# Annual Report 2009

Penta Holding Limited

PENTA

ANNUAL REPORT **2009**

# Content

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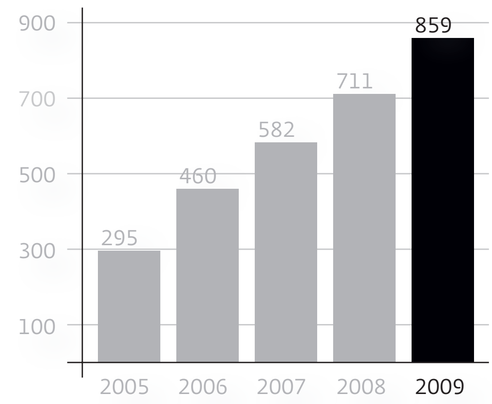
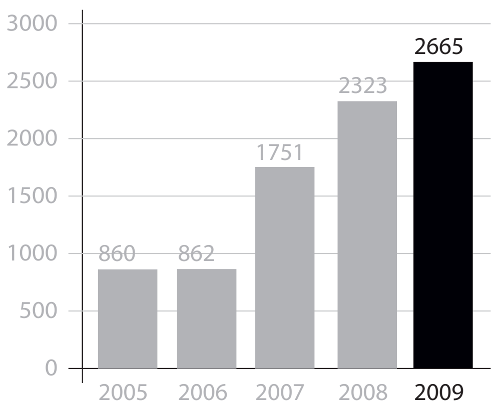
# Financial Highlights

FINANCIAL HIGHLIGHTS — Annual Report

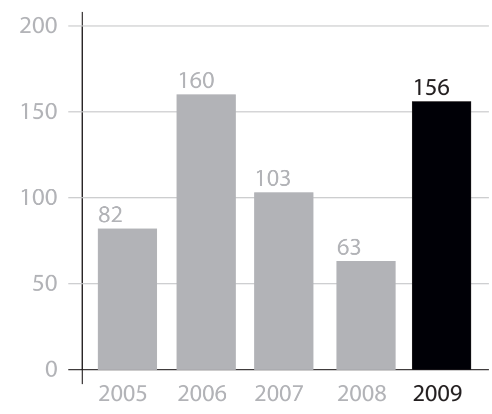
Equity Attributable to Shareholders *(in EUR million)*




Total Assets *(in EUR million)*




Consolidated Profit Attributable to Shareholders *(in EUR million)*



# Director's Statement

DIRECTOR'S STATEMENT — Annual Report

Dear Shareholders and Business Partners,

I am delighted to present you with Penta's business results for the year 2009. Despite the ongoing economic recession, the Group's overall performance was at a very satisfactory level.

In 2009, the Group's assets saw a growth of EUR 342 million to EUR 2.7 billion and reached a consolidated profit of EUR 156 million. Penta's equity rocketed to EUR 859 in comparison to the 2008 figure of EUR 725 million.

These results demonstrate that Penta coped well during the financial and economic crisis that affected CEE countries - Penta's main market. Nevertheless as a result of lessons from the crisis, the Group underwent a deep assessment of the project portfolio and the already on-going regional expansion. This resulted in the full focus of our attention on the Central European region, namely the Czech Republic, Slovakia, Poland and Hungary. Our experiences showed that this region had a big enough potential for an interesting deal flow, whereby Poland offered more and more exciting business perspectives. Business activities in other countries like Croatia, Germany or UK were maintained at the same level as the previous year.

Increased transaction activities in Poland were supported by a stronger local Penta team of investment professionals that grew considerably. As Penta was set to tap into interesting project opportunities offered by this largest Central European market, we performed an assessment of our existing portfolio profitability in order to ensure proper allocation of the funds. The victim of this assessment turned out to be our mobile operator Mobilking whose performance did not meet our investment expectations. On the other hand, we successfully acquired the largest steel wires, ropes and staple bands producer in Poland, Drumet, which was in bankruptcy. The company was a typical case for restructuring, a field which very much suits Penta's DNA. Shortly after acquisition, Drumet restarted production and is set to regain its market share.

The convenience store retail chain Zabka showed steady growth and its performance was further strengthened by launching FRESHMARKET, a new format of supermarkets offering fresh food.

Penta further expanded the successful Zabka format to the Czech Republic by opening its first stores in Prague and then further expanding the chain of stores across the country. The Czech sister of Polish Zabka became the fastest growing small format retail stores chain in the Czech Republic, and at the end of the year expanded to the level of 100 stores across the country. Subsequent acquisitions in 2010 further strengthened the potential of the Czech chain. AERO Vodochody was compensated for its unsuccessful participation in Polish tender for PLZ Svidnik by strengthening its cooperation with US company, Sikorski by closing of a lucrative new contract for the production of SIKORSKI helicopter cabins. The company was pursuing plans for building an international airport in Prague for low cost and charter aviation transport. Fortuna managed to further strengthen its position as the largest sports betting operator in Central Europe and continued to deliver strong results. A strategic decision was also taken to proceed with an IPO of a part of company with successful implementation later in 2010. The Dr. Max pharmacies chain covering Czech Republic, Slovakia and Poland continued its consolidation of the market and increased to the level of 300 pharmacies. The first serious move into real estate business in Czech Republic was completed when we stepped into a project of developing an administrative building in the prime location of the centre of Prague.

In Slovakia, Penta achieved a substantial breakthrough in the healthcare sector by completing a successfull merger with its 100 % owned Dovera and another healthcare insurer, APOLLO. The merger created the largest private healthcare  insurance company on the market. Penta's position in the health care market was further consolidated when Alpha Medical Ventures, its Slovakian chain of  medical laboratories, took over the Czech second largest player, AESKULAB, thus continuing its expansion and increasing its strong market position in Slovakia, Poland and Czech Republic. Finally, Penta successfully finalised the second phase of its Digital Park development project of 52,000 m2 of exclusive office space in Bratislava's prime business location. Occupancy at finalisation reached over 70 percent.

Despite achieving a positive final result, we witnessed a heavy blow to national economies and the environment in which Penta did business. As a consequence of the economic crisis, the business environment changed significantly. Doing business with the above-average yield is no longer considered a certainty as it occurred at the time of unprecedented economic boom before 2008. However, in these tough economic times and in fiercely competitive environments, significant value can be generated only by intensive focus on effective restructuring; systematic work with respect to increasing sales of our investee companies.
High emphasis will be placed on the right choice of

management for our investee companies and making them part of our team, thus strengthening project management.

We strongly believe in the idea that education and development of an entrepreneurial spirit in society are a back bone of long term economic strength and the successful development of a society. Even in the crisis, Penta did not abandon its social responsibility strategy. Our traditional project, Vision 2025, awarding excellent and talented students, continued in Slovakia and Czech Republic and was further expanded to Poland with success. A new project, The Venture Fund – an initiative to support a spirit of entrepreneurship, was launched. Its aim is to give young, prospective entrepreneurs the chance to develop and realise innovative ideas with the support of our investment professionals .

I would like to thank the whole Penta team for its strong performance and endurance in achieving our goals. I would also like to thank our business partners for their cooperation and trust in us. To all, I wish the utmost success in their businesses.

