PENTA HOLDING

Annual report

Penta Holding Annual report 2004

Marek Dospiva

Partner

Jaroslav Haščák

Partner

Martin Kúšik
Partner

Jozef Oravkin
Partner

Jozef Špirko

Partner

Radoslav Zuberec

Managing Director

Contents

Dear Shareholders and Business Partners,

A year has passed, and we are closing yet another chapter in the life of Penta business – the year 2004. It has been a great year, because our Group was able to capitalize on its carefully-laid business plans from previous years to achieve highly satisfactory results, which I now have the honour of presenting to you.

We swam in charted waters, where we utilized our experience and expertise to their full extent. Much effort was put into restructuring and raising healthy assets from those which had been acquired in previous years. Investments into non-performing loans and the management of our Group's receivables portfolio has been, as in the past 3 years, an integral part of our business activities in 2004. Looking towards new horizons and sensing opportunity from great distances, the Group ventured into the unexplored challenge of the open sea, where we pursued the fascinating health care sector. This required both new attitudes and innovative ways of thinking. Although Slovakia and the Czech Republic have been our traditional countries of interest, our growth-oriented strategy brought us to Poland, where we tested the water with a pilot project. Our business development and territorial expansion were fuelled by our traditional co-investor and financier, Credit Suisse First Boston.

The extent of this growth has required us to adapt while on the move, and the need to adjust and perfect our structure encouraged us to meet the challenges and requirements of the rapidly expanding activities in the competitive domain, which has matured since Cyprus and our main business destinations entered the European Union in May 2004. During the year 2004, a concerted effort was put into perfecting the business model of the Group. It was natural for Penta activities to assume the character of a private-equity firm for almost the entirety of its existence. Acknowledging this, the management doubled its efforts to create and put into place a private-equity model which would correspond with the true nature of the Group. Specialized internal teams, with the assistance of external experts and advisors, reviewed our methods for carrying out operations along with our internal practices, and benchmarked them against the operating models of the best practices in the private-equity business world. Cooperation with the renowned management consulting firms KPMG (London) and Boston Consulting Group (Prague) played an instrumental part in developing the new business model, another step in our evolutionary ladder, which has been fully implemented on all levels of the Group over the course of the year 2005.

Although having been called 'sharks' for our dynamic go-getter approach and our ability to sense and capture the opportunities, the Penta team has developed and fostered a creed of fair play, thus making a good name for these captivating creatures. To be successful and efficient does not just mean to be cold-blooded and calculating, but also to be respectable, to keep to our agreements, and to honour our word when given. It means not forgetting about the environment we are a part of, to share our success with it, and to nurture our values and sense of responsibility by promoting competition and fair play to the new generation through our philanthropic projects.

Forthwith, I would like to thank all the members of the Penta team for sharing a passion for these values, which I believe are the back-bone of the Group's ability to move forward. I am also honoured to express my gratitude to our business partners, with whom we cooperate and who support our business activities and visions. To all, I wish the utmost success in their business efforts.

Radoslav Zuberec
Director

Who We Are

Penta is a financial group active on Slovak and Czech market since 1994. Penta focuses on the acquisition of large- and medium-size companies, their restructuring, and the improvement of their value. In the past, the Penta group has been involved in several arbitration projects; and from 2001 to 2004, Penta was one of the most important investors in the non-performing loans market.

At the end of 2004, the consolidated total equity of the whole Group based on IFRS exceeded EUR 200 million, and its assets amounted to EUR 602 million. In its investee companies, Penta employed up to 10,000 people in the Czech Republic and Slovakia.

Penta conducts business with the capital of its five shareholders, physical persons who are also senior managers of the Group. In many cases, it also co-invests with significant international institutional investors.

History

The first company of the Penta group, the securities trader Penta Brokers, s.r.o. was established in 1994. Penta Brokers dealt with trading in securities at the Bratislava Stock Exchange. The company traded on its own account and concentrated on the asset-stripping of smaller companies. Cooperation with the British company Regent Funds in 1996 and a joint purchase of, at that time, the biggest investment fund in Slovakia, VÚB Kupón, meant a significant advance for the growth of the Penta group.

In the following years, Penta ventured into the arbitration of private equity projects by participating in such important Slovak companies as Slovenská poisťovňa (insurance), SLOVNAFT (refinery), Drôtovňa Hlohovec (mechanical engineering), Slovenská plavba a prístavy (shipping). VSŽ (former steel mill), ZSNP (aluminum processing), Paroplynový cyklus Bratislava (energy industry), Dôvera and Sidéria-Istota (health insurance). Penta's Czech projects include full engagement in Severomoravské vodovody a kanalizace Ostrava (utilities), FORTUNA (odds betting) and Adast Adamov (engineering).

Penta Projects

A typical Penta project ends with an exit by way of a sale to a strategic investor, usually in a time horizon of 3 to 5 years upon acquisition. Having no industry preferences, Penta invests into all sectors which fullfil its investment criteria. An exception to this approach is Penta's engagement in the health care system, in which it has a long-term strategic plan (10-15 years).

Internal Organization

Penta started its internal reorganization in 2004 in order to be able to adopt the private equity model and its best practices later in 2005. Despite this fact, Penta's newly implemented model differs from those of ordinary private equity groups in following aspects:

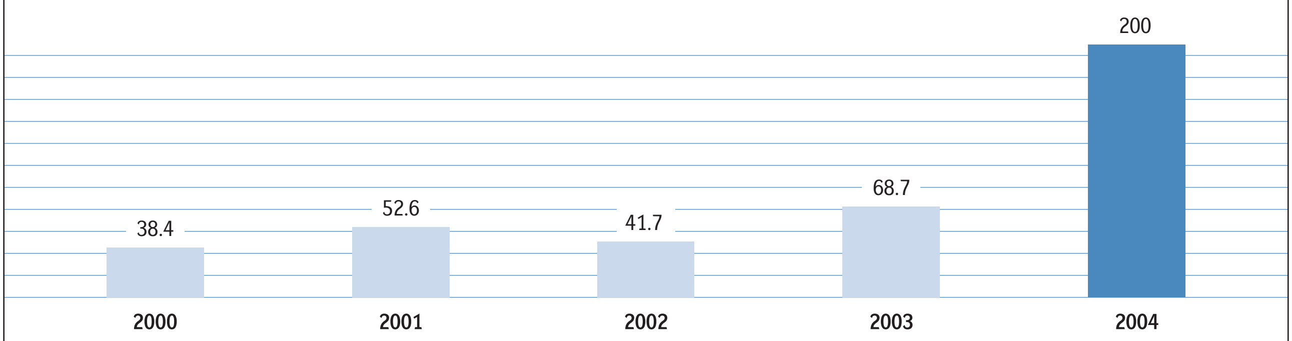
- *Penta does not invest third parties' funds*
- *Penta does not open its "fund" on a periodic basis*
- *Penta uses minimum ancillary services from the external environment*
- *Penta, on principle, applies a hands-on approach in its relations with investee companies (it actively participates in the management of controlled companies)*

The corporate organizational structure resembles the arrangement of a typical private equity group.

