considered a temporary diminution in value and was recorded as a provision.

d) Inventory – Purchased inventory (raw material and spare parts) is valued at cost using the weighted average method. Costs of purchased inventory include transportation and other applicable costs. Finished goods and work-in-progress are valued at standard cost. Cost of finished goods and work-in-process includes direct material, labor cost and production overhead. Inventory of finished and semi-finished products is carried at the lower of cost and net realizable value.

e) Receivables and payables – Receivables and payables are carried at their nominal value after provision for doubtful accounts. Additions to the provision account are charged to income. Provisions are established based on a detailed review of the recoverability of receivables.

f) Shareholders' Equity – The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained by the Regional Court. Contributions in excess of the basic capital are recorded as share premium. In accordance with the Commercial Code, the Company creates a legal reserve fund from profit. In the first year in which profit is generated, a joint-stock company should allocate 20% of profit after tax (however, not more than 10% of basic capital) to the legal reserve fund. In subsequent years, the reserve fund is allocated 5% of profit after tax until the fund reaches 20% of basic capital. This fund can only be used to offset losses.

g) Loans – Short- and long-term loans are recorded at face value. Any portion of long-term debt, which is due within one year is regarded as short-term debt.

h) Financial Leases – The Company records leased assets by expensing the lease payments and capitalising the residual value of the leased assets when the lease contract expires and the purchase option is exercised. Lease payments paid in advance are recorded as prepaid expenses and amortised over the lease term.

i) Foreign Currency Transactions – Assets whose acquisition or production costs were denominated in foreign currencies were translated to Czech crowns at the exchange rates prevailing at the date of each acquisition. Foreign currency on hand, and receivables and payables denominated in foreign currencies are translated to Czech crowns based on daily exchange rates and are adjusted at year-end to the exchange rates at 31 December as published by the Czech National Bank. In 2001 and 2000, realized exchange rate gains and losses were charged or credited, as appropriate, to income for the year. Unrealized exchange rate gains and losses were not recognized or charged, as appropriate, into income until collection or payment of the related item occurred, and were included in other liabilities or other assets, as appropriate, in the accompanying balance sheet. Unrealized exchange rate losses were included as assets in the accompanying balance sheet and were offset by a reserve with a corresponding charge to income.

j) Recognition of Revenues and Expenses – Revenues and expenses are recognised on an accrual basis, when the actual flow of the related goods or services occurs, regardless of when the related monetary or financial flow arises. In accordance with the accounting principle of prudence, the Company does not record contingent gains at year-end, whereas foreseeable contingent losses are recorded as they become known.

k) Income Tax – The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible reserves and provisions, entertainment expenses, differences between book and tax depreciation, etc.). The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes.

4. FIXED ASSETS

a) Intangible Fixed Assets (in TKc)

COST					
	At beginning of year	Additions	Disposals	Transfers	Total cost
Research and development	22,141	13,601	-	-	35,742
Software	388,694	18,196	-	120,344	527,234
Patents, rights and royalties	197,347	6,294	-	42,221	245,862
Intangibles in progress	69,228	14,630	(38,091)	(17,851)	27,916
2002 Total	677,410	52,721	(38,091)	144,714	836,754
2001 Total	556,187	242,231	(144,004)	22,996	677,410
2000 Total	452,321	243,021	(139,155)	-	556,187

ACCUMULATED AMORTISATION

	At beginning of year	Amortisation during year	Transfers Transfers	Total accumulated amortisation	Net book value
Research and development	(11,977)	(3,173)	-	(15,150)	20,592
Software	(209,261)	(118,462)	(430)	(328,153)	199,081
Patents, rights and royalties	(78,247)	(30,946)	(164)	(109,357)	136,505
Intangibles in progress	-	-	-	-	27,916
2002 Total	(299,485)	(152,581)	(594)	(452,660)	384,094
2001 Total	(166,599)	(132,886)	-	(299,485)	377,925
2000 Total	(73,396)	(93,203)	-	(166,599)	389,588

Research and development costs represent external studies, which are amortised over their estimated useful lives. Management has sound reasons to foresee the technical success and commercial profitability of these projects.

b) Tangible Fixed Assets (in TKc)

COST

	At beginning of year	Additions	Disposals	Transfers	Total cost
Constructions	3,048,304	683,600	(39,060)	707	3,693,551
Machinery and equipment	11,837,232	1,695,147	(200,615)	287	13,332,051
Art work and collections	-	1,090	-	-	1,090
Other tangibles	789,465	-	(29,578)	-	759,887
Tangibles in progress	1,748,385	1,593,433	(2,379,837)	(145,708)	816,273
Advances for tangibles	754,530	521,211	(931,337)	-	344,404
Adjustments to acquired property	1,269,312	-	-	-	1,269,312
2002 Total	19,447,228	4,494,481	(3,580,427)	(144,714)	20,216,568
2001 Total	17,268,774	10,509,312	(8,307,862)	(22,996)	19,447,228
2000 Total	12,407,613	8,290,971	(3,429,810)	-	17,268,774

ACCUMULATED DEPRECIATION

	At beginning of year	Depreciation during year	Transfers	Disposals	Provision	Total accumulated depreciation	Net book value
Constructions	(248,153)	(80,217)	(150)	3,489	-	(325,031)	3,368,520
Machinery and equipment	(2,327,961)	(933,624)	744	184,159	40,000	(3,036,682)	10,295,369
Art work and collections	-	-	-	-	-	-	1,090
Other tangibles	(156,510)	(25,519)	-	4,722	-	(177,307)	582,580
Tangibles in progress	(20,000)	-	-	-	20,000	-	816,273
Advances for Tangibles -	-	-	-	-	-	-	344,404
Adjustments to acquired property	(507,725)	(84,620)	-	-	-	(592,345)	676,967
2002 Total	(3,260,349)	(1,123,980)	594	192,370	60,000	(4,131,365)	16,085,203
2001 Total	(2,451,921)	(836,632)	-	88,204	(60,000)	(3,260,349)	16,186,879
2000 Total	(1,933,383)	(547,830)	-	29,292	-	(2,451,921)	14,816,853

Depreciation expense for tangible fixed assets totalled 1,039,360 TKc, 752,011 TKc and 463,209 TKc in 2002, 2001 and 2000, respectively.

The total value of small tangible fixed assets, which are not reflected in the accompanying balance sheet, was 10,363 TKc, 16,368 TKc and 39,704 TKc as of 31 December 2002, 2001 and 2000, respectively.

The adjustment to acquired property of 1,269,312 TKc arose from the difference between the total price of property contributed to the Company by a shareholder and the book value of the property as recorded in the accounting records of the contributing entity (see Note 3b). The amount is depreciated on a straight-line basis over 15 years. Depreciation expense of the adjustment to acquired property totalled 84,620 TKc, 84,621 TKc and 84,621 TKc in 2002, 2001 and 2000, respectively.

c) Long-term Financial Assets

Summary of changes in long-term financial assets:

	Balance at 31. 12. 2000	Additions	Balance at 31. 12. 2001	Revaluation	Balance at 31. 12. 2002
Subsidiaries	606	82,585	83,191	9,659	92,850

A subsidiary, Česká rafinérská Slovakia s.r.o., was founded with its seat in Bratislava, Slovak Republic in 1999. The company was registered on 24 November 1999 and engages in buying and selling of goods.

A subsidiary, CRC Polska Sp. z o.o., was established with its legal seat in Wroclaw, Poland in 2000. The company was registered on 24 November 2000 and is involved in buying and selling of goods.

The subsidiaries are part of the Consolidation Group for 2002.

Česká rafinérská, a.s. is the sole owner of Česká rafinérská Slovakia s.r.o. and CRC Polska Sp. z o.o.

Subsidiaries as of 31 December 2002 were as follows:

Name:	Česká rafinérská Slovakia s.r.o.	CRC Polska Sp. z o.o.
Registered Office	Bratislava, Slovensko	Wroclaw, Polsko
Percentage of ownership	100%	100%
Total assets (in TKc)	237,052	402,470
Shareholders' equity (in TKc)	2,859	89,991
Basic capital and capital funds (in TKc)	167	83,024
Funds created from profit (in TKc)	-	-
Retained earnings (in TKc)	(4,924)	(10,121)
Profit of current year (in TKc)	7,613	17,088
Acquisition cost (in TKc)	167	83,024
Dividends received during the year (in TKc)	-	-

Subsidiaries as of 31 December 2001 were as follows:

Name	Česká rafinérská Slovakia s.r.o.	CRC Polska Sp. z o.o.
Location	Bratislava, Slovak Republic	Wroclaw, Poland
Percentage of ownership	100%	100%
Total assets (in TKc)	165,575	482,891
Shareholders' equity (in TKc)	(4,755)	72,903
Basic capital and capital funds (in TKc)	167	83,024
Funds created from profit (in TKc)	-	-
Retained earnings (in TKc)	(21,615)	-
Profit/(Loss) of current year (in TKc)	16,692	(10,121)
Acquisition cost (in TKc)	167	83,024
Dividends received during the year (in TKc)	-	-

Subsidiaries as of 31 December 2000 were as follows:

Name	Česká rafinérská Slovakia s.r.o.	CRC Polska Sp. z o.o.
Location	Bratislava, Slovak Republic	Wroclaw, Poland
Percentage of ownership	100%	100%
Total assets	89,434	447
Shareholder's equity	(22,510)	146
Basic capital and capital funds	167	439
Funds created from profit	-	-
Retained earnings	(183)	-
Loss of current year	(22,494)	(293)
Acquisition cost	167	439
Dividends received during the year (in TKc)	-	-

Financial information for Česká rafinérská Slovakia and CRC Polska for the year ended 2002 and 2001 was obtained from their audited financial statements.

Financial information for Česká rafinérská Slovakia for the year ended 2000 was obtained from audited financial statements. Financial information for CRC Polska for the year ended 2000 was obtained from unaudited financial statements.

5. RECEIVABLES

Provisions for uncollectible receivables charged to income totaled 39,425 TKc, 22,219 TKc and 88,569 TKc, in 2002, 2001 and 2000, respectively.

Receivables overdue for more than 360 days totaled 87,599 TKc, 53,833 TKc and 95,488 TKc as of 31 December 2002, 2001 and 2000, respectively.

As of 31 December 2002, the Company had no long-term trade receivables.

The Company has receivables from related parties (see Note 19).

6. PROVISIONS

Provisions reflect a temporary diminution in value of assets (see Note 4 and 5).

Changes in the provision accounts during 2002, 2000 and 2001 are as follows (in TKc):

Provisions	Fixed assets	Inventory	Receivable - statutory	Receivable - other	Total
Balance at 31. 12. 1999	-	-	22,695	37,611	60,306
Additions	-	-	20,092	68,477	88,569
Use	-	-	-	(37,989)	(37,989)
Balance at 31. 12. 2000	-	-	42,787	68,099	110,886
Additions	60,000	20,000	5,444	16,775	102,219
Use	-	-	(16,763)	(39,721)	(56,484)
Balance at 31. 12. 2001	60,000	20,000	31,468	45,153	156,621
Additions	-	-	24,660	14,765	39,425
Use	(60,000)	(20,000)	(172)	(23,115)	(103,287)
Balance at 31. 12. 2002	-	-	55,956	36,803	92,759

Statutory provisions are created in compliance with the Czech Law on Reserves.

7. FINANCIAL ASSETS

At 31 December 2002, 2001 and 2000, 149,301 TKc, 142,728 TKc and 1,319,823 TKc, respectively, of financial assets were denominated in a foreign currency.

The Company has bank accounts, which allow the Company to maintain overdraft facility. At 31 December 2002, 2001 and 2000, the overdraft balances totaled (in accordance with the agreed credit limit) 151,507 TKc, 727,833 TKc and 51,681 TKc, respectively, and were reflected as short-term loans in the accompanying balance sheet (see Note 12).

8. OTHER ASSETS

Prepaid expenses include prepaid rent and catalysts in use, which are being charged to income as the relevant service is provided or material used.