Radoslav Zuberec

# Partners

PARTNERS — Annual Report

**Marek Dospiva** — Partner

**Jaroslav Haščák** — Partner

**Martin Kúšik** — Partner

**Jozef Oravkin** — Partner

**Jozef Špirko** — Partner

# Management Discussion & Analysis

MANAGEMENT DISCUSSION & ANALYSIS — Annual Report

# Consolidated Income Statement

**Operating Revenue: EUR 2,221.4 million (including EUR 1,640.6 million continuing operations and EUR 580.8 million discontinued operations); Cost of goods for resale, raw materials consumed and other direct cost of sales/services: EUR 1,593.8 million (including EUR 1,095.4 million continuing operations and EUR 498.4 million discontinued operations)**

Penta Holding Limited Group (the Group) experienced significant growth in revenues in 2009 as compared to 2008. The growth of EUR 343.1 million was mainly attributable to expansion of existing businesses such as pharmacies or meat production, but significant increase also occurred due to new investments in the manufacture of steel wires and ropes, and in windows production.

Among the most significant acquisitions made by the Group in 2009 is the purchase of Okna-Rąbień Sp.z o.o. and NOVES okná, s.r.o., companies involved in production and sale of PVC and aluminium windows, contributing EUR 45.6 million to the Group's revenue, and the acquisition of Drumet Liny i Druty Sp.z.o.o., a producer of steel wires, ropes and staple bands, contributing EUR 12.1 million to the Group's revenue.

As far as existing subsidiaries are concerned, a significant increase in revenues was brought by the Mecom Group operating in meat products, with revenues increased by EUR 123.4 million; pharmacy businesses in the Slovak Republic, the Czech Republic and Poland, which contributed EUR 93.3 million to the increase in revenues; followed by EUR 48.8 million increase in revenues of pet food producer Gimborn and EUR 34.4 million increase in revenues of Žabka convenience store chains in Poland and the Czech Republic.

The cost of goods for resale, raw materials consumed, and other direct cost of sales/services amounted to EUR 1,593.8 million in 2009 and EUR 1,378.8 million in 2008. These operating costs increased in line with the revenue growth as a result of the above mentioned expansions and acquisitions.

**Other significant operating costs: salaries and benefits (EUR 277.2 million including EUR 257.7 million continuing operations and EUR 19.5 million discontinued operations); depreciation and amortisation (EUR 70.9 million including EUR 66.9 million continuing operations and EUR 4.0 million discontinued operations); rental costs (EUR 60.3 million including EUR 58.7 million continuing operations and EUR 1.6 million discontinued operations); other operating expenses (EUR 199.0 million including EUR 189.2 million continuing operations and EUR 9.8 million discontinued operations)**

Salaries and benefits have grown from EUR 194.6 million in 2008 to EUR 277.2 million in 2009, which is consistent with an increase in headcounts from 13,446 to 18,175. Depreciation and amortisation expense has also increased from EUR 56.3 million in 2008 to 70.9 million in 2009. The main reasons for this increase are the new acquisitions in 2009 and a full year charge for 2008 acquisitions.

The growth in rental cost from EUR 47.4 million to EUR 60.3 million is mainly due to expansion of Penta Pet Food GmbH, Žabka convenience store chains and pharmacy business. Rental costs related to Žabka operations amounts to EUR 25.3 million, betting business related rentals amount to EUR 10.3 million and pharmacy business rentals amount to EUR 9.9 million.

Other operating expenses are mainly comprised of legal and professional services, advertising, transportation, utility costs, commissions, various taxes, repairs and maintenance, and other operational expenses. These expenses have increased in line with group revenue growth.

### Other gains (EUR 26.5 million including EUR 24.4 million continuing operations and EUR 2.1 million discontinued operations), other expenses (EUR 86.0 million including EUR 72.6 million continuing operations and EUR 13.4 million discontinued operations) and financial expenses (EUR 38.5 million including expense of EUR 39.1 million continuing operations and income of EUR 0.6 million discontinued operations)

The Group reported other gains (net of losses) of EUR 26.5 million in 2009 and EUR 75.0 million in 2008. Significant decrease is caused by the change in the fair value on derivatives (not designated as hedge accounting) with the fair value gain of EUR 51.9 million in 2008 and fair value loss of EUR 16.2 million in 2009 (commodity swap in Slovalco, a.s.). On the other hand the Group achieved a gain from the change in fair value of investment property of EUR 27.1 million in 2009; in 2008 this was a loss of EUR 11.3 million. In 2009 the Group reported income from the release of granted emission rights of EUR 8.4 million (in 2008 EUR 17.5 million), and loss on disposal of investments and securities of EUR 2.2 million (in 2008 this was a gain of EUR 13.3 million).

Other expenses (net) primarily include an impairment charge on receivables (EUR 78.4 million), settlement expenses of EUR 19.5 million, reversal of impairment losses of property, plant and equipment (EUR 19.2 million), and the creation of provisions for litigations, environmental risks and other circumstances (EUR 6.5 million). Last year the Group reported other expenses (net) of EUR 81.1 million, which included an impairment charge on receivables (EUR 42.1 million), impairment loss on property, plant and equipment (EUR 31.0 million), and the creation of provisions for litigations, environmental risks and other circumstances (EUR 6.7 million).

Net financial expenses decreased from EUR 67.4 million in 2008 to EUR 38.5 million in 2009, primarily due to favourable foreign exchange rate developments and the conversion of SKK to EUR (in 2008 an exchange loss of EUR 27.2 million and in 2009 an exchange gain of EUR 7.1 million).

### Results of Discontinued Operations (profit of EUR 107.7 million)

The reported profit relates mainly to the results of discontinued operations of DZP insurance business, Ozeta Group, AVC Group, Novoker, a.s. and PM Zbrojniky, a.s.

In 2008 the Group reported a profit of EUR 128.3 million from the discontinued operations including the proceeds from DZP insurance business, AVC Group, PM Zbrojniky, a.s., Realitní Developerská, a.s. Group and Mobile Entertainment Company Sp.z o.o.

### Share of Profit from Associated Companies (EUR 8.3 million) and Impairment of investment in associate (EUR 20.9 million)

The share of profit from associated companies primarily relates to results of Slovalco, a.s., a member of ZSNP, a.s. Group, amounting to EUR 8.1 million (2008: EUR 35.0 million). The significant decrease of associate profits, and the impairment on investment recognised in respect of Slovalco, was due to a reduction in aluminium prices, and significant dividend distribution in excess of the current year's profits.

### Income from joint ventures (EUR 136.4 million)

The Group recognised distribution income amounting to EUR 136.4 million in the income statement of 2009. The distribution income was based on a binding agreement between the joint-ventures which existed from the statement of financial position date, giving them the right to receive the maximum possible distribution income from the joint-venture company. The receivable of EUR 136.4 million, which is expected to be settled over the period of the next six years, was calculated by discounting the future cash inflows from the distribution income that will be generated.

### Taxation (EUR 16.5 million)

The tax charge for the year is made up of a corporate tax charge of EUR 19.4 million and a deferred tax credit of EUR 2.9 million. The overall tax charge on continuing operations amounted to EUR 15.6 million (2008: EUR 22.7 million). The most significant corporate tax charges relate primarily to PPC Energy Group, a.s. (EUR 3.3 million), Česká Lékárna Holding, a.s. (EUR 2.3 million) and Zabka Holdings Public Co Ltd (EUR 1.9 million).