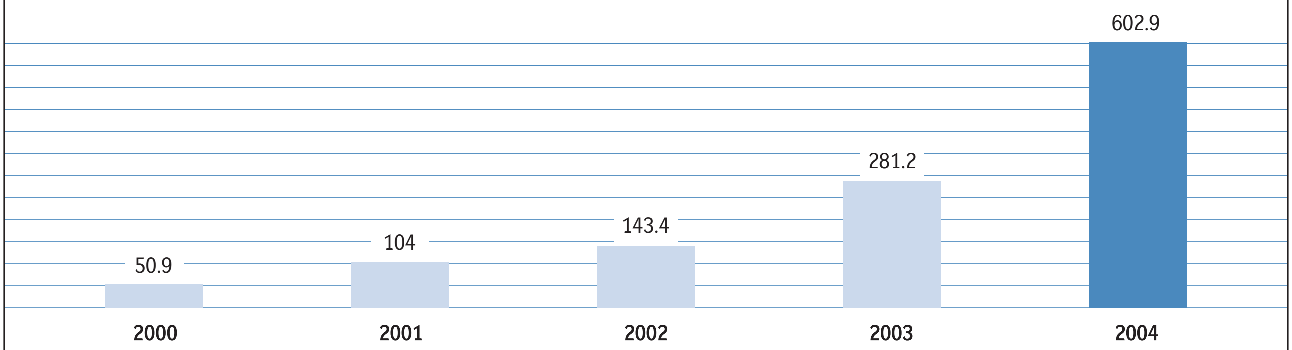
Penta and Philanthropy

Penta is the founder of the Penta Foundation, which generously supports education. The Penta Foundation annually gives out awards through the Penta Award competition for excellent study results to students of the University of Economics in Bratislava, the University of Economics in Prague, as well as the Faculty of Law at Charles University in Prague. It organizes the competition for Czech and Slovak university students – Vízia 2020 (Vision 2020). In cooperation with the weekly economics magazine TREND, the Penta Foundation gives professional lectures in the areas of economy and law at the College of Journalism in Bratislava. The Penta Foundation is a general sponsor of a school for highly-gifted children. The Foundation is also active in culture, sport and provides help to people in need through humanitarian and charitable activities, to share its success with society as a good corporate citizen. The Foundation provides grants to individuals, non-governmental organizations, educational institutions and other organizations providing useful public activities.

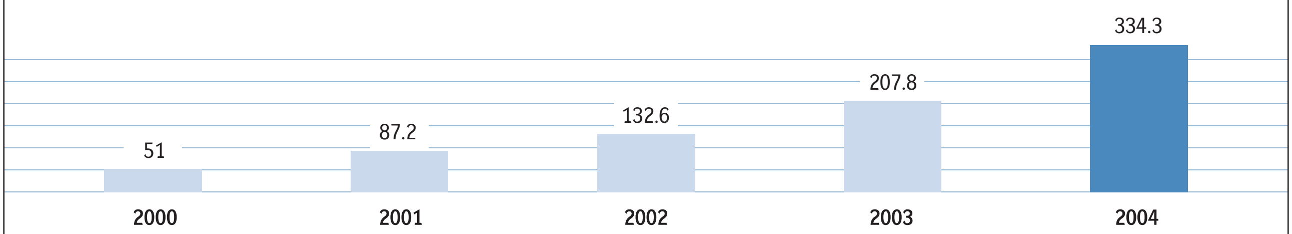
Total Equity (in €m)



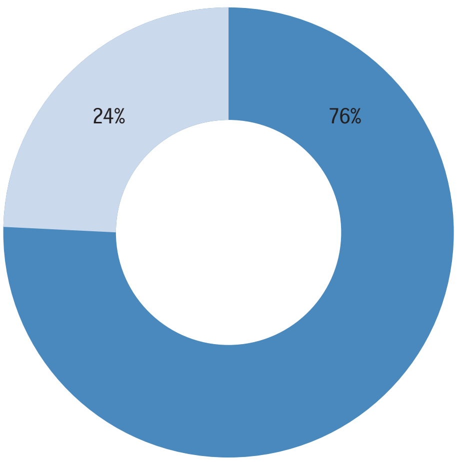
Total Assets (in €m)



Total Equity Based on Internal Valuation (in €m)



10,000 Employees in Investee Companies (Geographical Breakdown)



The Slovak Republic
The Czech Republic

Looking Towards New Horizons

Our team shall build upon collected experience and previously-begun initiatives in order to find opportunities for new, healthy growth. A change of orientation from short-term to long-term business perspectives has been visible since the year 2003. Its thorough implementation will continue to be carried out in the years to come. The time of snapping up quick deals (always welcomed until now) is passing away, and a strategic planning project on analysing global trends carried out by the analytical team during 2004 is pointing us towards strategic investments in identified strategic sectors. Winning a tender on the sale of a 90% stake in Paraplynový cyklus, a.s. Bratislava, through our subsidiary Slovenský investičný holding, we entered the energy sector with long-term intentions. The Group is also continuously building up its foothold in the water industry. A sharp focus and efforts will be put into the health-care sector. Much-needed reforms carried out by the Slovak government are creating enormous potential for us, though not without difficulties. Bringing a business approach to the health-care sector in Slovakia and the Czech Republic, where the citizens have been accustomed to free medical care and institutions were run by the state in the past, will require a very careful and sensitive approach. We will have to succeed in convincing our potential clients and patients that implementing an efficient business philosophy into the sacred sphere surrounding human life and health does not contradict with having a respect for these fundamental, inviolable values.

Cyprus, Slovakia and the Czech Republic's entry into the European Union on May 1st, 2004 highlighted the fact of our operating in the European Union, a new, much wider and more complex environment, alive with new and bigger competitors. To survive will mean finding ways to expand through bigger and better deals. The new business reality brought forward operational issues Penta will have to solve. Questions arose as to whether we shall concentrate upon investment in specific countries, or better to start making investments by sectors newly identified as prospective, what has actually started to happen in the course of conducting our business activities in the water industry, the health care sector and odds betting.

The changing investment landscape in our traditional territories and the setting of new internal growth criteria is turning the Group's attention from opportunistic activities resulting in a large number of small projects (stretching out our management and financial resources) to medium- and even large-scale investments where we can more efficiently (and with even higher premiums) utilize our managerial and financial potential. Reliable relations and cooperation with our co-investors and banks on the Slovak, Czech and also international levels has become a norm. Relations with international investment banking giants like CSFB and Citibank shall, as in the past, enable us to secure much-needed fuel for our growing engine. New projects in the pipeline are also indicating an increasing need to team up with new business partners, creating an effective consortium for each specific large-scale investment project. The Group can provide its strong managerial, analytical and healthy financial background, whereby a consortiums' prospective business partner brings know-how and expertise in each specific field a project is oriented within, as well as additional funds, especially needed in the case of large-scale projects. The era when we could play the game solo is coming to an end. From this perspective, I have a deep satisfaction knowing that the needs of a coming new era are carefully being analysed and properly responded to by the entire Penta team.

Philanthropy

In its effort to be a good corporate citizen, Penta shares its experience and success with the society by supporting humanitarian and charitable activities through its foundations in the Slovak Republic as well as in the Czech Republic. Penta's Slovak foundation, Nadácia Penta (the Penta Foundation), has already commenced its third year of existence. From the beginning of 2004, its Czech branch has also actively initiated charitable activities.

In 2004, the Foundation continued in successful cooperation with the School for Highly Gifted Children and the Secondary Grammar School in Bratislava, not only in the areas of financial support and reconstruction, but also through activities helping the school to resolve problems in promoting a concept and philosophy for the educational system for highly gifted children.

The Foundation, jointly with the College of Journalism of the Comenius University in Bratislava and the weekly magazine Trend, initiated its 2nd term of the mandatory economics course Basics of Economics in Journalistic Practice. The Foundation also announced the 6th year of the competition "Penta Group, a. s. Award for excellent study results". The main goal of this activity is to motivate students of universities to achieve excellent study results, as well as an effort to combine academia with work experience. In the Czech Republic, the Foundation in cooperation with the University of Economics in Prague and the Faculty of Law at Charles University announced the 2nd year of the same award. In September 2004, the Foundation's Czech branch supported the establishment of a class for highly gifted children in České Budějovice, which is the first of its kind in the Czech Republic.