9. SHAREHOLDERS' EQUITY

The basic capital of the Company is comprised of 934,824 registered shares fully subscribed and paid, with a nominal value of 10 TKc.

The changes in the capital accounts during 2002, 2001 and 2000 were as follows (in TKc):

	Number of shares	Basic capital	Legal reserve fund
Balance at 31. 12. 1999	934,824	9,348,240	245,471
2000 Change	-	-	73,890
Balance at 31. 12. 2000	934,824	9,348,240	319,361
2001 Change	-	-	126,590
Balance at 31. 12. 2001	934,824	9,348,240	445,951
Balance at 31. 12. 2002	934,824	9,348,240	445,951

The Annual General Meeting held on 17 May 2002 approved to cover the loss of the 2001 accounting period from the retained earnings of previous years:

	(in TKc)
Loss for 2001	(60,635)
Compensation from retained earnings	60,635
Retained earnings at 31. 12. 2001	7,296,137
Compensation of loss for 2001	(60,635)
Retained earnings at 31. 12. 2002	7,235,502

The Annual General Meeting held on 4 May 2001 and the extraordinary General Meeting held on 27 September 2001 approved the following profit distribution for 2000:

	(in TKc)
Profit for 2000	2,531,785
Allocation to Legal reserve fund	(126,590)
Ordinary dividends	(253,338)
Extraordinary dividends	(380,472)
Undistributed profits added to retained earnings	1,771,385
Retained earnings at 31. 12. 2000	5,524,752
Transfer of 2000 profit	1,771,385
Retained earnings at 31. 12. 2001	7,296,137

The Annual General Meeting held on 26 May 2000 approved the following profit distribution for 1999:

	(in TKc)
Profit for 1999	1,477,788
Allocation to Legal reserve fund	(73,890)
Dividends	(147,702)
Undistributed profits added to retained earnings	1,256,196
Retained earnings at 31. 12. 1999	4,268,556
Transfer of 1999 profit	1,256,196
Retained earnings at 31. 12. 2000	5,524,752

In 2002, the Company paid out no dividends. In 2001, the Company paid out ordinary dividends of 271 Kc per share, totaling 253,338 TKc and extraordinary dividends of 407 Kc totaling 380,472 TKc. In 2000, the Company paid out dividends of 158 Kc per share, totaling 147,702 TKc.

10. RESERVES

The movements in the reserve accounts for contingencies and expenses were as follows (in TKc):

Reserves	Legal	Foreign exchange rate losses	Other
Balance at 31. 12. 1999	365,967	-	40,000
Additions	146,217	44,752	89,931
Use	(166,767)	-	(45,428)
Balance at 31. 12. 2000	345,417	44,752	84,503
Additions	119,783	74,412	41,627
Use	(91,000)	(44,752)	(84,503)
Balance at 31. 12. 2001	374,200	74,412	41,627
Additions	88,617	-	50,141
Use	(127,000)	(74,412)	(41,627)
Balance at 31. 12. 2002	335,817	-	50,141

The legal reserve was established for the purpose of repairs of tangible fixed assets.

Other reserves include primarily a reserve related to employees' retraining.

11. SHORT-TERM LIABILITIES

As of 31 December 2002, 2001 and 2000, the Company had no overdue short-term liabilities, respectively.

The Company has payables to related parties (see Note 19).

12. BANK LOANS AND SHORT-TERM NOTES

At 31 December 2002, the Company had a long-term bank loan and no other short-term notes, except for the overdraft accounts mentioned in Note 7.

Term	2002 Outstanding amount in TKc	2001 Outstanding amount in TKc	2000 Outstanding amount in TKc
Long-term loan	1,333,333	2,000,000	-
Current portion of long-term loan	666,667	-	-
Overdrafts	151,507	727,833	51,681
Total	2,151,507	2,727,833	51,681

The interest expense relating to bank loans and short-term notes for 2002, 2001 and 2000 was 131,129 TKc, 85,651 TKc and 9,582 TKc, respectively.

13. OTHER LIABILITIES

Accruals and contingencies include mainly unbilled services that are being charged to income for 2002, as appropriate.

14. INCOME TAXES

The calculation of 2002, 2001 and 2000 income taxes are as follows:

	2002 (in TKc)	2001 (in TKc)	2000 (in TKc)
Profit/(Loss) before taxes	(1,122,728)	(328,085)	4,067,743
Non-taxable revenues	(290,199)	(178,321)	(130,148)
Non-deductible expenses	295,749	315,711	379,737
Differences between book and tax depreciation	(180,557)	(813,492)	(465,828)
Gifts	-	-	(3,946)
10% relief on tangibles	-	-	(155,313)
Taxable income (loss)	(1,297,735)	(1,004,187)	3,692,245
Current income tax rate	31%	31%	31%
Tax due	-	-	1,144,596
Discounts (disabled people, tax withheld from dividends)	-	-	(9,377)
Prior year adjustments	-	7,527	1,055
Current tax due	-	7,527	1,136,274

The Company can carryforward tax losses generated since 2001 for up to seven years. The remaining tax loss carryforward from the years 2001 through 2002, amounted to 2,283,588 TKc as of 31 December 2002.

The Company quantified deferred taxes as follows:

Deferred tax items	Base	Tax rate	2002		2001		2000	
			Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	(2,073,126)	31%	-	(642,669)	-	(636,484)	-	(384,301)
Other temporary differences:								
Provision against receivables	36,803	31%	11,409	-	13,998	-	21,110	-
Revaluation of derivatives	1,132	31%	351	-	-	-	-	-
Provision against inventory	-	31%	-	-	6,200	-	-	-
Adjustment to acquired property	(676,967)	31%	-	(209,860)	-	(217,492)	-	(262,324)
Reserves	50,141	31%	15,544	-	35,972	-	40,069	-
10% investment relief	625,752	31%	193,983	-	176,039	-	-	-
Tax loss	2,283,588	31%	707,912	-	311,298	-	-	-
Total	247,323		929,199	(852,529)	543,507	(853,976)	61,179	(646,625)
Net			76,670			(310,469)		(585,446)

The Company has recorded a deferred tax asset of 76,670 TKc.

15. LEASING

The Company leases assets, which are recorded in an off-balance sheet account (see Note 3h).

Assets that are being used by the Company under finance leases (i.e. the assets are transferred to the Company when the leasing period expires) as of 31 December 2002, 2001 and 2000, respectively, are as follows (in TKc):

The parent Company quantified deferred taxes as follows:

Description	Terms	Total lease	Payments made as of 31. 12. 2002	Payments made as of 31. 12. 2001	Payments made as of 31. 12. 2000	Remaining payments as of 31.12. 2002	
						Due within one year	Due over one year
Isomerisation unit	As per contract	585,703	585,703	585,703	515,306	-	-
Company cars	As per contract	43,847	25,599	14,620	4,817	10,921	7,327

16. COMMITMENTS AND CONTINGENCIES

The Company has a long-term (15 years) transport contract with Mero ČR a.s., effective from 1 January 1996, and an annual transport contract with Transpetrol which stipulates a minimum annual throughput of crude oil through the IKL and Druzhba pipelines.

At 31 December 2002, the Company had issued the following guarantees:

Type of guarantee	on behalf of	Beneficiary	Reason	Amount (in TKc)	Curr.	Amount (in TKc)
Company Guarantee	CRC Slovakia	Citibank Slovakia	Overdraft	150,000	SKK	112,769
Company Guarantee	CRC Slovakia	Citibank Slovakia	Custom guarantee	40,000	SKK	30,072
Company Guarantee	CRC Polska	Handlowy Leasing S.A.	Leasing	150	PLN	1,180
Company Guarantee	CRC Polska	ING Bank Slaski	Credit contract	6,000	PLN	47,190
Company Guarantee	CRC Polska	ING Bank Slaski	Credit contract	3,000	PLN	23,595
Company Guarantee	CRC Polska	Shell Produkty Polska	Supplier's contract	10,000	PLN	78,650
Company Guarantee	CRC Polska	Bank Handlowy w Warszawie	Credit contract	6,000	PLN	47,190
Company Guarantee	CRC Polska	TuiR Warta S.A.	Custom guarantee	8,000	PLN	62,920
Total						403,566

At 31 December 2002 the Company has entered into foreign currency purchase contracts equivalent to 421,974 TKc. The forward contracts were closed in January 2003 with a net loss of 2,658 TKc.

17. REVENUES

The breakdown of the Company's 2002, 2001 and 2000 revenues from current activities is as follows (in TKc):

	2002		2001		2000	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Sale of products	31,245,353	8,076,352	36,807,815	8,529,795	44,006,480	7,304,212
Sale of services	377,073	39,728	299,930	-	471,767	-
Sale of goods	499,470	481,076	101,022	1,073,240	24,789	517,533
Total revenues	32,121,896	8,597,156	37,208,767	9,603,035	44,503,036	7,821,745

Revenues of the Company for 2002 were concentrated primarily with 54 main customers.

18. PERSONNEL AND RELATED EXPENSES

The average number of employees in 2002, 2001 and 2000, by category and the related personnel costs for the year, were as follows (in TKc):

	2002		2001		2000	
	Total Personnel	Directors, Deputy Directors and Managers	Total Personnel	Directors, Deputy Directors and Managers	Total Personnel	Directors, Deputy Directors and Managers
Average number of employees	822	28	971	29	1,157	29
Salaries and wages	348,018	39,177	391,786	41,513	377,726	41,337
Social insurance	121,196	13,409	129,563	14,222	132,158	14,288
Social expenses	14,241	256	16,723	285	19,209	251
Total personnel expenses	483,455	52,842	538,072	56,020	529,093	55,876

The members and former members of statutory, management and supervisory boards received total bonuses and other remuneration of 2,668 TKc, 2,174 TKc and 2,366 TKc in 2002, 2001 and 2000, respectively.

19. RELATED PARTY INFORMATION

No loans, guarantees or other benefits were granted to members of statutory bodies in 2002, 2001 and 2000, and they do not hold any shares of the Company.

The Company sells products to related parties in the ordinary course of business. In 2002, 2001 and 2000, sales volumes amounted to 20,371,451 TKc, 23,346,617 TKc and 26,126,577 TKc, respectively.

Short-term receivables from related parties as of 31 December were as follows in TKc):

Related party	2002	2001	2000
Aliachem, a.s.	265	432	-
Unipetrol Deutschland GmbH	781	3,889	-
Unipetrol Austria GmbH	9,432	3,029	-
Spolana, a.s.	2,089	4	-
AGIP Praha, a.s.	139,074	120,644	99,199
Benzina, a.s.	752,268	219,938	828,087
Chemopetrol, a.s.	997,546	619,265	1,594,738
Chemopetrol BM, a.s.	-	1	-
Chemopetrol doprava, a.s.	4	699	-
Conoco ČR, s.r.o.	138,153	97,839	129,961
Kaučuk, a.s.	58,260	38,303	48,396
Shell ČR, a.s.	363,802	553,756	717,777
Paramo, a.s.	3,898	54	8,204
Koramo, a.s.	40,835	60,815	-
Česká rafinérská Slovakia, s.r.o.	110,900	81,492	60,976
CRC Polska Sp. z o.o.	144,441	308,257	-
Total	2,761,748	2,108,417	3,487,338

The Company purchases products and receives services from related parties in the ordinary course of business. In 2002, 2001 and 2000, volumes of purchases amounted to 3,546,777 TKc, 4,285,926 TKc and 3,776,547 TKc, respectively. Short-term liabilities to related parties as of 31 December were as follows (in TKc):

Related party	2002	2001	2000
Benzina, a.s.	15,987	804	3,344
Chemopetrol, a.s.	123,252	210,663	180,355
Chemopetrol BM, a.s.	89	82	-
Chemopetrol-Doprava, a.s.	133,778	145,549	27,835
HC Chemopetrol, a.s.	-	549	-
Agip Praha, a.s.	6,004	4,520	-
Conoco ČR, s.r.o.	9,354	901	2,569
Kaučuk, a.s.	129,030	99,089	134,648
Shell ČR, a.s.	35,874	8,976	-
Unipetrol, a.s.	17,809	16,089	16,703
Spolana, a.s.	119	227	-
Koramo, a.s.	-	629	-
Paramo, a.s.	-	314	44
B.U.T., s.r.o.	17	30	65
Petrotrans, a.s.	10	-	-
Total	471,323	488,422	365,563

At 31 December 2001, the Company had issued guarantees on behalf of Česká rafinérská Slovakia, s.r.o. and CRC Polska Sp. z o.o. (see Note 16).