### Non-Controlling Interest (Loss EUR 3.1 million)

The non-controlling interest represents the share of the assets of the subsidiary companies that minority shareholders are entitled to, in subsidiaries where the Group does not hold a 100% interest. This mainly represents the respective minority interests, in losses, of MobilKom, a.s. (EUR 2.1 million) and of Stream Communications Sp. z o.o. (EUR 1.4 million), and in profit of TES Vsetín, a.s. (EUR 0.9 million).

# Cosolidated Balance Sheet

### Property, Plant and Equipment (EUR 520.3 million)

The Group uses property, plant and equipment mainly in the meat processing industry, wire and rope production, aerospace, power generation business, retail convenience stores, telecommunications, window production, property development, aluminium production and in pharmacy stores.

The major classes of property, plant and equipment as of 31 December 2009 were plant, machinery and equipment to the value of EUR 243.0 million, land & buildings to the value of EUR 231.4 million, and assets under construction to the value of EUR 45.9 million.

Property, plant and equipment increased significantly during the year ended 31 December 2009. The carrying amount of property, plant and equipment increased from EUR 474.5 million to EUR 520.3 million, mainly due to the acquisition of the following capital intensive subsidiaries: Fabryka Lin i Drutu Drumet Sp. Z. o.o., Okna-Rąbień Sp. Z. o.o., NOVES okná, s.r.o. and Aeskulab Holding, a.s., and the acquisition of property, plant and equipment in the following existing subsidiaries: PPC Energy Group, a.s., Zabka Holdings Public Co. Ltd., Stream Communications Sp.z o.o., Mecom Group, s.r.o., Penta Pet Food GmbH and Žabka, a.s.

Property, plant and equipment includes mainly assets of the following businesses: Mecom Group, s.r.o. to the value of EUR 84.4 million, Fabryka Lin i Drutu Drumet Sp. Z. o.o. to the value of EUR 75.2 million, AERO Vodochody, a.s. Group to the value of EUR 69.6 million, PPC Energy Group, a.s. to the value of EUR 68.0 million, and Zabka Holdings Public Co. Ltd. Group to the value of EUR 42.9 million.

### Intangible Assets (EUR 131.2 million)

The intangible assets consist mainly of brand names to the value of EUR 54.3 million, customer relationships to the value of EUR 43.7 million, software to the value of EUR 10.5 million, beneficial rent contracts to the value of EUR 8.9 million and patent technology to the value of EUR 2.4 million.

Intangible assets increased significantly during the year ended 31 December 2009. The increase from EUR 93.8 million to 131.2 million was mainly due to the acquisition of new subsidiaries and the recognition of intangibles on an acquisition date based on a fair value exercise performed by the Group. More specifically, the Group recognised certain customer relationships to the value of

EUR 21.9 million upon the acquisition of Aeskulab Holding, a.s, customer relationships in the amount of EUR 9.4 million upon the acquisition of Okna-Rąbień Sp. Z. o.o., and brand name and customer relationships to the value of EUR 4.9 million upon the acquisition of Fabryka Lin i Drutu Drumet Sp. z. o.o.

### Investment Property (EUR 230.0 million)

During the year 2009 the Group adopted the amendment of IAS 40, which now includes within its scope investment property under construction, therefore the investment property under construction to the value of EUR 55 million was transferred from property, plant and equipment. Additionally, the Group continued to invest in the real estate business, mainly into land situated in Bratislava to the value of EUR 36.0 million. The increase of investment property was also driven by the fair value exercise performed by the Group at the year-end, which resulted in a fair value gain, recognised in the statement of comprehensive income, to the value of EUR 27.9 million.

### Investment in Associates (EUR 96.5 million)

Interest in associates consists of 44.69% interest in Slovalco, a.s. and 29.88% interest in Stabilita, d.d.s. a.s. The investments in associates decreased from EUR 134.3 million to EUR 96.5 million, mainly due to the decreased carrying amount of Slovalco, a.s. The carrying amount of Slovalco, a.s. changed from EUR 132.9 million as of 31 December 2008 to EUR 94.9 million as of 31 December 2009. This was driven mainly by the impairment loss recognized to the value of EUR 20.9 million and dividends received to the value of EUR 18.2 million.

### Available-for-sale Investments (EUR 246.2 million – short-term EUR 70.2 million and long-term EUR 176.0 million); Investments at Fair Value through Profit or Loss (EUR 9.7 million – short-term EUR 4.8 million and long-term EUR 4.9 million)

Available-for-sale investments and investments at fair value through profit or loss (FVTPL) increased significantly from EUR 144.1 million to EUR 255.9 million due to increased purchases of Slovak corporate bonds, Euro zone government bonds and foreign bank bonds by Privatbanka, a.s., a bank operating in the Slovak Republic.

Available-for-sale investments mainly represent investment in bonds and other securities (EUR 245.5 million). The majority of the securities and bonds are Slovak government bonds (EUR 64.8 million), Euro zone government bonds (EUR 57.4 million), foreign bank bonds (EUR 49.2 million) and Slovak corporate bonds (EUR 42.5 million). The stated securities are carried at fair value either based on their current bid prices on active markets, or by using appropriate valuation methods such as discounted cash flow techniques with reference to market rates.

The FVTPL investments consist of listed securities amounting to EUR 3.4 million, which were fairly valued as of 31 December 2009 based on quoted bid prices from the active market, and non-listed securities to the value of EUR 6.3 million, which were fairly valued as of 31 December 2009 based on discounted cash flow models using market yield returns and appropriate risk premiums.

### Goodwill on Acquisition of Subsidiaries (EUR 363.3 million))

The carrying amount of goodwill increased from EUR 341.0 million in 2008 to EUR 363.3 million in 2009. This was mainly due to goodwill arising on the acquisitions of new subsidiaries to the value of EUR 31.2 million, impairment of goodwill recognised during the period to the value of EUR 14.7 million, and goodwill arising on the increase of shareholding in existing subsidiaries to the value of EUR 4.4 million.

The most significant goodwill arising on 2009 acquisitions related to 100% acquisition of Okna-Rąbień Sp.z o.o. (EUR 16.4 million), 100% acquisition of medical practices by Mediclinic, a.s. (EUR 3.5 million) and 99% acquisition of NOVES okná, s.r.o. (EUR 2.9 million).

The most significant businesses to which the goodwill was allocated are the following: Zabka Polska, s.a. to the value of EUR 81.9 million, Fortuna Sázková Kancelář, a.s. to the value of EUR 48.1 million, Mecom Group s.r.o. to the value of EUR 45.3 million, PPC Power, a.s. to the value of EUR 36.2 million, Česká Lékárna, a.s. to the value of EUR 29.4 million, and TES Vsetín, a.s. to the value of EUR 27.6 million.

### Trade and Other Receivables (Short-term EUR 219.0 million and long-term EUR 10.6 million) and Loans and Advances to Banking and Other Customers (Short-term EUR 104.8 million and long-term EUR 67.6 million)

Total trade and other receivables decreased from EUR 288.3 million in 2008 to EUR 229.6 million in 2009. The main reason is the fact that the health insurance business was fully consolidated in 2008 with a receivable of EUR 57.8 million, but was disposed of by the end of 2009 and hence derecognised from the financial statements.

Trade and other receivables include trade debtors from various businesses to the value of EUR 206.9 million, other receivables and prepayments to the value of EUR 45.7 million, amounts due from related parties to the value of EUR 4.3 million, and allowance for doubtful debts to the value of EUR 27.3 million.