The Foundation supported the University of Economics in Bratislava, Comenius University in Bratislava, the University of Matej Bel in Banská Bystrica and several primary and secondary schools in Bratislava, Heľpa, Vislanka, Stará and Nová Ľubovňa.

In health-care services and the social area, the Foundation financially contributed to the Hospital of the Slovak Ministry of the Interior, Faculty Hospital with Policlinics of ak. L. Dérer in Bratislava, and the Association for Helping Children's Oncology. Individually, the Foundation donated to the parents of sick and handicapped children. The Foundation also supported the Slovak Blind and Partially-Sighted Union, the Hospice and House of Social Services in Stará Ľubovňa, and the non-governmental organization Center for Help

In the area of sport, the Foundation supported the projects of TJ Slávia Právnik, the Slovak Syndicate of Journalists, Heľpa Sports Club, HC Slovan – youth, Spartak Athletic Club, and Stupava Tennis Club. The Foundation also contributed to the Association of Disabled Sportsmen, Podbrezová and the training of Ján Riapoš, paralympic winner from Athens in table tennis.

The Penta Foundation financially contributed to Rád bosých karmelitánok of the Roman Catholic Church in Košice, the Ostrava-Opava Bishopric in the Czech Republic. The Foundation supported the activities of the ZSNP and Slovalco Foundations, Ozeta Neo Company to support a social program, and the agency CESTA in support of entrepreneurial environmental development. In the cultural and social area, the Foundation also supported the activities of the theatre "Studio L+S".

The holding structure enables each key company to contribute efficiently to the high performance level of the whole Group.

Activities of Individual Companies of the Group:

Penta Holding Limited, Cyprus
the owner of the long-term interests in the group; performs holding of susidiaries.

Penta Investments Limited, Cyprus
The owner of the investment portfolio of the Group and private equity fund.

Penta Asset Management Limited, Cyprus
The advisory company and manager of assets in particular for Penta Investments Limited.

Penta Group, a.s., The Slovak Republic
The management company in the Slovak Republic.

Penta Finance a.s., The Czech Republic
The management company in the Czech Republic.

Invest Brokers, o.c.p., a.s., The Slovak Republic
The licensed securities trader.

Penta REALITY, a.s., The Slovak Republic
The real estate agent and manager.

P67 value, spoločnosť s ručením obmedzeným, The Slovak Republic
The analytical mind of the Group.

Company name	Penta Holding Limited
Legal form	Private Company Limited by Shares
Share Capital	CYP 93,000
Number and Class of Shares	93,000 registered, documentary shares
Nominal Value per Share	CYP 1
Principal Activities	Long term holding of investments into subsidiaries
Registered Office as of December 31st, 2004	319, 28th October Street Kanika Business Center, 2nd Floor Limassol 3105, Cyprus
Registered Office as of November 10th, 2005	44 Griva Digeni Salamis House, 3rd Floor 8020 Paphos, Cyprus
Date of Incorporation	April 22nd, 1999
Auditor	Deloitte & Touche Limited 319, 28th October Street Kanika Business Center, 2nd Floor Limassol 3105, Cyprus
Directors as of December 31st, 2004	Radoslav Zuberec Maria Polycarpou-Potsou
Directors as of November 10th, 2005	Radoslav Zuberec George Crystallis

Report for the Year 2004

Penta Holding Limited, as an individual company, continued to perform its holding activities as in the past, that is, as a holding company and provider of financial means to its key subsidiaries.

On an individual level, the main source of income for Penta Holding was an interim dividend of EUR 3.492 million received from its 100% subsidiary Penta Investments Limited, resulting in a healthy profit at the end of the year of EUR 2.808 million. On the other hand, restructuring efforts were the main reason for unusually high expenditures in connection with high-profile advisory services. Also, our social services in supporting philantropic activities brought a higher expenditure when compared to the year 2003.

Penta Holding's consolidated economic performance is mirrored in consolidated financial statements. These are based on the newly-implemented IFRS accounting standards. In comparison to the year 2003, the consolidated total equity by the end of 2004 accelerated to the level of EUR 200 million, while our internal value calculations rose even higher. We have taken the liberty of interpreting the key categories for your better understanding in the Management Discussion and Analysis.

Consolidated Income Statement for the year ended December 31st, 2004
(expressed in Euro)

	Continuing operations		Discontinuing operations		Total consolidated	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
	Euro	Euro	Euro	Euro	Euro	Euro
Operating revenue	224 601 162	43 174 828	104 761 296	16 965 477	329 362 458	60 140 305
Operating expenses	(113 082 041)	(31 307 601)	(80 465 321)	(14 235 376)	(193 547 362)	(45 542 976)
Gross profit	111 519 121	11 867 227	24 295 975	**2 730 101**	135 815 096	14 597 329
Other operating income/(expenses), net	(1 566 790)	0	(2 221 059)	(665 706)	(3 787 849)	(665 706)
Administration expenses	(88 130 908)	(10 662 778)	(13 354 208)	(1 390 640)	(101 485 116)	(12 053 418)
Operating profit	**21 821 423**	**1 204 449**	**8 720 708**	**673 756**	**30 542 131**	**1 878 205**
Negative goodwill immediately recognised on acquisition	61 886 441	10 257 775	0	0	61 886 441	10 257 775
Amortization of goodwill	0	2 997 426	0	0	0	2 997 426
Financial (expense)/income, net	(10 954 636)	(2 121 124)	538 343	(329 889)	(10 416 293)	(2 451 013)
Profit on disposal of discontinuing operations	0	0	2 429 782	5 795 016	2 429 782	5 795 016
Share of profit from associates	9 759 240	10 944 270	0	0	9 759 240	10 944 270
Share of loss from joint venture	(184 474)	0	0	0	(184 474)	0
Profit before taxation	**82 327 994**	**23 282 796**	**11 688 833**	**6 138 883**	**94 016 827**	**29 421 679**
Taxation	(2 015 080)	(1 273 524)	(304 903)	(126 511)	(2 319 983)	(1 400 035)
Share of tax of associates	0	(521 393)	0	0	0	(521 393)
Share of tax of joint venture	(17 250)	0	0	0	(17 250)	0
Profit after taxation	**80 295 664**	**21 487 879**	**11 383 930**	**6 012 372**	**91 679 594**	**27 500 251**
Minority interest	(6 452 250)	16 109	(80 415)	(76 342)	(6 532 665)	(60 233)
Profit attributable to members	**73 843 414**	**21 503 988**	**11 303 515**	**5 936 030**	**85 146 929**	**27 440 018**

Consolidated Balance Sheet as of December 31st, 2004

(expressed in Euro)

	2004	2003
ASSETS	Euro	Euro
Non-current assets		
Property, plant and equipment	293 675 352	25 176 737
Investment property	639 009	754 403
Investments in associates	72 010 428	28 286 823
Investments in joint ventures	125 696	0
Available for sale investments	9 609 442	964 505
Intangible assets	2 627 634	641 099
Long term receivables	12 388 579	29 221 375
Goodwill	7 105 012	0
Other non-current assets	0	53 182
Total non-current assets	**398 181 152**	**85 098 124**
Current assets		
Inventories	33 027 931	15 212 443
Investments held for trading	857 464	868 998
Investments in subsidiaries	5 285	509 799
Trade and other receivables	89 970 649	75 269 967
Cash and cash equivalents	80 816 570	104 194 716
Total current assets	**204 677 899**	**196 055 923**
TOTAL ASSETS	**602 859 051**	**281 154 047**
EQUITY AND LIABILITIES		
Equity		
Share capital	161 022	161 022
Share premium	47 538 100	47 538 100
Other reserves	2 774 340	(106 927)
Retained earnings	149 562 662	21 149 698
Total equity	**200 036 124**	**68 741 893**
Minority Interest	**30 690 669**	**11 720 868**
Liabilities		
Non-current liabilities		
Goodwill on acquisition of subsidiaries & associates	0	42 434 811
Long term loans	120 902 937	1 295 285
Provisions	84 395 580	65 549 768
Deferred taxation	15 225 074	1 281 037
Investments in joint venture	559 513	0
Other non-current liabilities	7 212 837	1 420 569
Total non-current liabilities	**228 295 941**	**111 981 470**
Current liabilities		
Creditors and accruals	77 741 061	76 618 015
Provisions	6 721 287	0
Short term portion of long term loans	51 516 674	11 179 800
Taxation	5 555 531	912 001
Bank overdrafts	2 301 764	0
Total current liabilities	**143 836 317**	**88 709 816**
TOTAL EQUITY AND LIABILITIES	**602 859 051**	**281 154 047**

The financial statements were approved by the Board of Directors on November 10th, 2005 and signed on its behalf by:

Radoslav Zuberec
Director

George Crystallis
Director

Deloitte.