20. RESEARCH AND DEVELOPMENT COSTS

The Company did not charge any research and development costs to income in 2002, 2001 and 2000, respectively.

21. SIGNIFICANT INCOME STATEMENT ACCOUNTS

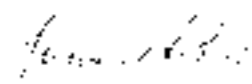

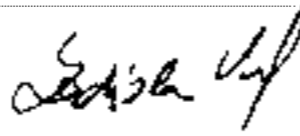
Other financial expenses and revenues represent primarily the realised exchange gains and exchange losses.

22. SUBSEQUENT EVENTS

During 2002, the Company's Shareholders initiated negotiations aimed at converting Česká rafinérská, a.s. from full-merchant mode into the processing mode. In January 2003, the General Meeting of the Company formally approved these intentions and stated the rules and conditions under which the conversion takes place. Provided that these conditions are met as planned, the conversion should take place in May 2003. As a result of this change, most of the current commercial activities carried out within the Company shall be transferred to the shareholders. Conversion of the Company to the processing refinery mode may also have a significant impact on the operation of its foreign subsidiaries. Their future status has not yet been decided.

23. CASH FLOW INFORMATION (SEE ATTACHED FORM)

The cash flow statement has been prepared based on the indirect method.

Signature of accounting Unit's statutory	Person responsible for accounting	Person responsible for financial statements
Sent out on: Body:	(name, signature):	(name, signature):
		
Ivan Ottis Chairman of the Board of Directors	Miroslav Hanousek Controller	Martin Kodl Deputy Controller
28 February 2003		

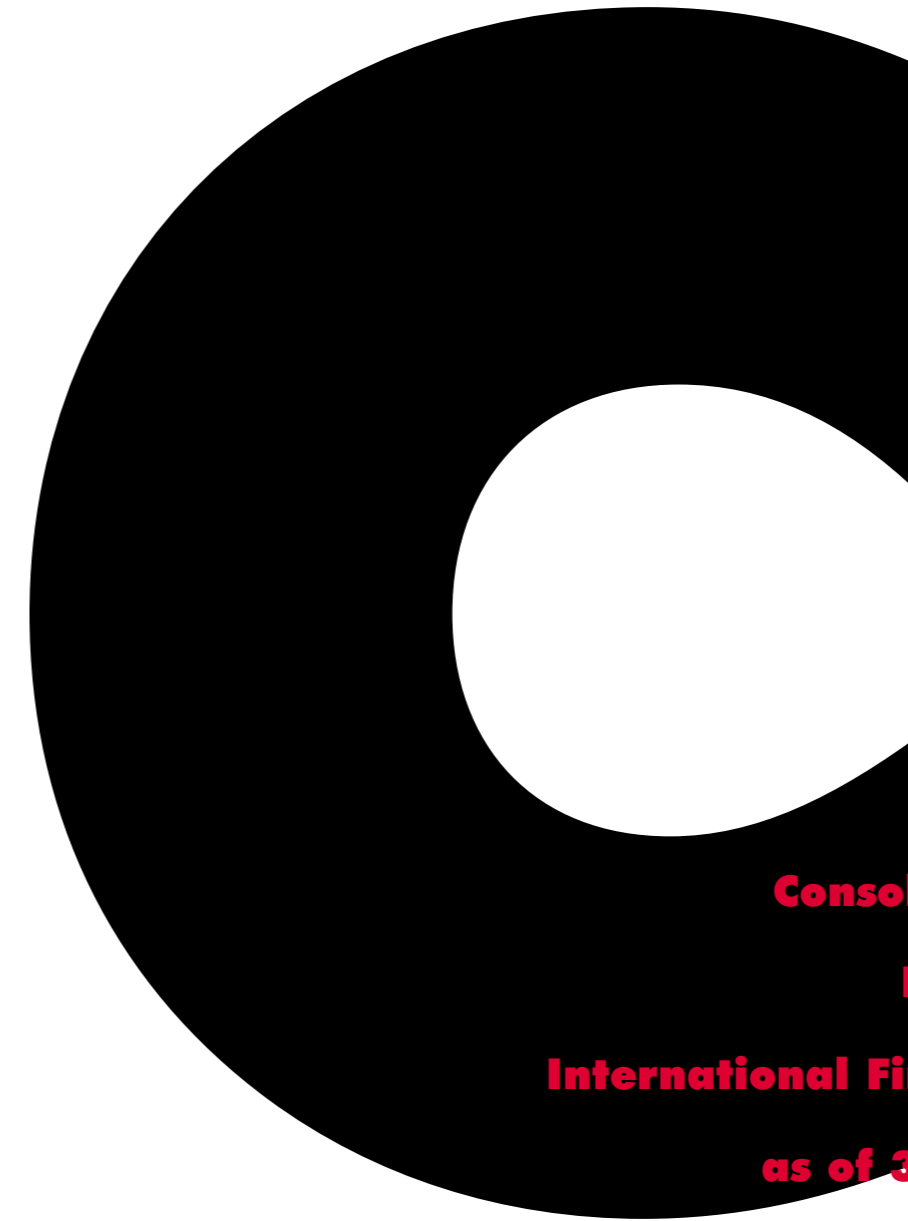
AMENDMENT NO. 1

CASH FLOW STATEMENT

For the year ended 31 december 2002

	Current year	Prior year 2001	Prior year 2000
P. Cash and cash equivalents at the beginning of the accounting period	2,226,743	3,231,001	2,411,166
Cash flow from main (operational) activity			
Z. Profit/loss from normal activity before taxes	(1,125,377)	(348,173)	4,100,573
A. 1. Adjustments by non-cash transactions	1,411,138	938,047	863,796
A. 1. 1. Depreciation of fixed assets	1,276,561	969,518	641,033
A. 1. 2. Change in provisions, reserves and change in prepayments and accruals	23,369	(94,108)	229,084
A. 1. 3. (Profit) loss from sale of fixed assets	(2,539)	6,677	(1,771)
A. 1. 4. Dividends and profit revenues	0	0	0
A. 1. 5. Interest expense and revenue	113,747	55,960	(4,550)
A* Net cash flow from operational activity before taxes and before changes in working capital and extraordinary items	285,761	589,874	4,964,369
A. 2. Change in working capital	(166,950)	(81,965)	1,260,296
A. 2. 1. Change in receivables from operational activities	509,474	1,271,503	(127,113)
A. 2. 2. Change in short-term payables from operational activities	304,774	(1,382,221)	1,318,552
A. 2. 3. Change in inventories balance	(981,198)	28,753	68,857
A** Net cash flow from operational activity before taxes and extraordinary items	118,811	507,909	6,224,665
A. 3. Interest paid	(131,129)	(85,651)	(9,582)
A. 4. Interest received	17,382	29,691	14,132
A. 5. Tax on normal activity and additional tax of prior years	0	(1,037,746)	(325,830)
A. 6. Proceeds and disbursements related to extraordinary items	(9,158)	(3,577)	825
A*** Net cash flow from operational activity	(4,094)	(589,374)	5,904,210

Cash flow from investment activity				
B. 1.	Fixed asset acquisition	(1,181,054)	(2,470,466)	(4,994,757)
B. 2.	Sale of fixed assets	5,071	13,240	6,403
B. 3.	Loans to related parties	0	0	0
B***	Net cash flow from investment activity	(1,175,983)	(2,457,226)	(4,988,354)
Cash flow from financial activity				
C. 1.	Change in long-term liabilities	(576,326)	2,676,152	51,681
C. 2.	Impact of changes in equity	0	(633,810)	(147,702)
C. 2. 1.	Capital and reserve fund increase	0	0	0
C. 2. 2.	Refund of equity to shareholders	0	0	0
C. 2. 3.	Monetary donations and subsidies to equity and other cash contributions of partners and shareholders	0	0	0
C. 2. 4.	Settling of loss by shareholders	0	0	0
C. 2. 5.	Direct payments debited to funds	0	0	0
C. 2. 6.	Paid-out dividends and profit shares	0	(633,810)	(147,702)
C. 3.	Dividends and profit shares received	0	0	0
C***	Net cash flow from financial activity	(576,326)	2,042,342	(96,021)
F.	Net increase/decrease in cash	(1,756,403)	(1,004,258)	819,835
R.	Cash and cash equivalents at the end of the accounting period	470,340	2,226,743	3,231,001



Consolidated Financial Statements
Prepared in Accordance with
International Financial Reporting Standards
as of 31 December 2002 and 2001

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Česká rafinérská, a.s.:

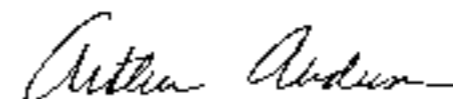
We have audited the accompanying consolidated balance sheets of Ceska rafinerska, a.s. (a Czech joint stock company) and subsidiaries (collectively "the Group") as of 31 December 2002 and 2001 and the related consolidated statements of operations, equity and cash flows for the years ended 31 December 2002 and 2001. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ceska rafinerska, a.s. and subsidiaries, as of 31 December 2002 and 2001 and the results of its operations and cash flows for the years ended 31 December 2002 and 2001 in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB).

Without qualifying our opinion we wish to draw your attention to the following matter:

As more fully discussed in Notes 1 and 19, during 2002, the Company's shareholders initiated negotiations aimed at converting Ceska rafinerska, a.s. from full-merchant mode into the processing mode. As a result of this change, most of the current commercial activities carried out within Ceska rafinerska, a.s. shall be transferred to the shareholders. Conversion of Ceska rafinerska, a.s. to a processing refinery mode may also have a significant impact on the operations of its foreign subsidiaries. Their future status has not yet been decided.



Arthur Andersen Ceska republika, k.s.
Prague, Czech Republic
28 February 2002

(Czech Crowns – Kc in Thousands)

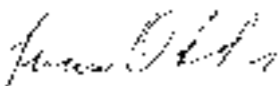
	Notes	2002	2001
ASSETS			
Current Assets:			
Cash and Cash Equivalents	3	505,547	2,383,051
Accounts Receivable, Net	4	5,180,544	5,567,651
Inventory, Net	5	6,351,539	5,217,210
Other Current Assets	6	282,412	307,684
Total Current Assets		12,320,042	13,475,596
Property, Plant and Equipment, Net	7	16,741,580	16,639,063
Intangible Assets, Net	8	384,326	378,042
Total Non-current Assets		17,125,906	17,017,105
Total Assets		29,445,948	30,492,701
LIABILITIES AND EQUITY			
Current Liabilities:			
Accounts Payable	9	4,969,624	4,901,009
Taxes Payable and Accrued Liabilities	10	4,312,851	3,942,278
Short-Term Debt	11	865,013	798,780
Current Portion of Capital Lease Obligations	12	10,305	9,964
Total Current Liabilities		10,157,793	9,652,031
Capital Lease Obligations	12	8,810	17,582
Long-Term Debt	11	1,333,333	2,000,000
Deferred Taxes, Net	13	419,697	773,715
Commitments and Contingencies	15	-	-
Total Non-current Liabilities		1,761,840	2,791,297
Equity:			
Capital	17	9,348,240	9,348,240
Retained Earnings	17	8,178,075	8,701,133
Total Equity		17,526,315	18,049,373
Total Liabilities and Equity		29,445,948	30,492,701