Trade receivables of EUR 206.9 million in 2009 were in line with trade receivables in 2008 of EUR 202.9 million (excluding health insurance). The most significant trade debtors included within trade receivables are recorded by Zabka Holdings Co. Limited Group (EUR 58.2 million), Mecom Group, s.r.o (EUR 31.2

million), PPC Energy Group, a.s. (EUR 24.5 million), AERO Vodochody, a.s. Group (EUR 18.1 million) and Česká Lékárna Holding Group (EUR 14.7 million).

Other receivables and prepayments represent prepayments of EUR 15.8 million, VAT receivable of EUR 8.2 million, limited cash deposited with a bank to the value of EUR 4.4 million and unbilled revenues of EUR 3.6 million.

Loans and Advances consist of loans and advances to banking customers (EUR 103.5 million), loans to non-banking customers (EUR 56.3 million) and loans due from related parties (EUR 12.7 million). The loans and advances to banking customers are provided by the subsidiary Privatbanka, a.s. at a 6.24% average effective interest rate. The loans provided to non-banking customers are mainly loans provided to parties in the real estate business outside the Group at an 8.2% average interest rate. The loans provided to related parties are at a 6.9% average interest rate.

Loans and Advances increased from EUR 156.2 million in 2008 to EUR 172.5 million in 2009, mainly as a result of increased loans to related parties in 2009 to the value of EUR 12.7 million.

### Inventories (short-term EUR 195.8 million)

Inventories held as of 31 December 2009 include raw materials with the value of EUR 99.1 million, work in progress to the value of EUR 44.1 million, finished goods with the value of EUR 74.3 million, land held for sale to the value of EUR 36.3 million and provision for obsolete stock of EUR 58.0 million.

The inventories increased from EUR 177.8 million to EUR 195.8 million through the acquisition of new subsidiaries in the window production industry and wire and ropes production, and due to the expansion of ongoing operations in the aerospace industry, retail convenience stores, pharmacies and land development.

As at 31 December 2009 the Group maintains an inventory for the aerospace business of EUR 63.6 million, land held for sale to the value of EUR 36.3 million, for convenience retail stores to the value of EUR 26.4 million, for pharmacy business to the value of EUR 19.0 million, for meat processing business to the value of EUR 13.4 million and for production of pet food products to the value of EUR 11.1 million.

### Cash and Cash Equivalents (EUR 167.4 million)

The most significant balances included in cash and cash equivalents relate to Privatbanka, a.s. (EUR 81.5 million), Riverhill Group (EUR 12.0 million), Mecom Group, s.r.o. (EUR 11.8 million), Zabka Holdings Co Limited Group (EUR 9.1 million) and Penta Investments Limited (EUR 8.3 million).

Cash and cash equivalents decreased from EUR 341.4 million as of 31 December 2008 to 167.4 million as of 31 December 2009. The Group showed positive cash flows from operating activities to the value of EUR

64.8 million. This was due to positive cash flow from operations of EUR 94.4, reduced by the payment of taxes of EUR 29.6 million. Furthermore, investment activities showed a net cash outflow of EUR 269.9 million, driven by the purchase of investments available for sale (bonds by Privatbanka, a.s.), acquisition of subsidiaries and property, plant and equipment. Finally, net cash inflows from financial activities amounted to EUR 29.3 million as a result of the increase in borrowings.

### Assets of Disposal Group classified as held for sale (EUR 14.3 million) and Liabilities Directly Associated with Assets of Disposal Group (EUR 0.4 million)

The Disposal Group held for sale in 2009 relate mainly to the rental business of the subsidiary O3 Invest, a.s. which was subsequently disposed of during March 2010.

### Derivative financial instruments in assets (short-term in the amount of EUR 13.7 million and long-term in the amount of EUR 0.3 million) and Derivative financial instruments in liabilities (short-term in the amount of EUR 5.1 million and long-term in the amount of EUR 2.8 million)

Derivative assets represent mainly commodity swaps to the value of EUR 13.7 million. The derivatives are used to hedge business risks arising from the Group's significant investment in the associate Slovalco, a.s. which operates in the worldwide aluminium and metal markets and is exposed to fluctuations in metal prices.

Derivative liabilities include mainly interest rate swaps for cash flow hedge to the value of EUR 7.0 million. These are mainly used for hedging interest exposure of the Group's borrowings.

### Equity Attributable to Owners of the Parent (EUR 859.3 million)

Equity consists of share capital and share premium (EUR 47.7 million) and retained earnings and other reserves (EUR 811.6 million). The equity increased significantly from EUR 711.1 million as of 31 December 2008 to EUR 859.3 million as of 31 December 2009. This was mainly due to the profit generated for the year ended 31 December 2009 of EUR 156.2 million.

### Non-controlling Interest (EUR 14.5 million)

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests represent the non-controlling share of the net assets of consolidated subsidiaries. Non-controlling interest relates mainly to the following subsidiaries: Stream Communications Sp.z o.o. (EUR 7.5 million), Zabka Holdings Co Limited Group (EUR 4.7 million), ZSNP, a.s. (EUR 4.1 million), TES Vsetín, a.s. (EUR 2.2 million) and Mobilkom, a.s. (EUR negative

3.2 million). Non-controlling interest in 2009 has not changed significantly compared to 2008.

### Provisions (Short-term portion EUR 23.1 million and long-term portion EUR 30.6 million)

The carrying amount of provisions mainly relates to provision for environmental risks of EUR 15.3 million, provision for employee benefits and bonuses of EUR 11.3 million, provision for penalty DAM Diósgyör of EUR 8.6 million, provision for guarantees and repairs to the value of EUR 5.7 million, provision for released emission rights of EUR 5.5 million and provisions for guarantee, contractual issues and litigations of EUR 5.3 million.

Provisions decreased from EUR 89.5 million in 2008 to EUR 53.7 million in 2009, mainly due to the release of environmental provisions of EUR 12.9 million and derecognition of provision for health insurance to the value of EUR 9.7 million (2008), since the health insurance business was disposed of by the end of 2009 .

Environmental provisions relate to the operations of the subsidiary ZSNP, a.s. Group amounting to EUR 15.3 million (2008: EUR 22.9 million) and operations of S.I.H. Group which were transferred through merger to Gratio Holdings Limited. In 2009 the environmental provision of the subsidiary Gratio Holdings Limited (merged with S.I.H.), amounting to EUR 10.5 million, was fully released. Details of these provisions are disclosed below:

In 1994 the ZSNP, a.s. Group concluded an agreement on environmental remediation with the European Bank for Reconstruction and Development ("EBRD"), the National Property Fund ("FNM") and the Slovak government. The agreement defines the duties and measures the ZSNP, a.s. Group must take to remove alkaline water from, and to cover and recultivate, the sludge heap.

During 2009, the ZSNP, a.s. Group has revised the provision for the costs of capping and recultivating the sludge heap and removing alkaline water from the sludge heap which resulted in a decrease of provision from EUR 22.9 million to EUR 15.3 million. The decrease reflects improved technology and experience gained in sludge processing, updates of prices for treatment of alkaline waters, decrease in the discount period, and more efficient and effective technology used for treatment of alkaline waters.