Deloitte & Touche Limited
Kanika Business Centre
2nd Floor
319, 28th October Street
CY-3105 Limassol, Cyprus

Mail: P.O.Box 58466
CY-3734 Limassol, Cyprus
Tel.: +357 25 86 86 86
Fax: +357 25 86 86 00
infolimassol@deloitte.com
www.deloitte.com/cy

AUDITORS' REPORT TO THE MEMBERS OF PENTA HOLDING LIMITED

Report on the financial statements

1. We have audited the consolidated financial statements of Penta Holding Limited (the Company) and its subsidiaries (the Group) and the Company's separate financial statements on pages 4 to 45 which comprise the balance sheets of the Group and the Company as at 31 December 2004 and the income statements, statements of changes in equity and cash flow statements of the Group and the Company for the year then ended, and the related notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2. Except as discussed in paragraphs 3,4 and 5 below, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The consolidated operating revenue includes an amount of Euro 4.664.259 derived from the subsidiary company Vinaco Holdings Limited whose main activity is the acquisition and collection of debts. As it is often encountered in business operations of this nature, there was no effective system of control over the collection of debts and consequently over the income, of Vinaco Holdings Limited, on which we could rely for the purpose of our audit and, there were no satisfactory alternative audit procedures that we could adopt to confirm independently the completeness of income.

Deloitte.

4. The consolidated trade debtors include receivables amounting to Euro 2.925.524 derived from the operations of a subsidiary company Vinaco Holdings Limited and represent non-performing loans receivable. The receivables are stated net of provisions for bad debts amounting to Euro 3.828.094, concluded by management based on experience from efforts to collect the debts. As it is often encountered in business operations of this nature, there was no effective system of control over the collection of debtors and the estimation of bad debt provision made.
   There were no practical alternative audit procedures that we could apply to confirm the adequacy and accuracy of the provision. As a result, we were not able to verify that trade debtors of Euro 2.925.524 included in the consolidated balance sheet are fairly stated.

5. During 2003, the associated company ZSNP a.s., which in 2004 became a subsidiary of the group, prepared financial statements in accordance with International Financial Reporting Standards for the first time. Due to the fact that no audited balance sheet under IFRS was available at 31 December 2002, the auditors of ZSNP a.s. had a limitation of scope and reported that they were not able to express an opinion on the income statement and cash flow statement for the year ended 31 December 2003. Consequently, the limitation reported by the auditors of ZSNP a.s. may have an effect on the Group's share of profit from the associated company reported in consolidated income statement of 2003 and the recognition of negative goodwill as reported in note 10(b) of the financial statements. With respect to 2004, the remaining negative goodwill of Euro 17.564.543 recognised directly in equity upon application of IFRS 3 on 1st January 2004 might need to be amended had the fair values of net assets acquired in 2003 been different from those recognised in the financial statements as a result of this limitation.

6. In our opinion, except for the effect on the consolidated financial statements of any adjustments that might have been shown to be necessary, had the scope of our work not been limited by the matters referred to in paragraphs 3, 4 and 5, the consolidated and Company financial statements give a true and fair value of the financial position of the Group and the Company as of 31 December 2004 and of the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap.113.

7. Without qualifying our opinion we draw attention to:

   (a) Note 22 to the consolidated financial statements. The consolidated financial statements of the subsidiary company Slovensky investicny holding a.s. – SIH (formerly VSZ akciova spolocnost Kosice), include provisions amounting to Euro 48.226.853, relating to guarantees, contractual issues and litigations. These provisions represent the best estimate made by the directors of SIH group, based on available information, and advice from legal counsel. The final outcome of such matters, depends upon future events which cannot presently be determined. The future settlement of such matters may occur at amounts which may vary significantly from the amount provided for by the directors as at 31 December 2004. Any adjustment to these provisions would enter into the determination of the SIH group's consolidated financial position, results of operations and cash flows. The consolidated income statement of Penta Holding Limited for the year ended 31 December 2004 includes the income recognised in SIH's financial statements amounting to Euro 6.186.085 arising from the reversal of such provisions, which were created in previous years as well as charges of Euro 4.467.007 in respect of additional provisions made during this year.

Audit.Tax.Consulting.Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Deloitte.

(b) Note 8 of the consolidated financial statements, where the investment of the subsidiary company SIH a.s. in an iron processing plant, which is currently under construction in Ukraine, is discussed. This plant was provided to SIH Group free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 246.8 million (TSKK 10.159.018). From 1992 the SIH Group has incurred additional expenditures on construction and maintenance of the plant in the amount of Euro26.4 million (TSKK1.025.541) which have been written off. This investment is not recognised in the consolidated financial statements as the management of SIH Group is unable to determine reliably the degree of certainty attaching to the flow of economic benefits from this investment. Additionally, the status of the Group's legal title to these assets is uncertain. The Group is seeking to dispose of its interest in the construction but no solution has yet been finalised, with the Ukrainian and Slovak governments.

(c) Notes 22 and 25(i) to the consolidated financial statements. The subsidiary ZSNP a.s. Group has created provisions of Euro 26.582.818 relating to environmental risks. The provisions represent estimated costs needed for corrective environmental measures. The Group continues to review various other environmental risks and potential changes to environmental laws and regulatory requirements. Estimates of the amount and timing of future costs of environmental remediation are necessarily imprecise because of the continuing evolution of environmental laws and regulatory requirements and the availability and application of technology. Such costs could materially affect the results of the operations in the future years.

(d) Note 25 (viii) to the consolidated financial statements. There is an uncertainty with reference to the tax position of the sub-subsidiary company Waterfall Holding B.V. for the year ended 31 December 2004 regarding the applicability of the participation exemption on the dividends received during the year from its subsidiary Severomoravske Vodovody a kanalizace Ostrava a.s. (SmVAK). If the dividends received by Waterfall Holding B.V., which amounted to Euro 70.5 million, are not tax exempt, a corporate income tax liability at the rate of 34.5% on the dividends could arise, ranging from zero to a maximum of approximately Euro 24.3 million.

Audit.Tax.Consulting.Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Deloitte.

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, except that the scope of our work was limited by the matters referred to in paragraphs 3, 4 and 5 above.
- 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 financial statements of the Group and the Company give the information required by the Companies Law, Cap. 113, in the manner so required except for the matters referred to in paragraphs 3, 4 and 5 above.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 10 November 2005

Audit.Tax.Consulting.Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Deloitte.

Deloitte & Touche Limited
Kanika Business Centre
2nd Floor
319, 28th October Street
CY-3105 Limassol, Cyprus

Mail: P.O.Box 58466
CY-3734 Limassol, Cyprus
Tel.: +357 25 86 86 86
Fax: +357 25 86 86 00
infolimassol@deloitte.com
www.deloitte.com/cy

We hereby confirm that the figures presented on pages 22 and 23 and the auditor's report of Penta Holding Limited on pages 24 to 27 to the Annual Report of Penta Holding Limited, are consistent , in all material respects, with Penta Holding Limited audited financial statements.