	Notes	2002	2001
Revenues	18	42,684,708	46,955,264
Cost of Sales		39,367,809	43,188,508
Gross Profit		3,316,899	3,766,756
Operating (Income) Expense:			
Selling Expenses		1,166,400	1,154,526
General and Administrative Expenses		1,557,028	1,598,078
Depreciation and Amortisation	7,8	979,652	841,808
Change in Provision for Doubtful Receivables		14,414	(34,800)
Other, Net		97,717	51,118
Total Operating Expense, Net		3,815,211	3,610,730
Net (Loss) Income from Operations		(498,312)	156,026
Other (Income) Expense:			
Interest Income		(23,222)	(41,904)
Interest Expense	11,12	139,492	112,589
Exchange Rate Loss, Net	2	66,568	76,926
Other		180,936	47,221
Total Other (Income) Expense		363,774	194,832
Net (Loss) Before Income Tax (Benefit)		(862,086)	(38,806)
Income Tax (Benefit)	13	(339,028)	(194,050)
Net (Loss) Income		(523,058)	155,244

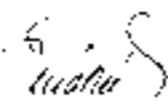
	Notes	Number of Shares	Capital	Retained Earnings	Total
Balance at 31 December 2000		934,824	9,348,240	9,179,699	18,527,939
Dividends paid	17			(633,810)	(633,810)
Net Income				155,244	155,244
Balance at 31 December 2001		934,824	9,348,240	8,701,133	18,049,373
Net Loss				(523,058)	(523,058)
Balance at 31 December 2002		934,824	9,348,240	8,178,075	17,526,315

	Notes	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income		(523,058)	155,244
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Deferred tax (benefit)	13	(354,018)	(206,595)
Change in provision for obsolete inventory	5	(20,000)	20,000
Change in provision for doubtful receivables	4	14,414	(34,800)
Depreciation and amortisation	7,8	979,652	841,808
Changes in Current Assets and Liabilities:			
(Increase) decrease in current assets		(716,364)	1,136,341
(Decrease) increase in current liabilities		439,188	(2,396,765)
Net Cash (Used in) Operating Activities		(180,186)	(484,769)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to intangible assets, property, plant and equipment, net	7,8	(1,088,453)	(2,403,433)
Establishment of subsidiary	1		439
Net Cash (Used in) Investing Activities		(1,088,453)	(2,402,994)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (payments) of capital lease obligations	12	(8,431)	(34,088)
Net (payments of) proceeds from short-term debt	11	(600,434)	703,715
Net proceeds from long-term debt	11		2,000,000
Dividends paid	17		(633,810)
Net Cash (Used in) Provided by Financing Activities		(608,865)	2,035,817
Net (Decrease) in Cash		(1,877,504)	(851,946)
Cash and Cash Equivalents at Beginning of Year	3	2,383,051	3,234,997
Cash and Cash Equivalents at End of Year	3	505,547	2,383,051
Supplemental Cash Flow Information:			
Interest Paid	11, 12	139,492	112,589
Income Taxes Paid	13		1,037,746

28 February 2003



Ivan Ottis
Chairman of the Board of Directors



Mojmír Zenáhlík
Controller



Pavel Janus
Deputy Controller

1. THE COMPANY AND OPERATIONS

Ceska rafinerska, a.s. (the Company) is a Czech Republic joint stock company, which was incorporated on 28 April 1995. Its legal site is in Litvínov, Czech Republic. The Company is involved in the refining of crude oil and the production and distribution of petroleum based products in the Czech Republic and abroad. The Shareholders are comprised of Unipetrol a.s., the majority shareholder with 51% of the outstanding shares, and Eni International B.V., Conoco Central and Eastern Europe Holdings B.V., and Shell Overseas Investments B.V. (16 1/3% each).

During 2002, the shareholders of Ceska rafinerska, a.s. initiated negotiations aimed at converting Ceska rafinerska, a.s. from full-merchant mode into processing mode. In January 2003, the General Meeting of Ceska rafinerska, a.s. formally approved these intentions and stated the rules and conditions under which the conversion will take place. Provided that these conditions are met as planned, the conversion should take place in May 2003. As a result of this change, most of the current commercial activities carried out within Ceska rafinerska, a.s. shall be transferred to the shareholders. Conversion of Ceska rafinerska, a.s. to a processing refinery mode may also have a significant impact on the operations of its foreign subsidiaries. Their future status has not yet been decided.

The Company operates the two largest oil refineries in the Czech Republic, Litvínov and Kralupy. Litvínov, the larger of the two refineries, has the capacity to process 5 million tons of crude oil per year while Kralupy has the capacity to process 3 million tons of crude oil per year. The Company receives its oil from the Druzba pipeline in Russia and the Ingolstadt pipeline (IKL) in Western Europe.

The Company is composed of six divisions: Finance, Commercial, Technical, General Affairs, Planning and Development and Investments. Management of these divisions is divided between the two locales in which the Company operates. During 2002 and 2001, the Company employed an average of 833 and 981 employees, respectively.

A subsidiary, Ceska rafinerska Slovakia, s.r.o. was founded with its seat in Bratislava, Slovak Republic. The company was registered on 24 November 1999 and engages in the buying and selling of goods. The subsidiary is part of the Consolidated Group for 2002 and 2001 and is incorporated in the accompanying consolidated financial statements. During 2002 and 2001, the subsidiary employed an average of 7 and 5 employees, respectively.

A subsidiary, CRC Polska Sp. z o.o., was established with its legal seat in Wrocław, Poland. The company was registered on 24 November 2000 and is involved in trading activities. The subsidiary is part of the Consolidated Group for 2002 and 2001 and is incorporated in the accompanying consolidated financial statements. During 2002 and 2001, the subsidiary employed an average of 5 and 5 employees, respectively.

Ceska rafinerska, a.s. is the sole owner of Ceska rafinerska Slovakia, s.r.o. and CRC Polska Sp. z o.o.

The Company, Ceska rafinerska Slovakia, s.r.o. and CRC Polska Sp. z o.o., are hereinafter referred to as the "Group".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company is required to maintain its books and records in accordance with accounting principles and practices mandated by the Czech Law on Accounting. The accompanying consolidated financial statements reflect certain adjustments and reclassifications not recorded in the accounting records of the Company in order to conform the Czech statutory balances to financial statements prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The adjustments are summarised in Note 20.

The consolidated financial statements have been prepared in accordance with IFRS.

The consolidated financial statements were authorized for issue by Ivan Ottis, Chairman of the Board of Directors, Mojmír Zenáhlík, Controller, and Pavel Janus, Deputy Controller, on February 28, 2003.

Reporting and Measurement Currency

Because of the nature of the Group's activities and the fact that the Group operates primarily in the Czech Republic the financial statements are prepared in Czech Crowns.

Principles of Consolidation

The consolidated financial statements of the Group include the Company and the companies that it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Intercompany balances and transactions, including intercompany profits and unrealised profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Management believes that the carrying value of the Group's financial instruments approximate their fair value.

Cash and Cash Equivalents

The Group considers highly liquid financial instruments with an original maturity of three months or less that are subject to an insignificant risk of change in value to be cash equivalents.

Hedging

On inception, Group treasury identifies certain derivatives as a hedge of the exposure to variability in cash flows attributable to an asset or liability or a forecasted transaction.

The Group's criteria for classifying a derivative instrument as a hedge include: (1) the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation of the hedging relationships at the inception of the hedge, (4) for cash flow hedges, the forecasted transaction that is subject of the hedges must be highly probable. Cash-flow hedges, gains and losses are recognised in the net profit or loss in the same period or periods during which the hedged firm commitment or forecasted transaction affects the income statement (for example, when a forecasted sale actually occurs).

Receivables and Payables

Receivables are stated at the fair value of the consideration given and are carried at amortised cost, after provision for impairment. Payables and accruals are reported at amortised cost.

Crude Oil Stock

Crude oil stock is valued at lower of cost plus applicable import duties, transportation and other related costs or net realizable value. The Group uses the weighted average method to value crude oil stock.

Refined Products and Work in Process

Refined products and work in process are valued at the lower of cost and net realizable value and include raw materials, labor expenses and overhead used in the refining process. The Group uses the weighted average method for valuation of refined products and work in process.

Materials and Supplies

Materials and supplies consist mainly of chemicals and spare parts used by the production lines. Materials and supplies are valued at cost using the weighted average method. Materials and supplies are recorded in inventory when purchased or produced and then expensed or capitalised to property, plant and equipment or cost of sales, as appropriate, when utilised.

The Group uses commodity derivative contracts to hedge crude oil purchases. Gains or losses on commodity derivative contracts are included within cost of sales. As of 31 December 2002, there were no commodity derivative contracts.

Property, Plant and Equipment

Property, plant and equipment is valued at acquisition cost. The cost of maintenance and replacement of minor items of property is charged to maintenance expense as incurred. Renewals and improvements are capitalised. Upon sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

Construction-in-progress represents plant and properties under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Property, plant and equipment is depreciated using the straight-line method over the estimated aggregate economic life of the asset. The estimated aggregate economic useful lives for property, plant and equipment has been determined to be 25 years.

Intangible Assets

Intangible assets are valued at acquisition cost and are amortised over their estimated useful economic life.

Finance Lease

The Group recognises finance leases as assets and liabilities in the balance sheets at amounts equal to the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor used is the interest rate implicit in the lease.

A finance lease gives rise to depreciation expense for the asset as well as a finance expense (i.e., interest) for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

Borrowings

Borrowing costs are expensed as incurred. Borrowing costs include interest on bank overdrafts, short-term and long-term borrowings and finance charges in respect of finance leases.

Borrowings are initially recognized at the fair value of the proceeds received, net of transaction costs. They are subsequently carried at amortized costs using the effective interest rate method, the difference between net proceeds and redemption value being recognized in the net profit or loss for the period over the life of the borrowings.

Accruals and Deferrals

Accruals and deferrals are recorded to recognise revenues and costs as they are earned or incurred.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Revenues

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of sales taxes and discounts.

The Group recognises revenues from sales upon shipment of goods and when transfer of risk has been completed.

Taxation

Certain items of income and expense are recognised in different periods for tax and financial accounting purposes. Deferred taxes are provided using the liability method whereby deferred tax assets are recognised for deductible temporary differences and deferred tax liabilities are recognised for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The tax effects of these timing differences are reflected as deferred tax items.

Deferred tax assets and liabilities are recognised regardless of when the timing difference is likely to reverse. Deferred tax assets and liabilities are not discounted and are classified as non-current assets (liabilities) in the balance sheet.

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised.

Foreign Currencies transactions

Transactions in foreign currencies are translated to local currencies by applying the exchange rate existing at the time of the transaction.

Assets and liabilities denominated in foreign currencies at 31 December 2002 and 2001 are adjusted to Czech crowns using the exchange rates published by the Czech National Bank (CNB).

Exchange rate differences arising on settlement of transactions or on reporting foreign currency transactions at rates different from those at which they were originally recorded are included in the statement of operations as they occur. Exchange rate differences related to crude oil purchases are included within cost of sales.

Exchange rate differences related to crude oil purchases amounted to a gain of 98,829 TKc in 2002 and a gain of 64,715 TKc in 2001.

Foreign Currency Translation

Financial statements for Ceska Rafinerska subsidiaries outside the Czech Republic (the Slovak Republic and Poland) are translated into Czech Crowns at year-end exchange rates for assets and liabilities and average exchange rates for income and expenses.

Post balance sheet events

Post-year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. CASH AND CASH EQUIVALENTS

At 31 December 2002 and 2001, cash and cash equivalents is comprised of the following (amounts in thousands):

	2002	2001
Cash on hand	1,128	864
Current accounts:		
Czech Crowns	2,470	343,566
Foreign currencies	38,121	213,333
Total current accounts	41,719	556,899
Deposit accounts:		
Czech Crowns	280,000	1,740,000
Foreign currencies	183,828	85,288
Total deposit accounts	463,828	1,825,288
Total cash	505,547	2,383,051

The Group has bank accounts that allow the Group to maintain overdraft balances. At 31 December 2002 and 2001, overdraft cash balances totaled 198,346 TKc and 798,780 TKc, respectively, and are reflected as a liability in the accompanying consolidated balance sheet (see Note 11).