The provision for employee benefits mainly represents a pension provision amounting to EUR 6.7 million (2008: EUR 5.6 million), which has been recognised by the subsidiary Penta Pet Food Group and is based on independent actuarial valuation. The provision is based on certain assumptions including a discount rate of 6.10%, a salary increase rate of 3%, an employee turnover rate of 0.8%, rate of pension increase by 1.5% and also official mortality tables.

DAM Diósgyör penalty provision relates to a liability of S.I.H., taken over by the subsidiary company Gratio Holdings Limited, upon the cross-border merger. S.I.H. Group had a 77.02 % interest in DAM Diósgyör, a steel production facility in Hungary. As part of S.I.H. Group's purchase contract with the Hungarian Government, S.I.H. Group was liable for certain payments and penalties should they not continue to support this company for a period of 10 years. Provision for these payments and penalties was created as at 31 December 2003 to the value of EUR 16.8 million. In 2004, litigation at the International Arbitrage Centre of the Austrian Federal Economic Chamber ordered the company (S.I.H.) to pay HUF 1.300.000 thousand and USD 1.100 thousand, extras included, which as at 31 December 2009 amounted to EUR 8.6 million. In view of the decision of the Arbitration in 2004, the Group decided to maintain a provision of Euro 8.6 million at the statement of financial position date, although currently it is negotiating with counterparties on an out of court settlement.

### Creditors and Accruals (Long-term EUR 37.4 million and short-term EUR 404.6 million)

Long-term creditors and accruals included deferred purchase consideration for Drumet Liny i Druty Sp.z o.o. to the value of EUR 19.5 million, deferred income of EUR 9.1 million, advances received of EUR 4.7 million, other non-current liabilities of EUR 3.6 million and amounts due to related parties to the value of EUR 0.5 million.

Short-term creditors and accruals included trade creditors to the value of EUR 290.1 million, other payables and accruals of EUR 105.2 million, advances received of EUR 4.8 million, amounts due to related parties to the value of EUR 2.5 million, deferred purchase consideration for Drumet Liny i Druty Sp.z o.o. to the value of EUR 1.2 million and deferred income of EUR 0.9 million.

Trade creditors mostly include balances of the following subsidiaries: Zabka Holdings Co. Limited Group (EUR 101.6 million), Česká Lékárna Holding, a.s. Group (EUR 40.5 million), Mecom Group, s.r.o. (EUR 31.3 million), Mirakl, a.s. Group (EUR 23.8 million) and PPC Energy Group, a.s. (EUR 18.4 million).

Total creditors and accruals decreased from EUR 452.7 million in 2008 to EUR 442.0 million in 2009. The main reason for the decrease is the fact that the health insurance business was fully consolidated in 2008 with a payable of EUR 68.4 million, but was disposed of by the end of 2009 and hence derecognised from the financial statements. The decrease was partly offset by the deferred consideration with respect to the acquisition of the subsidiary Drumet Liny i Druty Sp.z o.o. and increase of trade payables as a result of growth in retail business, and acquisition of new investments.

### Borrowings (Long-term EUR 537.2 million and short-term EUR 432.6 million), Deposits from Banking Customers (Long-term EUR 18.3 million and short-term EUR 152.8 million) and Deposits from Other Banks (EUR 110.2 million)

Non-current borrowings contain bank borrowings (EUR 448.8 million), bonds and other debt securities (EUR 37.7 million), finance leases (EUR 15.1 million), other borrowings (EUR 13.3 million), debt securities issued by Privatbanka, a.s. (EUR 9.4 million), promissory note payables (EUR 7.4 million) and loans from related parties (EUR 5.5 million).

Current borrowings contain bank borrowings (EUR 255.7 million), promissory note payables (EUR 84.7 million), bonds and other debt securities (EUR 33.3 million), debt securities issued by Privatbanka, a.s. (EUR 27.3 million), other borrowings (EUR 14.6 million), finance leases (EUR 6.6 million), bank overdrafts (EUR 6.3 million) and loans from related parties (EUR 4.0 million).

During 2009 the Group obtained new borrowings to finance business acquisitions in 2009 and the business expansion of new and existing subsidiaries in the fields of laboratories, pharmacies, window production, the power energy sector and real estate.

The Group mainly finances its borrowings through respectable banks and corporate bonds. The weighted average borrowing cost from banks was approximately 4.4% in 2009 and 5.4% in 2008.

Deposits from other banks (EUR 110.2 million) and from banking clients (EUR 171.2 million) are those kept by Privatbanka, a.s. in its normal course of business activity. The effective interest paid in 2009 was on deposits from other banks, 0.95% (2008: 3.73%) and on deposits from banking clients, 2.25% (2008: 3.15%).

### Taxation (deferred taxation of EUR 33.5 million and corporate tax of EUR 2.8 million)

Corporate taxation principally consists of balances for the following subsidiaries: Česká Lékárna Holding, a.s. Group (EUR 1.7 million), Penta Investments Limited (EUR 1.2 million), Penta Pet Food GmbH Group (EUR 0.8 million), ZSNP, a.s. Group (negative EUR 1.5 million) and Zabka Holdings Co Limited Group (negative EUR 0.6 million).

Corporation tax liability decreased from EUR 12.4 million as of 31 December 2008 to EUR 2.8 million as of 31 December 2009 due to the higher tax paid of EUR 29.6 million in 2009, as compared to EUR 16.2 million in 2008.

Deferred taxation consists principally of the balances of Drumet Liny i Druty Sp.z o.o. (EUR 8.3 million), Digital Park Einsteinova, a.s. (EUR 5.3 million), ZSNP, a.s. Group (EUR 5.0 million), Mecom Group, s.r.o. (EUR 4.2 million) and Penta Investments Limited (negative EUR 5.1 million).

Deferred tax liability increased from EUR 21.1 million in 2008 to EUR 33.5 million in 2009, mainly due to the additional deferred tax liability of EUR 15.3 million, primarily as a result of the acquisition of the following subsidiaries: Drumet Liny i Druty Sp.z o.o. (EUR 8.3 million), Aeskulab Holding a.s (EUR 4.5 million) and Okna-Rąbień Sp. z o.o. (EUR 2.3 million).

Penta
Holding
Limited

PENTA HOLDING LIMITED — Annual Report

# Corporate data

**Company name:**
Penta Holding Limited

**Registration number:**
HE 101570

**Legal form:**
Private Company Limited by Shares

**Share capital:**
EUR 171,000

**Number and class of shares:**
100,000 ordinary shares

**Nominal value per share:**
EUR 1,71

**Principal activities:**
Long term holding of investments

**Registered office as at December 31st, 2009:**
Agias Fylaxeos & Polygnostou, 212
C&I CENTER BUILDING, 2nd floor
P.C. 3803, Limassol, Cyprus