The pages to which reference is made in the auditor's report, are the pages of the original full set of the company's audited financial statements.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 10 November 2005

Audit.Tax.Consulting.Financial Advisory.

Management's Discussion and Analysis of Consolidated Financial Statements for the Year 2004

In order to assist users in understanding our financial statements, we are providing you with an analysis and explanations of the primary factors that have accounted for changes in certain key items in the financial statements in the current year, as well as how certain accounting principles and the adoption of certain new or revised International Financial Reporting Standards have affected our financial statements. The discussion also provides information about the financial results of the various companies of the Group in order to assist users of the financial statements in understanding how changes in the operations and results of these companies, and changes in the group structure affects the consolidated financial statements of the Group. This discussion should be read in conjunction with the consolidated financial statements for the year ended December 31st, 2004.

The financial statements, which are expressed in EUR, have been prepared in accordance with the standards formulated by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention as modified by the fair valuation and revaluation of certain fixed assets and financial instruments. The Group financial statements consolidate the financial statements of Penta Holding Limited and its subsidiary companies, which are together referred to as "the Group".

It should be noted that the Group has adopted IFRS3 Business Combinations, IAS 36 (Revised) Impairment of Assets and IAS 38 (Revised) Intangible Assets before their effective date. IFRS 3 requires simultaneous adoption with IAS 36 and IAS 38. These new and revised standards have been adopted for business combinations for which the agreement date was on or after January 1st, 2004. The adoption of these new Standards have resulted in changes to the Group's accounting policy for Goodwill and has affected the amounts reported for the current or prior years as described in the relevant paragraphs under Goodwill below.

Consolidated Income Statement

Operating revenues (EUR 329,362,458)

Operating revenues represent amounts invoiced for sales of products and services, for commissions received revenues from sale of plots, buildings and rentals as well as profit on assignment of receivables, dividends received, interest received from debtors and the net profit from sale of stocks of shares and bonds and investments. Revenues have increased substantially in the year mainly as a result of the acquisition of new subsidiaries to the Group and the acquisition of additional interest in companies that had been recognised as associates for a significant period in the year ended December 31st, 2003 whilst they were recognised as subsidiaries during the year ended December 31st, 2004. More specifically, during 2004 the Group acquired Severomoravské vodovody a kanalizace Ostrava a.s. (SmVaK) that is engaged with the distribution of potable and industrial water and cleaning of waste water in the Czech Republic. Furthermore, revenues of ZSNP group and Slovenský investičný holding group (SIH), including SIH's investment into Paroplynový cyklus, a.s. (PPC), were also included within the Group's operating revenues from the dates were the Group's shareholding in the abovementioned groups exceeded 50%. SIH contributed revenues of EUR 129,400,000, ZSNP Group of EUR 129,000,000 and SmVaK of EUR 33,000,000.

Operating, administration and financial expenses

Operating expenses amounted to EUR 193,547,362, administration expenses amounted to EUR 101,485,116 whilst financial expenses amounted to EUR 10,416,293. These expenses showed significant increase in the current year in line with the experience growth of the Group. It should be further noted that the Group has shown significant growth of operations in a variety of industries and businesses which were different from last year and hence is expected to show volatility of operating expenses and in turn of operating profit as it is highly dependent on the completion and thus the recognition of gains materialised on the particular businesses.

Operating and administration expenses mainly represent costs incurred for goods sold on services provided. Financial expenses represent bank interest and charges and not exchange losses.

Negative goodwill immediately recognised on acquisition/ amortisation of goodwill

As mentioned above, the Group has adopted IFRS 3 Business Combinations, IAS 36 (Revised) Impairment of Assets and IAS 38 (Revised) Intangible Assets before their effective date. These new and revised standards have been adopted for business combinations for which the agreement date is on or after January 1st, 2004. This has significantly affected the treatment of Goodwill as well as the Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of the business combination (previously known as negative goodwill).

In accordance with the transitional rules of IFRS3, the Group has applied the revised accounting policy for goodwill prospectively from the beginning of January 1st, 2004 to goodwill acquired in business combinations for which the agreement date was before January 1st, 2004. Therefore, from January 1st, 2004, the Group has discontinued amortising such goodwill which is subject for impairment in accordance with IAS 36. In the year 2003, amortisation of goodwill amounting to EUR 2,997,426 had been recognised. Impairment reviews were conducted in the year with no indications of impairment of goodwill. Therefore, no impairment loss has been recognised in the current period in accordance with IAS 36.

IFRS 3 requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in the income statement. As a result, excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combination in the year amounting to EUR 61,886,441 has been directly recognised in the consolidated income statement. This has resulted from the acquisitions of SmVaK group (EUR 53,664,533) and ZSNP group (EUR 8,221,908).

Profit on the disposal of discontinued operations

During 2004, the Group disposed of its interest in ZSNP Lana s.r.o. (subsidiary of ZSNP a.s.), OBAL-SERVIS a.s., PROFIL s.r.o. and STILKOV a.s. (subsidiaries of SIH a.s.) and ELBAN a.s. The results of these disposed subsidiaries are included in the consolidated income statement under discontinued activities until the date of their disposal. The profit on disposal of these subsidiaries amounted to EUR 2,429,782. Furthermore, during July 2005, the Board of Directors of ZSNP a.s. approved a contract with an interested party in regard to the sale of shares of Alufinal, a.s., 100% subsidiary of ZSNP, a.s.

Share of Operating Profit/Losses from Associated Companies (EUR 9,759,240)

This relates mainly to the share of profits of ZSNP group (ZSNP), until the date where the Group obtained control over ZSNP and also includes the results of the associates of ZSNP group, Slovalco a.s. and Teplo a.s.

Taxation (EUR 2,319,983)

The tax charge for the year consists of the corporate tax charge amounting to EUR 5,042,037 minus a deferred tax credit amounting to EUR 2,722,053. The most significant corporate and deferred tax charge primarily relate to subsidiary companies ZSNP group and SIH Group.

Until December 31st, 2002, International business Companies in Cyprus (IBCs) were taxed at 4.25% on their taxable income. In accordance with the new law enacted in July 2002, new tax legislation came into effect on January 1st, 2003. According to this tax reform, there will no longer be any distinction between local companies and international business companies, which will both be taxed at the rate of 10%. IBC's can elect to be taxed at 4.25% on their taxable income for a transitional period (ending December 31st, 2005), but lose certain exemptions offered by the law, or elect to be taxed according to the new regime at the rate of 10%. Penta Holding Limited, Penta Investments Limited and Lorea Investments Limited chose the new tax regime, while all other Cyprus companies in the Group selected the transitional period and will be taxed at 4.25% until the end of 2005.

Minority Interest (EUR 6.532.645)

Minority interest relates to the share of the results of the subsidiary companies that is entitled to minority shareholders in subsidiaries in which we do not hold 100% interest. This mainly represents minority interests for ZSNP a.s. (EUR 2,652,402) SIH a.s. (EUR 3,343,270) and SmVaK a.s. (EUR 551,432).

Consolidated Balance Sheet

Property, Plant and Equipment (EUR 293,675,352)
Property, plant and equipment have significantly increased in the year ended December 31st, 2004 as a result of the new business combinations that have occurred during the year 2004. Included within property, plant and equipment are the net book values of the property, plant and equipment of the following groups which were acquired during 2004: SmVaK a.s. (EUR 162,471,852), ZSNP a.s. (EUR 50,619,600). Furthermore, the net book value of SIH group also increased substantially, mainly as a result of the acquisition of a subsidiary, Paroplynový cyklus a.s., which owns fixed assets amounting to EUR 51,928,535.