4. ACCOUNTS RECEIVABLE, NET

At 31 December 2002 and 2001, accounts receivable, net, is comprised of the following (amounts in thousands):

	2002	2001
Trade Receivables:		
Foreign sales	602,172	1,802,707
Domestic sales	4,630,749	3,591,979
Total trade receivables	5,232,921	5,394,686
Corporate income tax receivable	54,042	264,723
Other	4,007	4,254
Total accounts receivable	5,290,970	5,663,663
Allowance for doubtful accounts	(110,426)	(96,012)
Total accounts receivable, net	5,180,544	5,567,651

Trade receivables represent outstanding balances on invoices from both domestic and foreign customers. All receivables from domestic sales are denominated in Czech Crowns while receivables from abroad are denominated in a foreign currency.

5. INVENTORY

At 31 December 2002 and 2001, inventory is comprised of the following (amounts in thousands):

	2002	2001
Crude oil	3,722,245	2,674,420
Raw materials and supplies:		
Chemicals – supplies	53,706	67,032
Spare parts	775,676	547,725
Total raw materials and supplies	829,382	614,757
Work in process	542,520	881,853
Goods	146,261	33,864
Refined products gross	1,111,131	1,032,316
Net-realizable-value provision	-	(20,000)
Total refined products - net	1,111,131	1,012,316
Total inventory	6,351,539	5,217,210

The cost of inventories recognised as an expense in the income statements was 37,320,078 TKc and 41,740,866 TKc in 2002 and 2001, respectively.

6. OTHER CURRENT ASSETS

Included in other assets are prepaid expenses and catalysts used in production, which are being charged to income as used.

7. PROPERTY, PLANT AND EQUIPMENT, NET

At 31 December 2002 and 2001, property, plant and equipment, net, is comprised of the following (amounts in thousands):

Property, Plant and Equipment	Buildings	Machinery and Equipment	Other	Construction In Progress	Total
Cost					
Balance at 31 December 2000	2,699,748	6,434,313	76,479	7,726,529	16,937,069
Additions	116,602	980,808	-	2,969,659	4,067,069
Disposals	(46,472)	(64,287)	(5,050)	(1,757,396)	(1,873,205)
Transfers	692,700	6,435,075	-	(7,127,775)	-
Balance at 31 December 2001	3,462,578	13,785,909	71,429	1,811,017	19,130,933
Additions	218,956	695,962	184	2,115,173	3,030,275
Disposals	(39,060)	(200,615)	(71,429)	(1,846,329)	(2,157,433)
Transfers	465,351	307,665	906	(918,636)	(144,714)
Balance at 31 December 2002	4,107,825	14,588,921	1,090	1,161,225	19,859,061
Accumulated Depreciation					
Balance at 31 December 2000	284,420	1,570,706	16,070	-	1,871,196
Depreciation for the year	86,546	620,547	1,787	-	708,880
Disposals	(25,144)	(58,012)	(5,050)	-	(88,206)
Balance at 31 December 2001	345,822	2,133,241	12,807	-	2,491,870
Depreciation for the year	84,304	742,355	345	-	827,004
Disposals	(3,489)	(184,158)	(13,152)	-	(200,799)
Transfers	150	(744)	-	-	(594)
Balance at 31 December 2002	426,787	2,690,694	-	-	3,117,481
Property, plant and equipment, net, at 31 December 2000	2,415,328	4,863,607	60,409	7,726,529	15,065,873
Property, plant and equipment, net, at 31 December 2001	3,116,756	11,652,668	58,622	1,811,017	16,639,063
Property, plant and equipment, net, at 31 December 2002	3,681,038	11,898,227	1,090	1,161,225	16,741,580

Depreciation expense for 2002 and 2001 was 827,004 TKc and 708,880 TKc, respectively.

Certain buildings and machinery items with gross carrying amounts of 3,001,130 TKc and 2,147,280 TKc are fully depreciated, as of 31 December 2002 and 2001, respectively, but these items are still in active use.

The cost of machinery and equipment held under finance lease was 442,370 TKc and 441,847 TKc and has a net book value of 335,931 TKc and 361,686 TKc as at 31 December 2002 and 2001, respectively.

8. INTANGIBLE ASSETS, NET

At 31 December 2002 and 2001, intangible assets, net, is comprised of the following (amounts in thousands):

Intangible Assets	Software	Rights, Royalties and Patents	Construction in Progress	Total
Cost				
Balance at 31 December 2000	331,656	132,549	92,009	556,214
Additions	37,447	22,198	121,363	181,008
Disposals	-	-	(59,645)	(59,645)
Transfers	19,762	64,740	(84,502)	-
Balance at 31 December 2001	388,865	219,487	69,225	677,577
Additions	3,936	5,903	14,812	24,651
Disposals	-	-	(9,839)	(9,839)
Transfers	134,786	56,213	(46,285)	144,714
Balance at 31 December 2002	527,587	281,603	27,913	837,103
Accumulated Amortisation				
Balance at 31 December 2000	98,798	67,809	-	166,607
Amortisation for the year	110,514	22,414	-	132,928
Disposals	-	-	-	-
Balance at 31 December 2001	209,312	90,223	-	299,535
Amortisation for the year	118,529	34,119	-	152,648
Disposals	-	-	-	-
Transfers	430	164	-	594
Balance at 31 December 2002	328,271	124,506	-	452,777
Intangible assets, net, at 31 December 2000	232,858	64,740	92,009	389,607
Intangible assets, net, at 31 December 2001	179,553	129,264	69,225	378,042
Intangible assets, net, at 31 December 2002	199,316	157,097	27,913	384,326

Amortisation expense for 2002 and 2001 was 152,648 TKc and 132,928 TKc, respectively.

9. ACCOUNTS PAYABLE

At 31 December 2002 and 2001, accounts payable are comprised of the following (amounts in thousands):

	2002	2001
Trade payables:		
Foreign suppliers	3,860,054	3,566,422
Domestic suppliers	1,053,245	981,411
Total trade payables	4,913,299	4,547,833
Social security payable	12,285	13,413
Payables to employees	2,910	1,565
Other suppliers	41,130	338,198
Total accounts payable	4,969,624	4,901,009

Accounts payable represent outstanding balances on invoices from both domestic and foreign suppliers. All payables to Czech companies are denominated in Czech Crowns with the exception of payables for crude oil deliveries, which are denominated in US dollars, while payables to foreign suppliers are denominated in a foreign currency. Payables to Czech suppliers of crude oil also include VAT and customs duties, denominated and payable in Czech Crowns.

Trade payables relate primarily to major suppliers of crude oil to the Group.

10. TAXES PAYABLE AND ACCRUED LIABILITIES

At 31 December 2002 and 2001, taxes payable and accrued liabilities are comprised of the following (amounts in thousands):

	2002	2001
Excise duties payable	3,724,495	3,551,609
VAT payable	325,281	121,097
Total taxes payable	4,054,776	3,672,706
Accrued costs	113,875	106,840
Other accrued liabilities	144,200	162,732
Total taxes payable and accrued liabilities	4,312,851	3,942,278

The Group has accrued 50,141 TKc related to the cost of retraining employees during 2003, that, based on the Group's decision, have been made redundant or their redundancy was publicly announced.

11. BANK DEBT

Short-term debt

At 31 December 2002 and 2001, short-term debt outstanding is comprised of the following (amounts in thousands):

	Conditions	Due date	2002	2001
Overdraft Facility (see Note 3)	Overdraft	1 year	198,346	798,780
Current portion of long-term debt		2003	666,667	-
Total short-term debt			865,013	798,780

Long-term debt

On 17 August 2000, the Group completed a 5-year Term Loan Facility with a syndicate of banks. This loan bears a floating interest rate. As of 31 December 2002 the Company had utilised 2,000,000 TKc of this Facility to cover short-term working capital requirements of which 666,667 TKc was classified as short-term debt maturing in 2003.

Repayments of the long-term portion of the debt are scheduled as follows (amounts in thousands):

2004	666,667
2005	666,666
Total	1,333,333

Interest expense related to short-term and long-term debt for 2002 and 2001 was 139,492 TKc and 112,589 TKc, respectively.

During 2002, the Company was not able to maintain Financial Covenants (the Debt Service Ratio). Therefore, as of 31 March 2002 the interest rate margin was increased by 100 % with effect for period beginning on 1 August 2002 and ending on the date on which the company supplies evidence of full compliance with Financial covenants.

12. CAPITAL LEASE OBLIGATIONS

On 31 October 1997, the Group finalised a lease agreement for the isomerisation unit at the Kralupy refinery. The contract conditions were renegotiated during 1998 and resulted in an increase of the aggregate lease amount (principal and interest) by 15,364 TKc to a total value of 480,085 TKc. The lease amount (principal and interest) was fully repaid as of 31 December 2001.

During 2001 and 2002, the Group concluded leasing agreements for Company cars with a total value (principal and interest) of 40,751 TKc. The majority of the leasing contracts are for four years. The outstanding lease amount (principal and interest) was 20,235 TKc as of 31 December 2002.

The payments due on capital leases as of 31 December 2002 are as follows (amounts in thousands):

2003	11,136
2004	7,303
2005	1,796
Total minimum lease payments	20,235
Less: amounts representing interest	(1,120)
Present value of future lease payments	19,115
Less: current portion	(10,305)
Net long-term obligation	8,810

13. TAXATION

Income Tax Legislation

Corporate income tax is calculated in accordance with the Czech tax regulations at the rate of 31% in 2002 and 2001.

The Czech Republic, Slovak Republic and Poland currently have a number of laws related to various taxes imposed by governmental authorities. Applicable taxes include excise tax, value-added tax, corporate tax, and payroll (social) taxes, together with others. In addition, laws related to these taxes have not been in force for significant periods, in contrast to more developed market economies; therefore, implementing regulations are often unclear or nonexistent. Accordingly, few precedents with regard to issues have been established. Often, differing opinions regarding legal interpretations exist both among and within government ministries and organisations; thus, creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, who are enabled by law to impose extremely severe fines, penalties and interest charges. These facts create tax risks in the Czech and Slovak Republics and Poland substantially more significant than typically found in countries with more developed tax systems. Management believes that it has adequately provided for tax liabilities in the accompanying financial statements; however, the risk remains those relevant authorities could take differing positions with regard to interpretive issues and the effect could be significant.

Income Tax Provision

The components of the income tax (benefit) provision for the years ended 31 December 2002 and 2001 are as follows (amounts in thousands):

	2002	2001
Current tax provision	14,990	12,545
Deferred tax (benefit)	(354,018)	(206,595)
Total income tax (benefit)	(339,028)	(194,050)

A reconciliation of expected income tax (benefit) provision for the year ended 31 December 2002 and 2001 is as follows (amounts in thousands):

	2002	2001
Net (loss) before income tax	(862,086)	(38,806)
Statutory income tax rate	31%	31%
"Expected" income tax (benefit) provision	(267,247)	(12,030)
Add (deduct) tax effect of:		
Non-taxable revenues	89,961	(55,279)
Non-deductible expenses	91,682	97,870
Difference between tax and statutory depreciation	(55,972)	(252,030)
Other	(17,530)	27,419
Income tax (benefit) provision	(339,028)	(194,050)
Effective tax rate	-	-

Deferred Taxes, Net

At 31 December 2002 and 2001, deferred taxes, net is comprised of the following (amounts in thousands):

	2002	2001
Deferred Tax Assets:		
Provisions and Allowances	7,728	21,816
Tax loss carry forwards	708,612	311,298
10% Investment Relief	193,983	176,039
Total deferred tax assets	910,323	509,153
Deferred Tax Liabilities:		
Difference between property, plant and equipment per book and tax	1,128,121	1,097,271
Provisions and reserves related to repairs and maintenance	104,103	116,002
Crude oil inventory	97,796	69,595
Total deferred tax liabilities	1,330,020	1,282,868
Total deferred tax liability, net	419,697	773,715

14. FINANCIAL INSTRUMENTS

Financial risk management

The Group operates internationally, giving rise to significant exposure to market risks from changes in foreign exchange rates. The Group uses derivative financial instruments to manage those risks.

Risk management policies are approved by the Board of Directors and carried out by a central Treasury department.