**Date of incorporation:**
April 22nd, 1999

**Auditor:**
Deloitte Limited, Limassol, Cyprus

**Board of Directors:**
Radoslav Zuberec
George Crystallis

Penta
Holding
Limited

PENTA HOLDING LIMITED — Annual Report

# Consolidated Income Statement

for the Year Ended 31 December 2009 *(expressed in Euro)*

| | 2009 Euro | Restated 2008 Euro |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| **Operating revenue** | **1.640.606.315** | **1.318.151.887** |
| Interest income from banking and non-banking clients | 19.682.770 | 19.481.075 |
| **Total operating revenue** | **1.660.289.085** | **1.337.632.962** |
| Change in inventories of finished goods and work in progress | 4.648.800 | (3.118.811) |
| Work performed by enterprise and capitalized | 1.919.403 | 2.425.516 |
| Raw materials, consumables used, goods for resale and direct costs | (1.095.361.923) | (899.741.446) |
| Interest expenses from banking and other related operations | (10.781.435) | (16.513.025) |
| Other gains and losses | 24.383.669 | 63.255.801 |
| Share of profit from associates | 8.304.066 | 35.172.986 |
| Income from joint ventures | 136.438.000 | - |
| Investment revenue | 11.898.881 | 741.371 |
| Salaries and benefits | (257.696.230) | (160.566.933) |
| Depreciation and amortisation expense | (66.915.983) | (48.748.486) |
| Finance expenses, net | (39.053.869) | (61.770.364) |
| Rental expenses | (58.651.187) | (45.675.354) |
| Impairment of goodwill | (14.678.302) | (7.536.977) |
| Impairment of investment in associate | (20.934.475) | - |
| Other operating expenses | (189.146.232) | (171.353.948) |
| Other (expenses)/income, net | (72.576.008) | (69.192.706) |
| Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over acquisition cost | 39.006.508 | **953.996** |
| **Profit / (Loss) before taxation** | **61.092.768** | **(44.035.418)** |
| Taxation | (15.629.864) | (22.759.335) |
| **Profit / (Loss) for the year from continuing operations** | **45.462.904** | **(66.794.753)** |
| **Discontinued operations** | | |
| Profit for the year from discontinued operations | 107.656.084 | 128.329.532 |
| **Profit for the year** | **153.118.988** | **61.534.779** |
| **Profit attributable to:** | | |
| Owners of the parent Company | 156.240.384 | 62.663.984 |
| Non-controlling interests | (3.121.396) | (1.129.205) |
| | **153.118.988** | **61.534.779** |

# Consolidated Statement of Financial Position

as at 31 December 2009 *(expressed in Euro)*

| | 2009 Euro | RESTATED 2008 Euro |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Goodwill | 363.297.257 | 341.026.049 |
| Property, plant and equipment | 520.256.784 | 474.527.165 |
| Investment property | 229.954.583 | 107.985.226 |
| Investments in associates | 96.470.315 | 134.251.666 |
| Investments in joint ventures | 136.438.000 | - |
| Available for sale investments | 176.014.699 | 93.780.556 |
| Investments at fair value through profit or loss | 4.853.000 | 14.862.146 |
| Held to maturity investments | - | 111.296 |
| Intangible assets | 131.233.624 | 93.765.458 |
| Derivative financial instruments | 324.370 | 30.561.106 |
| Trade and other receivables | 10.558.434 | 6.702.349 |
| Loans and advances to banking and other customers | 67.619.788 | 48.268.053 |
| **Total non-current assets** | **1.737.020.854** | **1.345.841.070** |
| Current assets | | |
| Inventories | 195.830.220 | 177.793.374 |
| Investments at fair value through profit or loss | 4.802.000 | 7.603.166 |
| Available for sale investments | 70.229.725 | 27.817.195 |
| Held to maturity investments | 22.491.000 | - |
| Other investments | 115.639.605 | 1.167.214 |
| Derivative financial instruments | 13.695.033 | 27.095.428 |
| Non-current assets held for sale | - | 128.792 |
| Trade and other receivables | 219.033.959 | 281.601.260 |
| Loans and advances to banking and other customers | 104.830.950 | 107.892.501 |
| Assets of disposal group classified as held for sale | 14.303.879 | 4.551.284 |
| Cash and cash equivalents | 167.448.367 | 341.448.665 |
| **Total current assets** | **928.304.738** | **977.098.879** |
| **Total assets** | **2.665.325.592** | **2.322.939.949** |

# Consolidated Statement of Financial Position

as at 31 December 2009 *(expressed in Euro)*

| | 2009 Euro | RESTATED 2008 Euro |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Share capital | 171.000 | 171.000 |
| Share premium | 47.538.100 | 47.538.100 |
| Retained earnings and other reserves | 811.607.361 | 663.423.692 |
| **Equity attributable to owners of the parent company** | **859.316.461** | **711.132.792** |
| Non-controlling interests | 14.546.504 | 14.003.836 |
| **Total equity** | **873.862.965** | **725.136.628** |
| **Non-current liabilities** | | |
| Borrowings | 537.237.672 | 602.996.605 |
| Deposits from banking customers | 18.321.000 | 4.069.176 |
| Provisions | 30.563.450 | 51.042.485 |
| Derivative financial instruments | 2.822.461 | 1.414.444 |
| Deferred taxation | 33.512.443 | 21.067.994 |
| Creditors and accruals | 37.375.814 | 28.155.790 |
| **Total non-current liabilities** | **659.832.840** | **708.746.494** |
| **Current liabilities** | | |
| Borrowings | 432.601.513 | 286.976.676 |
| Deposits from other banks | 110.194.000 | 12.335.591 |
| Deposits from banking customers | 152.843.625 | 106.823.609 |
| Provisions | 23.089.117 | 38.460.865 |
| Derivative financial instruments | 5.112.937 | 3.056.303 |
| Creditors and accruals | 404.608.045 | 424.502.700 |
| Taxation | **2.781.446** | **12.417.780** |
| Liabilities directly associated with assets of disposal group classified as held for sale | 399.104 | 4.483.303 |
| **Total current liabilities** | **1.131.629.787** | **889.056.827** |
| **Total liabilities** | **1.791.462.627** | **1.597.803.321** |
| **Total equity and liabilities** | **2.665.325.592** | **2.322.939.949** |

The financial statements were approved by the Board on 11 August 2010 and signed on its behalf by:

Radoslav Zuberec — Director

Nicos Alecos Nicolaou — Director

Deloitte.

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# Independent Auditors' Report

## To the Members of PENTA HOLDING LIMITED

## Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of **PENTA HOLDING LIMITED (the "Company")** and its subsidiaries **(the "Group")** on pages 7 to 167, which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income,the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Board of Directors' Responsibility for the Financial Statements*

The Company's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

## Independent Auditors' Report

### To the Members of PENTA HOLDING LIMITED

### Report on the Consolidated Financial Statements

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

*Emphasis of matters*

Without qualifying our opinion we draw attention to the following matters which are referred to in the financial statements:

In Note 14 (c) to the consolidated financial statements, the investment of the Group in an iron processing plant, which is under construction in Ukraine, is discussed. This plant was provided to Slovenský investičný holding, s. r. o., ("SIH") until recently being a subsidiary of the Group (merged with Gratio Holdings Limited - subsidiary of the Group), free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 337.217.619 (SKK 10.159.018 thousand). Since 1993 the SIH Group has incurred additional expenditure on construction and maintenance of the plant in the amount of Euro 35.777.023 which has been written off. The Group is seeking to dispose its interest, but no solution has yet been found in negotiations with the Ukrainian and Slovak governments. This investment is not recognised in the consolidated financial statements as the management of the Group is not able to determine whether any economic benefits could be derived from this investment.