Property, plant and equipment are carried at cost or valuation less accumulated depreciation. The Group depreciates its property, plant and equipment by the straight-line method in order to write off the cost of each asset or its revalued amount over its estimated useful life. Where the carrying amount of an asset is greater than its recoverable amount, it is written down according to its recoverable amount.

Investment in Associated Companies (EUR 72,010,428)
Investments in associated companies are accounted for under the equity method of accounting. These are undertakings over which the Company generally owns between 20% to 50% of the voting rights, or over which the Company has significant influence over the financial and operating policies. This has significantly increased over the year, mainly due to the acquisition of Slovalco a.s., an associate company of ZSNP a.s.

Available for Sale Investments (EUR 9,609,442)
Available for sale investments relate to investments for which there is an intention to hold for an unspecified period of time and can be made available for sale to satisfy working capital requirements, fluctuations in interest rates and currency values. Initially, these investments are recorded at cost and then revalued to their fair values. Available for sale investments primarily represent prepayments of EUR 3,000,000 to acquire 100% stake in the company FORTUNA sázková kancelář, a.s. as well as deposits in three fund insurance entities operating in the Slovak Republic amounting to EUR 4,000,000. The Group considered such investment as long term and are included in the medium term planning horizon of the Group.

Goodwill on the acquisitions of Subsidiaries and Associated Companies (EUR 7,105,012)
Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity acquired at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is subject to impairment testing annually.

For the purpose of impairment testing, Goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is recognized against Goodwill.

Based on impairment reviews conducted during the year, no indications of impairment of Goodwill are identified. Therefore no impairment loss has been recognised in the current period. The carrying amount of Goodwill of EUR 7,105,012 is allocated as follows: Česká Lékárna a.s. (EUR 2,670,710), Dôvera a.s. (EUR 502,100), Paroplynový cyklus a.s. (EUR 3,100,978), Penta REALITY a.s. (EUR 614,968) and other (EUR 80,387).

Trade and other receivables (Long-term EUR 12,388,583 and short-term EUR 89,970,649)

Trade receivables are presented at the original amount granted less an estimate for doubtful debts, based on all outstanding amounts at the end of the year. Bad debts are written off once identified.

Long-term receivables mainly consist of granted loans that are closely connected to the realization of the various projects of the Group. They are repayable within 2 to 5 years and carry interest ranging between 8% to 10% per annum.

Short-term receivables comprise of trade debtors of EUR 59,526,589, amounts due from related companies-trade EUR 2,844,152, short-term loans EUR 13,169,683, short-term loans due from related parties of EUR 5,384,281 and other debtors and prepayments EUR 9,045,944.

The most significant constituents classified within trade receivables relate to ADAST a.s. (EUR 9,378,972), SIH group (EUR 29,203,990), ZSNP group (EUR 9,402,413), SmVaK group (EUR 8,097,328).

Short-term loans mainly comprise of loans provided through the subsidiary company LPV Finance BV and carry interest ranging from 10% to 15% per annum. These loans are closely connected to the realisation of various projects of the Group. Short-term loans of EUR 19,000,000 of Vinaco Holdings Ltd. included within short-term loans in 2003 and carried rights on a portfolio of non-performing loans were assigned to counterparty in 2004 materializing a gain of EUR 10,700,000.

Inventories (EUR 33,027,931)

Inventories represent raw materials, semi-finished goods, finished products and goods for resale. Inventories are valued at the lower of cost or net realisable value where net realisable value is an estimate of selling price in the ordinary course of business, less direct selling expenses. Inventories mostly consist of inventories of the SIH group (EUR 10,242,190), ZSNP group (EUR 12,656,898) and ADAST, a.s. (EUR 9,645,614). The increase in inventories is mainly a result of obtaining control over ZSNP and hence its stocks are included in the consolidated financial statements since the acquisition date.

Cash and cash equivalents (EUR 80,816,570)

The Group considers all short-term highly liquid instruments with maturities of 3 months or less to be cash equivalents.

The most significant balances included within cash and cash equivalents relate to Penta Investments Ltd. (EUR 23,070,747), SIH Group (EUR 42,295,288) and SmVaK group EUR (7,386,522). The decrease in cash and cash equivalents has mainly resulted from a decrease of EUR 26,000,000 of SIH Group, that could be explained as funds used for the acquisition of Paroplynový cyklus a.s.

Total Equity (EUR 200,036,124))

The total equity basically consists of share capital (Euro 161,022), share premium (EUR 47,538,100), retained earnings (EUR 149,562,662), and other reserves (EUR 2,774,340).

Total Equity increased significantly in the year from EUR 68,000,000 in 2003 to EUR 200,000,000 in 2004. This was mainly due to the profitable results and strong fair values of net assets of acquired subsidiaries that took place during the year and prior year. These were namely ZSNP a.s., SmVAK a.s., Paroplynový cyklus a.s. and SIH a.s. As previously discussed under the paragraph of negative Goodwill the Group adopted IFRS3 on January 1st, 2004 which required any negative Goodwill carried forward from 2003 to be released directly to equity. As a result, the carrying amount of negative Goodwill at January 1st, 2004 of EUR 43,266,035 has been transferred to reserves from negative goodwill. As previously mentioned this represents the excess of fair value of net assets acquired over the cost of acquisition. It mainly relates to the acquisitions of SIH, ZSNP and ADAST that took place in 2003.

Provisions (Short-term portion EUR 6,721,287 and long term portion EUR 84,395,580)

The carrying amounts of provisions mainly relate to the following businesses: SIH Group (EUR 61,819,440, ZSNP Group (EUR 28,529,307) and SmVaK Group (EUR 768,120). The most significant provisions relate to provisions for Guarantees, contractual issues and litigations, with a balance of EUR 48,226,853 at year-end recognized within the SIH group and Provisions for Environmental risks of EUR 26,582,818 recognized within the ZSNP group.

The provisions for Guarantees, contractual issues and litigations reflects mainly the provision made by SIH Group with respect to litigation and negotiation with various creditors which may lead to possible liabilities, resulting from guarantees given, legal claims and contractual defaults as of December 31st, 2004. The management and legal counsel of SIH Group has performed an analysis of all such individual matters and has made an assessment of what they believe to be the likelihood of losses related to such matters, and provided for the losses that were assessed as probable.

With respect to the provision for Environmental Risks, ZSNP 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 Group must take to remove alkaline water from, and to cap and recultivate, the sludge heap.

The provisions relating to this matter have been increased during the year to reflect the revised estimates of the total volume of alkaline water in the sludge heap, of the price per cubic metre of treating the alkaline water and of the costs of new technology to be used to increase the volume of water treated each year. The provisions were determined on the basis of existing technologies and current prices and the remediation is now expected to be completed within eight years.

Creditors, accruals and other liabilities (Long-term EUR 7,212,837 and short-term EUR 77,741,061)

Long-term creditors and accruals comprise of Deferred income (EUR 527,503), Advances received (EUR1,138,855) and other non current liabilities (EUR 5,546,479). Non-current liabilities primarily include a loan of EUR 2,522,223 and long-term payments to the municipality of Bohumin for the acquisition of a sewage disposal plant of EUR 1,376,543 that are included within SmVaK liabilities, a subsidiary acquired during the year.

Creditors, accruals and other liabilities (continued)

Short-term creditors and accruals can be analyzed as follows: Trade creditors (EUR 51,111,154) Amounts due to related parties-trade (EUR 9,381,097), other payables and accruals (EUR 12,349,096) and other amounts due to related parties (EUR 4,899,714). Trade creditors mostly consist of balances for the following subsidiaries: ZSNP group EUR 7,901,510, SIH group EUR 19,655,506, SmVAK group EUR 8,303,210.