Credit risk

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics. Group procedures are in force to ensure on a permanent basis that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. The Group considers that its maximum exposure is reflected by the amount of trade receivables (see Note 4) net of allowance for doubtful accounts.

Foreign exchange risk

The Group has foreign currency exchange rate risk primarily from commitments for future expenditures denominated in foreign currencies. The Group has decided to hedge this risk through the use of foreign currency forward exchange contracts.

With the adoption of IFRS 39, the Group has designated its forward exchange contracts as cash flow hedges and carries them at fair value.

The Company's loans are at floating interest rates (see Note 11).

Fair value estimation

The carrying amount of cash and cash equivalents and of bank overdrafts approximates their fair value due to the short-term maturity of these financial instruments.

Similarly, the historical cost carrying amounts of receivables and payables that are all subject to normal trade credit terms approximate their fair values.

The fair value of the following financial assets and liabilities, all carried at amortized cost, are determined as the present value of the estimated cash flows:

- long-term loan (see Note 11)
- finance lease liabilities (see Note 12)

Fair value has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

The carrying amount of the forward exchange contracts approximates their fair value due to the short-term maturity of these financial instruments. At 31 December 2002 the Company has entered into foreign currency purchase contracts equivalent to 421,974 TKc. The forward contracts were closed in January 2003 resulting in a loss of 2,658 TKc.

15. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The Group has a 15 year crude oil transport contract with Mero (effective 1 January 1996) and an annual contract with Transpetrol, which stipulate minimum annual throughput of crude oil by quantity through the IKL and Druzhba pipelines.

16. RELATED PARTY TRANSACTIONS

The Group sells products to related parties (entities owned by shareholders) in the ordinary course of business. In 2002 and 2001, sales amounted to 17,756,548 TKc and 21,367,944 TKc, respectively.

At 31 December 2002 and 2001, receivables from related parties is comprised of the following (amounts in thousands):

Related Party	2002	2001
Aliachem, a.s.	265	432
Unipetrol Deutschland GmbH	781	3,889
Unipetrol Austria GmbH	9,432	3,029
Spolana, a.s.	2,089	4
Benzina, a.s.	752,268	219,938
Kaucuk, a.s.	58,260	38,303
Chemopetrol, a.s.	997,546	619,265
Chemopetrol BM, a.s.	-	1
ChemopetrolDoprava, a.s.	4	699
Paramo, a.s.	3,898	54
Conoco CR, s.r.o.	138,153	97,839
Shell CR, a.s.	363,802	553,756
Koramo, a.s.	40,835	60,815
AGIP Praha, a.s.	139,074	120,644
Total	2,506,407	1,718,668

The Group purchases products and receives services from related parties in the ordinary course of business. In 2002 and 2001 purchases amounted to 3,546,777 TKc and 4,284,542 TKc, respectively. At 31 December 2002 and 2001, liabilities to related parties are comprised of the following (amounts in thousands):

Related Party	2002	2001
Benzina, a.s.	15,987	804
Kaucuk, a.s.	129,030	99,089
Chemopetrol, a.s.	123,252	210,663
Chemopetrol-Doprava, a.s.	133,778	145,549
Chemopetrol BM, a.s.	89	82
HC Chemopetrol, a.s.	-	549
Unipetrol, a.s.	17,809	16,089
Paramo, a.s.	-	314
Spolana, a.s.	119	227
Koramo, a.s.	-	629
Shell CR, a.s.	35,874	8,976
Agip Praha, a.s.	6,004	4,520
B.U.T., s.r.o.	17	30
Conoco CR, s.r.o.	9,354	901
Petrotrans, a.s.	10	-
Total	471,323	488,422

17. EQUITY

Basic Capital

The basic capital of the Company is comprised of 934,824 shares fully subscribed, with a nominal value of 10 TKc. All shares have equal voting rights.

In 2002, the Company paid out no dividends. In 2001, the Company paid out ordinary cash dividends of 271 Kc per share, totalling 253,338 TKc and extraordinary cash dividends of 407 Kc per share, totalling 380,472 TKc.

Reserve Fund

In accordance with Czech regulations, joint stock companies are required to establish a reserve fund for contingencies against possible future losses and other events. Contributions must be a minimum of 20% of after-tax profit in the first year in which profits are made and 5% of profit each year thereafter, until the fund reaches at least 20% of capital. As of 31 December 2002 and 2001, the balance was 445,951 TKc and 445,951 TKc, respectively, and is reflected as a component of retained earnings.

18. REVENUES

Revenues for the years 2002 and 2001 were comprised of the following (amounts in thousands):

	2002			2001		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Products	31,245,353	8,076,352	39,321,705	36,807,815	8,520,765	45,328,580
Services	377,073	49,142	299,930	232,214	-	232,214
Goods	499,470	2,324,511	101,022	101,022	1,280,102	1,381,124
Other	112,807	-	112,807	13,346	-	13,346
Total	32,234,703	10,450,005	42,684,708	37,154,397	9,800,867	46,955,264

Concentration of Revenues

In 2002, primarily all revenues of the Group resulted from sales to approximately 54 main customers.

19. SUBSEQUENT EVENTS

During 2002, the shareholders of Ceska rafinerska, a.s. initiated negotiations aimed at converting Ceska rafinerska, a.s. from full-merchant mode into the processing mode. In January 2003, the General Meeting of Ceska rafinerska, a.s. formally approved these intentions and stated the rules and conditions under which the conversion will take place. Provided that these conditions are met as planned, the conversion should take place in May 2003. As a result of this change, most of the current commercial activities carried out within Ceska rafinerska, a.s. shall be transferred to the shareholders. Conversion of Ceska rafinerska, a.s. to the processing refinery mode may also have a significant impact on the operation of its foreign subsidiaries. Their future status has not yet been decided.

20. PRESENTATION OF FINANCIAL STATEMENTS

The accompanying financial statements are presented on the basis of International Financial Reporting Standards issued by the International Accounting Standards Board. Certain accounting principles generally accepted in the Czech Republic do not conform to International Financial Reporting Standards used in preparing the accompanying financial statements. A description of the significant adjustments required to conform the Group's statutory balances to financial statements prepared in accordance with International Financial Reporting Standards is set forth in the following table (amounts in thousands):

	2002		2001	
	Net Income	Retained Earnings	Net Income	Retained Earnings
Balance per Statutory Accounts	(716,455)	6,949,955	(60,418)	7,666,410
Revaluation of assets and liabilities denominated in foreign currencies, net	(13,314)	-	7,425	13,314
Reclassify crude oil line fill from property, plant and equipment to inventory	17,478	203,243	17,478	185,765
Adjust fixed asset life to 25 years	164,488	630,906	129,470	466,418
Reversal of provisions and reserves related to repairs and maintenance	(26,485)	231,712	19,860	258,197
Capital lease obligations	47,918	171,107	29,090	123,189
Other	3,312	(8,848)	12,339	(12,160)
Balance per IFRS accounts	(523,058)	8,178,075	155,244	8,701,133



**Report of the Relationship
Between
Related Person**

YEAR 2002 REPORT OF THE RELATIONSHIP BETWEEN RELATED PERSONS

under the provision of Section 66a of the Commercial Code

SECTION I PERSONS CONSTITUTING THE HOLDING

1. The Controlled Person

Company: **ČESKÁ RAFINÉRSKÁ, a.s.**
with its registered seat in: **Záluží 2, Litvínov 436 70**
Identification No: **62741772**
(hereinafter: "the Controlled Person")

2. The Controlling Person

Company: **UNIPETROL, a.s.**
with its registered seat in: **Klimentská 10, 110 00 Praha 1**
Identification No: **61672190**
(hereinafter: "the Controlling Person")

3. Related Persons

Company: **ALIACHEM, a.s.**
with its registered seat in: **Pardubice, Semtín, Pardubice čp. 103, 532 17**
Identification No: **60108916**

Company: **BENZINA, a.s.**
with its registered seat in: **Praha 8, Trojská 13a, 182 21**
Identification No: **60193328**

Company: **B.U.T., s. r. o.**
with its registered seat in: **Podkrušnohorská 1719, 436 06 Litvínov**
Identification No: **25005120**

Company: **HC CHEMOPETROL, a. s.**
with its registered seat in: **S.K. Neumanna 1598, Zimní stadion, 436 01 Litvínov**
Identification No: **64048098**

Company: **CHEMOPETROL, a. s.**
with its registered seat in: **Litvínov – Záluží 1, 436 70 Litvínov**
Identification No: **25003887**

Company: **CHEMOPETROL BM, a. s.**
with its registered seat in: **Litvínov – Záluží čp. 1, areál Chemopetrolu, 436 70 Litvínov**
Identification No: **25021877**

Company: **CHEMOPETROL - DOPRAVA, a. s.**
with its registered seat in: **Litvínov – Růžodol čp. 4, 436 70 Litvínov**
Identification No: **64049701**

Company: **CHEMOPETROL – CHEMTEZ, a. s.**
with its registered seat in: **Litvínov, Litvínov – Záluží čp. 1, PSČ 436 70**
Identification No: **25018434**

Company: **KAUČUK, a. s.**
with its registered seat in: **Kralupy nad Vltavou, O. Wichterleho 810, PSČ 278 52, district Mělník**
Identification No: **25053272**

Company: **K-PROTOS, a. s.**
with its registered seat in: **Kralupy nad Vltavou, areál Kaučuk 880, O. Wichterleho 810, 278 52, district Mělník**
Identification No: **25617214**

Company: **KRALUPOL, spol. s r.o. (related person up to 7 October 2002)**
with its registered seat in: **Kralupy nad Vltavou, Tyršova 535, 278 52, district Mělník**
Identification No: **49679597**

Company: **KORAMO, a.s.**
with its registered seat in: **Ovčárenská, 280 26 Kolín**
Identification No: **46357289**

Company: **KRALUPOL, spol. s r.o.**
with its registered seat in: **Tyršova 535, 278 01 Kralupy nad Vltavou**
Identification No: **49679597**

Company: **PARAMO, a.s.**
with its registered seat in: **Pardubice, Přerovská čp. 560, 530 06**
Identification No: **48173355**

Company: **SPOLANA, a.s.**
with its registered seat in: **Neratovice, Práce 657, PSČ 277 11**
Identification No: **45147787**

Company: **SPORTaS, s. r. o. (related person up to 29 March 2002)**
 with its registered seat in: **Litvínov, Studentská 758, PSČ 436 01**
 Identification No: **25005430**

Company: **UNIPETROL AUSTRIA HmbH (up to 28 November 2002 ALIACHEM VIENNA HmbH)**
 with its registered seat in: **Apfelgasse 2, 1040 Wien, Austria**

Company: **UNIPETROL DEUTSCHLAND GmbH (up to 20 February 2002 ALIACHEM DEUTSCHLAND GmbH)**
 with its registered seat in: **Paul-Ehrlich-Strasse 1b, 632 25 Langen/Hessen, FRG**

Company: **Výzkumný ústav anorganické chemie, a.s.**
 with its registered seat in: **Ústí nad Labem, Revoluční 84, čp. 1521, PSČ 400 01**
 Identification No: **62243136**
(hereinafter: "Additional Related Person")

SECTION II PERIOD UNDER REVIEW

In the Report, the last accounting period between 1 January 2002 and 31 December 2002 is covered.