As discussed in Note 17 to the consolidated financial statements – "Investment in Joint Venture", the Group established by the end of 2009 a 50% interest in the jointly controlled entity DÔVERA zdravotná poisťovňa, a.s. (formerly APOLLO zdravotná poisťovňa, a.s., thereafter "merged DOVERA") and at the same time sold the insurance operations including associated assets and liabilities of its 100% subsidiary DZP zdravotná poisťovňa, a.s. (until 31/12/2009 named as DÔVERA zdravotná poisťovňa, a.s., thereafter "DZP") to merged DOVERA. The Group recognised within the line "Discontinued operations" in the consolidated income statement of 2009, an amount of Euro 99.392.531 which represents the results of the disposed insurance operations of DZP until the date of disposal, and the gain arising on disposal. Details of the "results of disposed insurance operations" are disclosed in Note 35 – "Discontinued Operations". Since the date the Group established joint control over merged DOVERA, it has recognised its interest in the jointly controlled entity under the equity method of accounting. In line with the equity method of accounting, Distribution Income of Euro 136.628.100 arising from a legally binding agreement signed between the joint venturers was recognised as income and as a receivable from the jointly controlled entity at the end of the reporting period.

As further explained in Note 17 – "Investment in Joint Venture" and Note 37 – "Contingencies and Commitments", the merged Dovera, like other entities which operate in the health insurance industry in Slovakia, is facing significant risk with respect to restrictions imposed by the relevant Health Insurance Law (Act 530/2007 – "Non-Profit" Amendment) to distribute any profit of insurance operations earned in

Deloitte.

# Independent Auditors' Report

## To the Members of PENTA HOLDING LIMITED

## Report on the Consolidated Financial Statements

year 2008 and subsequent periods. The Group is considering the possible effect which the "Non-Profit" Amendment Act might have in the Consolidated Financial Statements in view of the varying interpretations of the "Non-Profit" Amendment Act and the absence of practical experience in the application of the relevant provisions of the Act within the health insurance industry. Despite the uncertainties relating to the application of the "Non-Profit" Amendment Act and the implications it might have on the consolidated financial statements, the Group having considered relevant legal advice on this matter has fully consolidated the results and financial position of DZP until the date of disposal date and has recognised its interest in the jointly controlled entity, merged DOVERA, under the equity method of accounting.

### Report on other legal requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the consolidated financial statements.

### Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report may be divulged.

Deloitte Limited

**DELOITTE LIMITED**
**Certified Public Accountants (Cyprus)**

Limassol, 11 August 2010

Deloitte.

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# CONFIRMATION

We hereby confirm that the figures presented on pages 29 to 31 and the auditors' report of Penta Holding Limited on pages 32 to 34 of the Annual Report of Penta Holding Limited, are consistent, in all material respects, with Penta Holding Limited audited consolidated financial statements.

The pages to which reference is made in the auditors' report presented on pages 32 to 34, are the pages of the original full set of the audited consolidated financial statements of Penta Holding Limited.

For a better understanding, of the Penta Holding Limited Group financial position and results of its operations and cash flows, the consolidated Income Statement and Statement of Financial Position presented on pages 29 to 34 should be read in conjunction with the full set of the audited consolidated financial statements of Penta Holding Limited.

Deloitte Limited

**DELOITTE LIMITED**
**Certified Public Accountants (Cyprus)**

Limassol, 11 August 2010

# Penta Investments Limited

PENTA INVESTMENTS LIMITED — Annual Report

# Corporate data

Company name:
PENTA INVESTMENTS LIMITED

Registration number:
HE 158996

Legal form:
Private Company Limited by Shares

Share capital
as at December 31st, 2009:
EUR 312,704.28

Number and class of shares
as at December 31st, 2009:
182,868 ordinary shares

Nominal value per share:
EUR 1,71

Principal activities:
Private Equity Fund; Holding and Trade of Investments in Shares and other Securities, Loan Financing

Registered office as at December 31st, 2009:
Agias Fylaxeos & Polygnostou, 212
C & I CENTER, 2nd floor
P.C. 3803, Limassol, Cyprus

Date of incorporation:
March 28th, 2005

Auditor:
Deloitte Limited, Limassol, Cyprus

Board of Directors:
Radoslav Zuberec
Nicos-Alecos Nicolaou

# Penta Investments Limited

PENTA INVESTMENTS LIMITED — Annual Report

# Consolidated Income Statement

for the Year Ended 31 December 2009 *(expressed in Euro)*

| | 2009 Euro | RESTATED 2008 Euro |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| **Operating revenue** | **1.640.668.187** | **1.318.195.484** |
| Interest income from banking and non-banking clients | 19.682.770 | 19.481.075 |
| **Total operating revenue** | **1.660.350.957** | **1.337.676.559** |
| Change in inventories of finished goods and work in progress | 4.648.800 | (3.118.811) |
| Work performed by enterprise and capitalised | 1.919.403 | 2.425.516 |
| Raw materials, consumables used, goods for resale and direct costs | (1.100.407.609) | (898.775.097) |
| Interest expenses from banking and other related operations | (10.878.306) | (16.513.025) |
| Other gains and losses | 24.349.207 | 63.255.641 |
| Share of profit from associates | 8.304.066 | 35.172.986 |
| Income from joint ventures | 136.438.000 | - |
| Investment revenue | 11.898.881 | 741.371 |
| Salaries and benefits | (257.696.230) | (157.512.534) |
| Depreciation and amortisation expense | (66.742.799) | (48.465.528) |
| Finance expenses, net | (37.873.051) | (61.249.188) |
| Rental expenses | (58.624.847) | (45.675.354) |
| Impairment of goodwill | (14.678.302) | (7.536.977) |
| Impairment of investment in associate | (20.934.475) | - |
| Other operating expenses | (188.630.828) | (168.358.139) |
| Other (expenses)/income, net | (73.282.284) | (70.839.839) |
| Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over acquisition cost | 39.006.508 | 953.996 |
| **Profit / (Loss) before taxation** | **57.167.091** | **(37.818.423)** |
| Taxation | (15.149.745) | (22.627.394) |
| **Profit / (Loss) for the year from continuing operations** | **42.017.346** | **(60.445.817)** |
| **Discontinued operations** | | |
| Profit for the year from discontinued operations | 107.656.084 | 128.329.532 |
| **Profit for the year** | **149.673.430** | **67.883.715** |
| **Profit attributable to:** | | |
| Owners of the parent company | 152.794.826 | 69.012.920 |
| Non-controlling interests | (3.121.396) | (1.129.205) |
| | **149.673.430** | **67.883.715** |

# Consolidated Statement of Financial Position

as at 31 December 2009 *(expressed in Euro)*

| | 2009 Euro | RESTATED 2008 Euro |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Goodwill | 362.682.290 | 340.411.082 |
| Property, plant and equipment | 518.399.649 | 472.496.826 |
| Investment property | 229.954.583 | 107.985.226 |
| Investments in associates | 96.470.315 | 134.251.666 |
| Investments in joint ventures | 136.438.000 | - |
| Available for sale investments | 176.014.698 | 93.780.556 |
| Investments at fair value through profit or loss | 4.853.000 | 14.862.146 |
| Held to maturity investments | - | 111.296 |
| Intangible assets | 131.233.624 | 93.765.458 |
| Derivative financial instruments | 324.370 | 30.561.106 |
| Trade and other receivables | 10.558.434 | 6.702.349 |
| Loans and advances to banking and other customers | 69.281.093 | 48.268.053 |
| **Total non-current assets** | **1.736.210.056** | **1.343.195.764** |
| Current assets | | |
| Inventories | 195.830.220 | 177.793.374 |
| Investments at fair value through profit or loss | 4.802.000 | 7.603.166 |
| Available for sale investments | 70.229.725 | 27.817.195 |
| Held to maturity investments | 22.491.000 | - |
| Other investments | 115.639.605 | 1.167.207 |
| Derivative financial instruments | 13.695.033 | 27.095.428 |
| Non-current assets held for sale | - | 128.792 |
| Trade and other receivables | 219.050.318 | 281.687.560 |
| Loans and advances to banking and other customers | 133.580.210 | 184.184.328 |
| Assets of disposal group classified as held for sale | 14.303.879 | 4.551.284 |
| Cash and cash equivalents | 166.908.869 | 341.037.024 |
| **Total current assets** | **956.530.859** | **1.053.065.358** |
| **Total assets** | **2.692.740.915** | **2.396.261.122** |