Loans (Long-term EUR 120,902,937 and short-term EUR 51,516,674)

Loans are recorded at the initial amount granted. Subsequent to initial recognition, loans are carried at amortised cost by using the effective interest rate method.

Long term loans are analysed as follows: Lease liabilities (EUR 833,387), Bank loans (EUR 104,607,559) and other loans (EUR 15,461,991). Bank loans have significantly increased over the year as a result of the acquisition of SmVaK, which has bank loans amounting to EUR 52,336,364, and the recognition of ZSNP a.s. as a subsidiary that has bank loans of EUR 32,608,001. The SIH group also has EUR 19,637,772, whilst in 2003 the Group had no bank loans. Other loans of EUR 15,461,991 relate to a long-term portion of the financing provided by Credit Suisse First Boston to Waterfall BV by using Total Return Swap agreements that have been in turn used for partly financing the acquisition of the Group's interest in SmVaK a.s.

Short-term loans are analysed as follows: Lease liabilities (EUR 872,675), Bank loans (EUR 36,794,971) and Other loans (EUR 13,849,028). Short-term loans have also increased over the year as a result of the changes in the Group's structure as mentioned above. Mainly represent short-term portions of loans in ZSNP amounted to EUR 19,791,834 and SmVaK to EUR 5,812,960 and short-term portion of SIH Group amounted to EUR 9,639,705 (SIH in 2003 had Nil short term borrowings).

Minority Interest (EUR 30,690,669)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests represent the share of the minority holdings in the net assets of subsidiary undertakings at the balance sheet date. Minority interest is analyzed as follows: SIH Group (EUR 10,946,548), ZSNP Group (EUR 18,179,483) and SmVaK (EUR 1,564,638).

Company name as of December 31st, 2004	Penta Investments Limited
Company name as of November 10th, 2005	Penta First Fund Limited
Legal form	Private Company Limited by Shares
Share Capital	CYP 174,605
Number and Class of Shares	174,605 registered, documentary shares
Nominal Value per Share	CYP 1
Principal Activities	Strategic holding and trade of investments in shares and other securities, loan financing; private equity fund
Registered Office	319, 28th October Street Kanika Business Center, 2nd Floor Limassol 3105, Cyprus
Date of Incorporation	April 22nd, 1999
Auditor	Deloitte & Touche Limited 319, 28th October Street Kanika Business Center, 2nd Floor Limassol 3105, Cyprus
Directors as of December 31st, 2004	Radoslav Zuberec Maria Polycarpou-Potsou
Directors as of November 10th, 2005	Radoslav Zuberec George Crystallis

Report for the Year 2004

Penta Investments is the Group's investment flagship, acting as a private equity fund. Its sphere of activity ranges from the long-term holding of strategic stakes, restructuring projects, and arbitrages and investing in non-performing loans and their collection. Building on past experience, skills and a future-oriented strategy, Penta Investments carried out some spectacular high-level deals in 2004, making headlines in the business-oriented media in both the Czech Republic and Slovakia.

In 2004, the business performance of Penta Investments contributed to the Group's consolidated total equity EUR 190.14 million being its major source of profit at the same time.

Czech Republic

Česká konsolidační agentura (ČKA)

– Non-performing loans; EUR 40,000,000

Via its subsidiary Vinaco Holdings Limited, Penta Investments together with its strategic partner CSFB have held 50% of a non-performing loans portfolio successfully acquired in alliance with the Czech investment group PPF in a public commercial tender organized by ČKA since August 2003. Though Penta Investments' business plan originally considered the length of the project to be 5 years due to the quality of the portfolio, surprisingly, the recovery of receivables proved to be successful, allowing us to reconsider the original business plan. The deal on the assigning of Vinaco's position in the consortium with PPF was finalized in May 2004. A quick and profitable exit allowed Penta to focus on other major projects in its pipeline.

Severomoravské vodovody a kanalizace Ostrava a.s. (SmVaK)

– Acquisition of a 98.45% stake; EUR 101,000,000

In November 2003, Penta Investments together with CSFB entered into a transaction to purchase a 54.3% stake in SmVaK, as a result of winning a bid at an international tender organized by the seller – Anglian Water. In April 2004, along with our strategic decision, a purchase of the other major 44.07% stake was successfully negotiated with a French investor in SmVaK – Suez Environment. Becoming 98.45% shareholder in SmVaK, one of the benchmark water utilities in the CEE region, Penta Investments established a solid platform for further acquisitions on the water market in Central and Eastern Europe.

SAZKA, a.s. (SAZKA)

– Advisory at EUR 175,000,000 SAZKA amortizing 10 years bond issue

In the time of Prague's ice hockey craze, together with CSFB we acted as a financial and investment advisor to SAZKA in their efforts to finance the construction of the SAZKA ARENA, by issuing EUR 175 million worth of bonds. Currently, Penta is supervising the fulfillment of SAZKA's obligation related to these bonds.

FORTUNA sázková kancelář a.s. (FORTUNA)

– Acquisition of a 100% stake; EUR 75,000,000

Another investment which made press headlines was the signing of a purchase agreement on the odds betting company FORTUNA, including its entire retail network consisting of more than 1,200 betting shops. Acquiring FORTUNA, the 2nd largest betting company in the Czech Republic, opened to Penta Investments the door to the challenging betting markets in Slovakia and Poland, as part of the deal also included the purchase of the 2nd largest Slovak betting company, Terno, and a part of the number-one Polish betting company Profesjonal. The purchase was successfully finalized in June 2005. With the acquisition of the three companies, Penta Investments became the leading private operator of odds betting in Central Europe. Penta Investments' long-term business plan shall focus on the further growth of these companies, driven by strong sales support and expansion through new shops. The mid-term investment horizon of the project leaves enough elbow-room for the potential to inhabit all three local entertainment markets.

Česká Lékárna, a.s.

- Acquisition of a 50% stake; EUR 2,600,000

In April 2004, Penta Investments through one of its subsidiaries acquired a 50% stake in one of the biggest pharmaceutical retail chains in the Czech Republic. As of December 2004, the company operated 33 retail locations. All pharmacies are located on the premises of Kaufland v.o.s, one of the major shopping mall operators in the Czech Republic, and a strategic partner of Česká Lékárna. Česká Lékárna is currently the 3rd largest pharmaceutical retail chain in the Czech Republic, and according to market research, it currently ranks as the most efficiently-operated chain of pharmacies in the Czech Republic.

Slovak Republic

VSŽ akciová spoločnosť Košice (VSŽ)

- Restructuring; Total stake of 95.80%

During 2004, Penta Investments consequently kept on fulfilling its publicly announced goal to become 100% shareholder by buying up shares in the company from the wider public. In May 2004, Penta Investments placed a winning bid at a public tender organized by the company for a purchase of its 23.94% own shares bought out from the public at the end of 2003. The continuous buy-out strategy brought Penta Investments to the level of 95.8% ownership, with corresponding shareholders rights. Internally, much effort was put into solving problems inherited from past owners. The company, plagued by astronomical lawsuits at the time of Penta's entry in October 2002, due to efficient legal management was able to solve and settle a large portion of the claims, effectively easing the future financial burden of the company. A new business strategy was defined, based on which the former steel manufacturer began to act as a closed investments fund with activities fueled by proceeds from the aggressive sale of a wide, inefficient web of subsidiaries to third parties based on market conditions. The final changes to the business model were marked by a change of name, from VSŽ, a.s. to Slovenský investičný holding, (SIH).

Paroplynový cyklus, a.s. Bratislava (PPC)

– Acquisition of 90% stake; EUR 60,000,000

Through its subsidiary Penta won an international public tender organized by the National Property Fund of the Slovak Republic for the sale of 90% shares of PPC – a power plant based on combined steam and gas cycles. As a result of the Group's future growth-oriented strategy, this spectacular deal, worth SKK 2.3 billion, secured the company and the Penta group itself a foothold in the Slovak energy sector.