Contracts

A) Supply contracts

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Purchase contract No. VSN/2001/031	B.U.T., s. r. o.	Accommodation services	19.12.2001	19.12.2003
Lease contract No. AD/6300/99/014	Benzina a. s.	Office rent	23.3.1999	Indefinite period
Contract No. AD/6500/01/002	HC Chemopetrol, a. s.	Rental of ad space on the Public Skating Rink & on the outfit of ice-hockey Premiere League players during Premiere League ice-hockey matches	1.1.2001	31.12.2003

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Contract No. AD/3306/96/016	Chemopetrol-Doprava a. s.	Rentals of cars, trucks commercial vehicles, car-boxes and (car) roof racks	1.1.2001	31.12.2003
Contract on provision of services	Chemopetrol-Doprava a. s.	Transport services, lease of tanks, repair and cleaning thereof	1.1.2002	31.12.2002
Contract on provision of services	Chemopetrol-Doprava a. s.	Tank nitrogenization	1.5.2002	31.12.2002
Contract on provision of services	Chemopetrol-Doprava a. s.	Customs services	1.1.2002	31.12.2002
Contract on provision of services	Chemopetrol, a. s.	Tank truck weighting	1.1.2002	31.12.2002
Contract on provision of services	Chemopetrol, a. s.	Customs services	1.1.2002	31.12.2002
Contract on provision of services	Chemopetrol BM, a. s.	Tank truck weighting	1.11.2002	31.12.2002
Contract on provision of services	Chemopetrol, a. s.	Curative stays for children	2.1.2002	30.9.2002
Purchase contract No. AD/6300/99/011	Chemopetrol, a. s.	Offtake supply of head	1.1.1997	Indefinite period
Purchase contract No. CHK/0000/98/027	Chemopetrol, a. s.	Offtake supply of power	1.1.1999	30.4.2003
Contract No. CHK/0000/98/014	Chemopetrol, a. s.	Breathing appliances; fire-fighting and fire protection services	1.1.1999	
Contract No. CHK/0000/98/015	Chemopetrol, a. s.	System of emission monitoring of air pollution	1.1.1999	31.12.2003
Contract No. CHK/0000/98/016	Chemopetrol, a. s.	System of monitoring of the pollution of bedrock environment of underground waters	1.1.1999	31.12.2003
Contract No. CHK/0000/98/017	Chemopetrol, a. s.	Waste water offtake and treatment	1.1.1999	31.12.2008

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Purchase contract No. CHK/0000/98/018	Chemopetrol, a. s.	Offtake supply of fresh, cooling, drinking, and service water	1.1.1999	31.12.2008
Purchase contract No. CHK/0000/98/019	Chemopetrol, a. s.	Steam offtake	1.1.1999	31.12.2003
Purchase contract No. CHK/0000/98/030	Chemopetrol, a. s.	Compression of rich hydrogen gas ex CRC	1.1.1999	31.12.2008
Purchase contract No. CHK/0000/98/031	Chemopetrol, a. s.	Supply of hydrogen, low-pressure air and ammonia liquor	1.1.1999	31.12.2008
Purchase contract No. CHK/0000/98/032	Chemopetrol, a. s.	Supply of high-pressure hydrogen for CRC	1.1.1999	31.12.2008
Contract No. CHK/0000/98/033	Chemopetrol, a. s.	Processing of hydrogen sulfide exhaust gas from masout gasification	1.1.1999	31.12.2008
Contract No. NTS/2001/350	Chemopetrol, a. s.	Emission measurement	1.1.2000	31.12.2002
Purchase contract No. NTS/2001/356	Chemopetrol, a. s.	Purchase of solid carbon dioxide	1.1.2001	
Contract No. TD/5020/98/010	Chemopetrol, a. s.	Technical Advancement Department jobs	1.7.2001	30.6.2003
Contract No. TD/5030/99/061	Chemopetrol, a. s.	New Technologies - research in current & development of new ones	11.3.1998	11.3.2003
Contract No. TD/5030/99/070	Chemopetrol, a. s.	Regular review of electrical equipment	24.3.1999	
Contract No. TD/5030/99/074	Chemopetrol, a. s.	Testing & evaluation of non-destructive input and output check checks made on appliances	1.1.1999	

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Contract No. TD/5051/98/003	Chemopetrol, a. s.	Expert supervision of selected pressure equipment	1.1.1999	
Contract No. VSN/2000/024	Chemopetrol, a. s.	Provision of blanket information	1.1.1999	
Contract No. VSN/2000/051	Chemopetrol, a. s.	IT-related services	1.1.2000	
Purchase contract No. VSN/2000/054	Chemopetrol, a. s.	Purchase of soda water	1.1.1999	
Contract No. VSN/2000/138	Chemopetrol, a. s.	Supply of standards	18.4.2000	
Contract	Chemopetrol, a. s.	Copying and matrix remake of technical documentation	16.1.2001	31.12.2003
Contract No. CH/087/2002NPP	Chemopetrol, a. s.	Contract on rentals and services (non-residential premises, lots, telecommunications, PC network, library)	1.1.2002	Indefinite period
Contract on provision of services No. OBS/01/2001	Chemopetrol, a. s.	Contract on provision of expert services in Civil Defense	1.12.2002	31.12.2003
Contract on provision of services No. 00/2001	Chemopetrol, a. s.	Contract on provision of services relating the use of pipe bridges	1.12.2002	31.12.2003
Contract on provision of services No. 33/2000/OSM	Chemopetrol, a. s.	Contract on provision of services		
Contract on provision of services No. 34/2001/OSM	Chemopetrol, a. s.	Provision of land-related services	1.1.2001	31.12.2003
Contract No. PŘ/SO/2001/01	Chemopetrol, a. s.	Social sphere	1.1.2001	31.12.2003
Contract No. 034/2000/OHSS	Chemopetrol, a. s.	Guard and site protection services	1.1.2001	31.12.2003

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Contract No. 4600000342	Chemopetrol, a. s.	H&S and environmental care		
Contract No. BM/A/2/2000	Chemopetrol, a. s.	Provision of postal services	1.1.2000	31.12.2003
Consignment agreement No. BM/A/20/2000	Chemopetrol BM, a.s.	Consignment agreement Sales of assets	1.3.2000	31.12.2003
Contract on the provision of services No. NTS/2000/258	Chemopetrol-Chemtez, a.s.	Contract on provision of services (storage)		1.1.2001
Purchase contract No. CHK/0000/98/041	Kaučuk a. s.	Contract on natural gas offtake	1.1.1999	Indefinite period
Purchase contract No. CHK/0000/98/042	Kaučuk a. s.	Contract on power supply	1.1.1999	Indefinite period
Purchase contract No. CHK/0000/98/043	Kaučuk a. s.	Contract on power supply	1.1.1999	Indefinite period
Contract No. CHK/0000/98/04	Kaučuk a. s.	Contract on territorial & technical administration of premises	1.1.1999	Indefinite period
Purchase contract No. CHK/0000/98/047	Kaučuk a. s.	Contract on the provision of firefighting services	1.1.1999	Indefinite period
Purchase contract	Kaučuk a. s.	Contract on the provision of safety equipment. Operator Center. Perimeter protection and entrance monitoring	1.1.1999	Indefinite period
Purchase on the provision of services No. CHK/0000/98/050	Kaučuk a. s.	Contract on the provision of storage, loading & lifting services	1.1.1999	Indefinite period
Contract No. HK/0000/98/051	Kaučuk a. s.	Contract on the provision of water, river water, softened technology water	1.1.1999	Indefinite period

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Contract No. CHK/0000/98/052	Kaučuk a. s.	Underground water monitoring & protection	1.1.1999	Indefinite period
Purchase contract No. CHK/0000/98/053	Kaučuk a. s.	CRC waste water discharge into cooling water sewage system	1.1.1999	Indefinite period
Contract No. CHK/0000/98/054	Kaučuk a. s.	Running exhaust gas systems	1.1.1999	Indefinite period
Contract No. CHK/0000/98/055	Kaučuk a. s.	Supply of steam	1.1.1999	Indefinite period
Purchase contract No. CHK/0000/98/056	Kaučuk a. s.	Supply of technical gases - nitrogen, dried air, raw air	1.1.1999	Indefinite period
Contract on provision of services No. CHK/0000/98/057	Kaučuk a. s.	Telecommunications & postal services	1.1.1999	Indefinite period
Contract on provision of services No. CHK/0000/98/058	Kaučuk a. s.	Contract on common infrastructure services – roads & fencing of jointly used premises	1.1.1999	Indefinite period
Contract No. VSN/2001/048	Kaučuk a. s.	Waste disposal	1.1.2001	31.12.2003
Contract No. VSN/2001/064	Kaučuk a. s.	Monitoring of SO2 and NO2 emissions		1.1.2000
Contract No. NTS/2001/171	Kaučuk a. s.	Input and output chock	1.7.1999	
Contract No. UNK /2002 003-103/2002	Kaučuk a. s.	Boiler-feed water	1.1.2002	31.12.2002
Contract No. UPK /2002/002	Kaučuk a. s.	9,6 MPa steam supply	1.1.2002	31.12.2002
Contract No. 108//2002/VO	Kaučuk a. s.	Open cooling water drainage	1.3.2002	

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Contract on provision of services		Monitoring	31.12.1999	Indefinite period
Contract on provision of services	Kaučuk a. s.	Degasification systems	31.12.1998	Indefinite period
Contract on provision of services	Kaučuk a. s.	Waste water discharge	31.12.1998	Indefinite period
Purchase contract	Kaučuk a. s.	Steam supply contract	4.1.1999	Indefinite period
Purchase contract	Kaučuk a. s.	Technical gases supply contract	4.1.1999	Indefinite period
Purchase contract	Kaučuk a. s.	Contract on provision of services (storage, unloading and lifting)	31.12.1999	Indefinite period
Purchase contract	Kaučuk a. s.	Water supply contract	4.1.1999	Indefinite period
Contract on provision of services	Kaučuk a. s.	Provision of infrastructure	4.1.1999	Indefinite period
Purchase contracts No. KS 189/99	Kaučuk a. s.	Purchase of Raffinate I	6.1.1999	
Purchase contract No. 497/2001/VO	Kaučuk a. s.	Sale of assets	2.1.2002	
Purchase contract No. 498/2001/VO	Kaučuk a. s.	Sale of movables	2.1.2002	
Contract on provision of services	Kaučuk a. s.	Customs services	1.1.2002	31.12.2002
Contract No. NTS/2001/029	K-Protos a.s.	Supply of seals/packings	2001	Indefinite period
Contract No. NTS/2001/330	K-Protos a.s.	Tube bundle exchanger	2001	Indefinite period
Contract No. NTS/2001/347	K-Protos a.s.	Manufacture of partial condenser & of chambers	2001	Indefinite period
Contract No. NTS/2001/328	K-Protos a.s.	Technological alteration - implementation	2001	Indefinite period

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Contract on provision of services	K-Protos a.s.	Provision of services	2001	Indefinite period
Promotion contract	SPORTaS, s. r. o.	Promotion services	15.2.2001	
Contract No. VSN/2000/077	Unipetrol, a. s.	Contract on compensation for environmental damages	1996	Indefinite period
Contract	Unipetrol a. s.	Contract on utilization of DELL General Contract	31.3.2000	1.3.2003
Contract No. SH/3308/96/006	Unipetrol a. s.	Contract on compensation for environmental damages	7.5.2000	Indefinite period
Contract No. SH/3308/96/008	Unipetrol a.s., Shell, Agip, Conoco, Chemopetrol a.s., and Kaučuk , a.s.	NPF guarantees for future environmental undertakings	1996	Indefinite period
Contract No. SH/3308/96/009	Unipetrol a.s., Shell, Agip, Conoco, Chemopetrol a.s., and Kaučuk , a.s.	Contract between shareholders	1996	Indefinite period
Contract No. SH/3308/96/010	Unipetrol a.s., Shell, Agip, Conoco, Chemopetrol a.s., and Kaučuk , a.s.	Contract on the subscription for & purchase of shares	1996	Indefinite period
Contract No. 4500020006	Unipetrol a.s., Shell, Agip, Conoco, Chemopetrol a.s., and Kaučuk , a.s.	Statement of the owner on non-monetary investment contribution to the company	1996	Indefinite period
Contract on the provision of services No. NYS/2000/023	Výzkumný ústav anorganické chemie , a.s.	Research services	2000	Indefinite period