# Consolidated Statement of Financial Position

as at 31 December 2009 *(expressed in Euro)*

| | 2009 Euro | RESTATED 2008 Euro |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Share capital | 312.704 | 312.704 |
| Share premium | 72.301.786 | 72.301.786 |
| Retained earnings and other reserves | 672.391.932 | 585.455.520 |
| **Equity attributable to owners of the parent company** | **745.006.422** | **658.070.010** |
| Non-controlling interests | 14.513.115 | 13.960.604 |
| **Total equity** | **759.519.537** | **672.030.614** |
| **Non-current liabilities** | | |
| Borrowings | 551.289.331 | 602.996.605 |
| Deposits from banking customers | 18.321.000 | 4.069.176 |
| Provisions | 30.563.450 | 51.042.485 |
| Derivative financial instruments | 2.822.461 | 1.414.444 |
| Deferred taxation | 33.512.443 | 21.067.994 |
| Creditors and accruals | 37.375.814 | 28.155.790 |
| **Total non-current liabilities** | **673.884.499** | **708.746.494** |
| **Current liabilities** | | |
| Borrowings | 470.339.406 | 325.302.401 |
| Deposits from other banks | 110.194.000 | 12.335.591 |
| Deposits from banking customers | 184.210.768 | 136.567.081 |
| Provisions | 23.089.117 | 38.460.865 |
| Derivative financial instruments | 5.112.937 | 3.056.303 |
| Creditors and accruals | 463.285.119 | 482.876.347 |
| Taxation | 2.706.428 | 12.402.123 |
| Liabilities directly associated with assets of disposal group classified as held for sale | 399.104 | 4.483.303 |
| **Total current liabilities** | **1.259.336.879** | **1.015.484.014** |
| **Total liabilities** | **1.933.221.378** | **1.724.230.508** |
| **Total equity and liabilities** | **2.692.740.915** | **2.396.261.122** |

The financial statements were approved by the Board on 11 August 2010 and signed on its behalf by:

Radoslav Zuberec — Director

Nicos Alecos Nicolaou — Director

Deloitte.

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# Independent Auditors' Report

## To the Members of PENTA INVESTMENTS LIMITED

## Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of **PENTA INVESTMENTS LIMITED (the "Company")** and its subsidiaries **(the "Group")** on pages 7 to 166, which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income,the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Board of Directors' Responsibility for the Financial Statements*

The Company's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

## Independent Auditors' Report

### To the Members of PENTA INVESTMENTS LIMITED

### Report on the Consolidated Financial Statements

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

*Emphasis of matters*

Without qualifying our opinion we draw attention to the following matters which are referred to in the financial statements:

In Note 14 (c) to the consolidated financial statements, the investment of the Group in an iron processing plant, which is under construction in Ukraine, is discussed. This plant was provided to Slovenský investičný holding, s. r. o., ("SIH") until recently being a subsidiary of the Group (merged with Gratio Holdings Limited - subsidiary of the Group), free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 337.217.619 (SKK 10.159.018 thousand). Since 1993 the SIH Group has incurred additional expenditure on construction and maintenance of the plant in the amount of Euro 35.777.023 which has been written off. The Group is seeking to dispose its interest, but no solution has yet been found in negotiations with the Ukrainian and Slovak governments. This investment is not recognised in the consolidated financial statements as the management of the Group is not able to determine whether any economic benefits could be derived from this investment.

As discussed in Note 17 to the consolidated financial statements – "Investment in Joint Venture", the Group established by the end of 2009 a 50% interest in the jointly controlled entity DÔVERA zdravotná poisťovňa, a.s. (formerly APOLLO zdravotná poisťovňa, a.s., thereafter "merged DOVERA") and at the same time sold the insurance operations including associated assets and liabilities of its 100% subsidiary DZP zdravotná poisťovňa, a.s. (until 31/12/2009 named as DÔVERA zdravotná poisťovňa, a.s., thereafter "DZP") to merged DOVERA. The Group recognised within the line "Discontinued operations" in the consolidated income statement of 2009, an amount of Euro 99.392.531 which represents the results of the disposed insurance operations of DZP until the date of disposal, and the gain arising on disposal. Details of the "results of disposed insurance operations" are disclosed in Note 35 – "Discontinued Operations". Since the date the Group established joint control over merged DOVERA, it has recognised its interest in the jointly controlled entity under the equity method of accounting. In line with the equity method of accounting, Distribution Income of Euro 136.628.100 arising from a legally binding agreement signed between the joint venturers was recognised as income and as a receivable from the jointly controlled entity at the end of the reporting period.

As further explained in Note 17 – "Investment in Joint Venture" and Note 37 – "Contingencies and Commitments", the merged Dovera, like other entities which operate in the health insurance industry in Slovakia, is facing significant risk with respect to restrictions imposed by the relevant Health Insurance Law (Act 530/2007 – "Non-Profit" Amendment) to distribute any profit of insurance operations earned in

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## Independent Auditors' Report

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year 2008 and subsequent periods. The Group is considering the possible effect which the "Non-Profit" Amendment Act might have in the Consolidated Financial Statements in view of the varying interpretations of the "Non-Profit" Amendment Act and the absence of practical experience in the application of the relevant provisions of the Act within the health insurance industry. Despite the uncertainties relating to the application of the "Non-Profit" Amendment Act and the implications it might have on the consolidated financial statements, the Group having considered relevant legal advice on this matter has fully consolidated the results and financial position of DZP until the date of disposal date and has recognised its interest in the jointly controlled entity, merged DOVERA, under the equity method of accounting.

### Report on other legal requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the consolidated financial statements.

### Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report may be divulged.

Deloitte Limited

**DELOITTE LIMITED**
**Certified Public Accountants (Cyprus)**

Limassol, 11 August 2010

**Deloitte.**

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## CONFIRMATION

We hereby confirm that the figures presented on pages 39 to 41 and the auditors' report of Penta Investments Limited on pages 42 to 44 of the Annual Report of Penta Holding Limited, are consistent, in all material respects, with Penta Investments Limited audited consolidated financial statements.

The pages to which reference is made in the auditors' report presented on pages 42 to 44, are the pages of the original full set of the audited consolidated financial statements of Penta Investments Limited.

For a better understanding, of the Penta Investments Limited Group financial position and results of its operations and cash flows, the consolidated Income Statement and Statement of Financial Position presented on pages 39 to 44 should be read in conjunction with the full set of the audited consolidated financial statements of Penta Investments Limited.

Deloitte Limited

**DELOITTE LIMITED**
**Certified Public Accountants (Cyprus)**

Limassol, 11 August 2010

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