B) Offtake contracts

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Purchase contract No. 500375/2002/S	Aliachem, a.s.	Fluid sulphur	1.1.2002	31.12..2002
Purchase contract No. 500041/2002/1-12/ALL	Benzina a. s.	Motor fuels	1.2..2002	31.12.2002
General trade agreement No. 500010	Chemopetrol-Doprava, a.s.	Motor fuels	1.1.2002	31.12..2002
Purchase contract No. 16836/99/PCH	Chemopetrol, a. s.	Heating gas	1.3.1999	
Price accord	Chemopetrol, a. s.	Price ratios of Pbi, HCVD,PO, LPG, visbreaker residuum, and dark distillate	1.8.2002	30.4.2003
Price accord	Chemopetrol, a. s.	Price ratios of products, services and utilities	1.8.2002	30.4.2003
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	LPG	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	LPG	2.6.2002	31.7.2002
Purchase contract No. 500013/08-12/ 2002/LPG	Chemopetrol, a. s.	LPG	1.8.2002	31.12.2002
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	HCVD	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	HCVD	3.6.2002	31.7.2002
Purchase contract No. 500013/08-12/ 2002/HCVD	Chemopetrol, a. s.	HCVD	1.8.2002	31.12.2002

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	Virgin naphtha	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	Virgin naphtha	3.6.2002	31.7.2002
Purchase contract No. 500013 /08-12/ 2002/Virgin naphtha for EU	Chemopetrol, a. s.	Virgin naphtha	1.8.2002	31.12.2002
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	Gasoil	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	Gasoil	3.6.2002	31.7.2002
Purchase contract No. 500013 /08-12/ 2002/Gasoil	Chemopetrol, a. s.	Gasoil	1.8.2002	31.12.2002
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	Isopentane	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	Isopentane	1.7..2002	31.7.2002
Purchase contract No. 500013 /08-12/ 2002/Isopentane	Chemopetrol, a. s.	Isopentane	1.8.2002	31.12.2002
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	Technical petrol	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	Technical petrol	1.7..2002	31.7.2002
Purchase contract No. 500013 /08-12/ 2002/Technical petrol	Chemopetrol, a. s.	Technical petrol	1.8.2002	31.12.2002
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	Dark distillate	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	Dark distillate	3.6.2002	31.7.2002

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Purchase contract No. 500013 /08-12/ 2002/Dark distillate	Chemopetrol, a. s.	Dark distillate	1.8.2002	31.12.2002
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	Polymeric hexane	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	Polymeric hexane	1.7..2002	31.7.2002
Purchase contract No. 500013 /08-12/ 2002/Plymeric hexane	Chemopetrol, a. s.	Polymeric hexane	1.8.2002	31.12.2002
Purchase contract in the form of orders & price-fixing arrangements	Chemopetrol, a. s.	Visbreaker residuum	1.1.2002	31.5.2002
Two-month purchase contract	Chemopetrol, a. s.	Visbreaker residuum	2.6.2002	31.7.2002
Purchase contract No. 500013 /08-12/ 2002/Visbreaker residuum	Chemopetrol, a. s.	Visbreaker residuum	1.9.2002	31.12.2002
General purchase contract No. 2000-2008/1-12/ASF	Chemopetrol BM, a. s.	A 200 bitumen	1.1.2000	31.12.2008
Purchase contract	Kaučuk, a. s.	Heavy heating oil	3.7.2000	Indefinite period
Purchase contract No. 495/2001/VO	Kaučuk, a. s.	Sale of immovables	2.1.2002	
Purchase contract No. 496/2001/VO	Kaučuk, a. s.	Sale of movables	2.1.2002	
Purchase contract No. 139/300/93 500085/2002/5-12/OH	Koramo, a.s.	Oil hydrogenates and hydrocrackate	27.10.1993	31.12.2004
General Purchasing Contract No. 29445/99/LPG	Kralupol, spol. s r.o.	PB, PB power fuel , propane, butane	1.1.1999	1.1.2009
Purchase contract No. 500060/2001/OH	Paramo, a.s.	Oil hydrogenates	1.1.2001	31.4.2003

Name of contract	Vendor/Supplier/Provider	Subject of Contract	Period of contract execution	
			From	Until
Purchase contract No. 500410/2001/S	Spolana, a. s.	Sulphur	1.3.2001	
Purchase contract No. S200/081/01	Unipetrol, a. s.	Coverage of professional indemnity insurance of members of the Board of Directors and of Supervisory Board	1.3.2001	
Monthly purchase contract	Unipetrol Deutschland GmbH	Bitumen	1-2001	1-2002
Monthly purchase contract - 8 pcs	Unipetrol Deutschland GmbH	FCC butane	2002	2002
Purchase contract No. 500362 /2002/S/40012273	Unipetrol Deutschland GmbH	Sulphur	1.10.2002	31.10.2002
Purchase contract No. 500369/2000/nB	Unipetrol Austria HmbH	N-butane	15.12.1999	30.4.2003

Over the given period, the relationship proceeded upon the terms common in trade relations. The prices (or price formulas) were agreed on a contractual basis as common prices. The Controlled persons did not suffer any loss from the contracts concluded.

SECTION III

Conclusion

1. The Report has been drawn up by the Statutory Body of the Controlled Person, i.e. by ČESKÁ RAFINÉRSKÁ, a.s., on 17 March 2003, and submitted for review to both the Company's Supervisory Board and to the Auditor supposed to carry out the auditing of results in the sense of a special law. Given the fact that the Controlled Person is obligated to draw up the Annual Report compliant with a special legal provision, the 2002 Report shall be appended to the Annual Report.

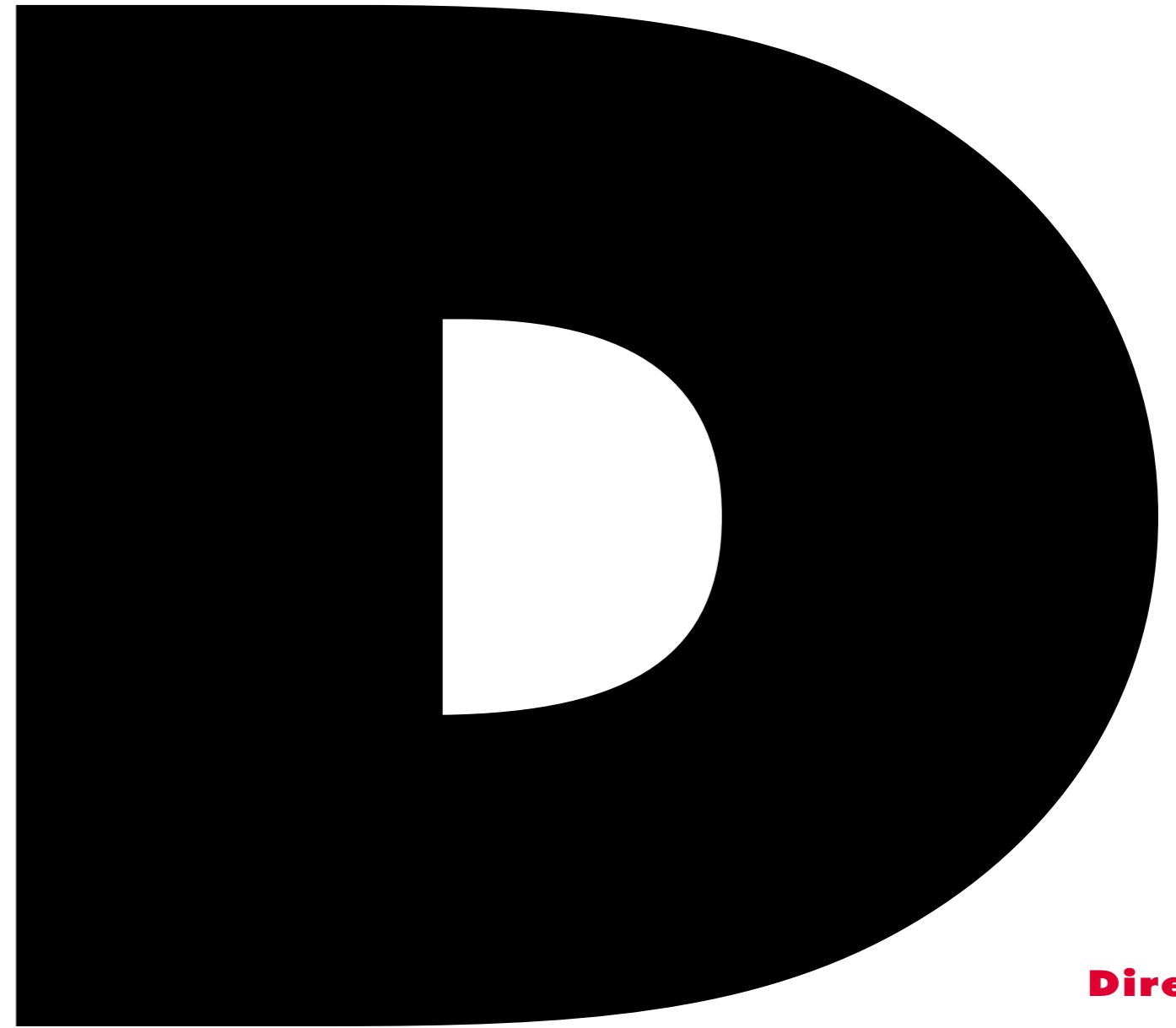
2. The Statutory Body of the Controlled Person will post an announcement in the Commercial Journal stating that the Annual Report has been incorporated in the deed collection filed by the Commercial Register of the Regional Court in Ústí nad Labem.

Ing. Ivan Ottis, Chairman of the Board of Directors, Ing. Miroslav Debnár, Member of the Board of Directors

Drawn up by:

Ing. Tereza Halíková, accounting specialist

In Kralupy nad Vltavou, 17 March 2003.



Directory

Job title	Name	Site	Telephone number
Chief Executive Officer	Ivan Ottis	Kralupy/Litvínov	315 718 521, 476 163 567
Chief Financial Officer	Eric Anderson	Kralupy	315 718 561
Controller	Mojmír Zenáhlík	Kralupy	315 718 564
Treasurer	Hana Jílková	Kralupy	315 718 574
IT Manager	Pavel Král	Kralupy	315 718 616
Internal Audit Manager	Iva Černá	Kralupy	315 718 562
Commercial Director	František Šamal	Kralupy	315 718 530
Supply Manager	Rostislav Palička	Kralupy	315 718 523
Sales Manager	Mario Musumeci	Kralupy	315 718 547
Export Manager	Igor Kuruc	Kralupy	315 718 522
Marketing Manager	Petr Štěpán	Kralupy	315 718 545
Final Products Logistics Manager	Jaroslav Štřop	Kralupy	315 718 546
Technical Director	Lennart Heldtander	Litvínov	476 164 776
Production Manager Litvínov	Václav Raitr	Litvínov	476 163 884, 476 163 830
Production Manager Kralupy	Josef Krch	Kralupy	315 714 260
Maintenance Manager	Bryan Cooper	Litvínov	476 164 041
Technological Manager	Milan Vitvar	Litvínov	476 16477, 315 713 547
Work Safety, Work H&Q Mangement Manager	Michaela Freyová	Litvínov	476 164 041, 315 718 556
Refinery Scheduling & Hydrocarbon Accounting Manager	Aleš Ponert	Litvínov	476 162 151
General Affairs Director	Miroslav Debnár	Litvínov	476 164 338, 315 7185 81
HR Manager	Alena Stejskalová	Litvínov	476 163 809
Legal Manager	Alois Dvořák	Litvínov	476 165 974
PR Manager	Aleš Soukup	Kralupy	315 718 579
Service Manager	Radomír Bláha	Litvínov	476 165 176
Planning and Development Director	Oscar Magnoni	Kralupy	315 718 600
Operations Optimisation Manager	Jiří Tlustý	Kralupy	315 718 627
Planning Manager	Hugo Kittel	Kralupy	315 718 603
Performance Assessment Manager	Jaroslav Kadaňka	Kralupy	315 718 626
Investment Director	Ivan Souček	Litvínov	476 164 254, 315 718 607
Technical Project Preparation Manager	Jiří Krbec	Litvínov	476 164 191
Contracting and Procurementz Manager	Pavel Nohava	Litvínov	476 162 862
Control Rooms Centralisation Project Manager	Jiří Pohanka	Litvínov	476 165 633
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