ZSNP, a.s. (ZSNP)

– Restructuring, Total stake of 72.71%

ZSNP, the biggest Central European aluminum manufacturer, reached a profit of SKK 145 million in the year 2004. This is the conclusion of a restructuring process led by the management team of the company. All business activities went through the restructuring process in order to improve the operations and financial stability of the company. The outcome of the company is influenced by the creating of reserves for environmental issues. The company has been preparing the project of red mud disposal re-cultivation. Realization of this project is expected in the next few years. The process of asset-stripping continued with the sale of the aluminum ropes division. The sale of the alumina extrusion division (Alufinal), high pressure casting division (ZSNP Foundry), tubes division and carbon material division are in progress.

AVC, a.s. (AVC)

– Acquisition; EUR 3,000,000

Although relatively small-scale, this investment is a typical example of projects where Penta Investments is swimming in well-known waters. The existence of the important Slovak engineering company, which supplies the automotive industry and agricultural machinery manufacturers, was seriously endangered by problematic unsettled company debts with a nominal value of SKK 248 million. At that critical time in October 2004, the majority shareholders turned to Penta Investments with a proposal to enter AVC, as they were in need of a financially strong business partner with adequate management background. Penta Investments accepted the offer and committed itself to settle the problematic debt and enter the company, which occurred during the end of the year 2004. A secured loan from Citibank injected fresh blood into the renovation of the company's technology. The new management is working hard to stabilize and improve the competitiveness of the company on the market, and to prepare the company for the entrance of a strategic investor.

SLOVENSKÁ KONSOLIDAČNÁ, a.s. VVK 2003

- Non-performing loans; EUR 4,500,000

Penta Investments' subsidiary Vinaco Holdings Limited with its strategic partner CSFB maintained its status as a big fish in the administration and collection of non-performing receivables in Slovakia in 2004. A new catch was added to its portfolio when a deal was struck with Majetkový Holding, a.s. on the purchase of a block of ex-SKO receivables with a nominal value of SKK 4.6 billion for the purchase price of SKK 171 million. The effective recovery brought in a total of SKK 235 million by the end of year, and promises very strong returns in the coming year.

Health-care sector

This sector's enormous potential, supported by legislative changes and the pro-reform policy of the current Slovak government, has oftracted the attention of not only legislative experts and the medical community, but also many private investors. Penta Investments came into first contact with this essential but problematic sector indirectly, by acquiring the company DÔVERA, a.s., which is an establishing founder (future shareholder) of the health insurance company Vzájomná zdravotná poisťovňa Dôvera. In 2003 and 2004, through the consolidation of its position in SIH and ZSNP, Penta Investments gained significant influence in another health insurance company, SIDERIA-ISTOTA združená zdravotná poisťovňa, as both subsidiaries had had in the past an important stake in the aforementioned insurance company. Further, Penta Investments had the right to purchase 49% of shares in another health insurance company, Chemická zdravotná poisťovňa Apollo.

The estimated sphere of influence of Penta Investments in the Slovak health insurance market approached a level of 20%. After detailed analysis and consultation, systematic efforts have been vested into preparing the right strategy to create our own entire network of health insurers, hospitals, ambulances and pharmacies, where synergetic effects would lead to cost-effective, profitable but high-quality services to clients and patients. The implementation of this long-term vision began right at the start of 2005, and is expected to be one of the most challenging projects Penta Investments has ever engaged in.

Consolidated Income Statement for the year ended December 31st, 2004

(expressed in Euro)

	Continuing operations		Discontinuing operations		Total consolidated	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
	Euro	Euro	Euro	Euro	Euro	Euro
Operating revenue	221 118 554	39 106 517	104 761 296	16 965 477	325 879 850	56 071 994
Operating expenses	(107 647 542)	(26 187 575)	(80 465 321)	(14 235 376)	(188 112 863)	(40 422 951)
Gross profit	**113 471 012**	**12 918 942**	**24 295 975**	**2 730 101**	**137 766 987**	**15 649 043**
Other operating income/(expenses), net	(1 587 226)	0	(2 221 059)	(665 705)	(3 808 285)	(665 705)
Administration expenses	(90 256 985)	(12 270 698)	(13 354 208)	(1 390 640)	(103 611 193)	(13 661 338)
Operating profit	**21 626 801**	**648 244**	**8 720 708**	**673 756**	**30 347 509**	**1 322 000**
Negative goodwill immediately recognised on acquisition	61 886 441	10 257 775	0	0	61 886 441	10 257 775
Amortization of goodwill	0	3 153 043	0	0	0	3 153 043
Financial (expense)/income, net	(11 064 850)	(1 922 861)	538 343	(329 889)	(10 526 507)	(2 252 750)
Profit on disposal of discontinuing operations	0	0	2 429 782	5 795 016	2 429 782	5 795 016
Share of profit from associates	9 759 240	10 944 270	0	0	9 759 240	10 944 270
Share of loss from joint venture	(184 474)	0	0	0	(184 474)	0
Profit before taxation	**82 023 158**	**23 080 471**	**11 688 833**	**6 138 883**	**93 711 991**	**29 219 354**
Taxation	(1 829 831)	(1 062 041)	(304 903)	(126 511)	(2 134 734)	(1 188 552)
Share of tax of associates	0	(521 392)	0	0	0	(521 392)
Share of tax of joint venture	(17 250)	0	0	0	(17 250)	0
Profit after taxation	**80 176 077**	**21 497 038**	**11 383 930**	**6 012 372**	**91 560 007**	**27 509 410**
Minority interest	(6 452 230)	16 109	(80 415)	(76 342)	(6 532 645)	(60 233)
Profit attributable to members	**73 723 847**	**21 513 147**	**11 303 515**	**5 936 030**	**85 027 362**	**27 449 177**

Consolidated Balance Sheet as of December 31st, 2004

(expressed in Euro)

	2004	2003
ASSETS	Euro	Euro
Non-current assets		
Property, plant and equipment	288 464 828	20 356 126
Investment property	639 009	754 403
Investments in associates	71 904 154	28 286 823
Investments in joint ventures	125 696	0
Available for sale investments	9 609 107	964 505
Intangible assets	2 461 075	583 239
Trade and other receivables	13 484 004	29 396 105
Goodwill	6 354 175	0
Assets held for sale	163 536	0
Other non current assets	**0**	**51 379**
Total non-current assets	**393 205 584**	**80 392 580**
Current assets		
Inventories	33 027 931	15 212 443
Investments held for trading	421 285	558 218
Investments in subsidiaries	5 285	509 799
Trade and other receivables	90 021 741	75 539 896
Cash and cash equivalents	79 700 821	102 421 772
Total current assets	**203 177 063**	**194 242 128**
TOTAL ASSETS	**596 382 647**	**274 634 708**
EQUITY AND LIABILITIES		
Equity		
Share capital	302 336	268 926
Share premium	43 678 658	37 297 263
Other reserves	814 719	(1 792 276)
Retained earnings	145 343 001	20 541 704
Total equity	**190 138 714**	**56 315 617**
Minority interest	**30 690 669**	**11 720 871**
Liabilities		
Non-current liabilities		
Goodwill on acquisition of subsidiaries & dassociates	0	43 185 648
Long term loans	120 884 662	1 280 052
Provisions	84 395 580	65 549 768
Deferred taxation	14 889 730	961 577
Investments in joint ventures	559 513	0
Creditors and accruals	7 211 935	1 420 568
Total non-current liabilities	**227 941 420**	**112 397 613**
Current liabilities		
Creditors and accruals	81 731 102	66 667 672
Provisions	6 721 287	0
Short term portion of long term loan	51 516 674	26 729 376
Taxation	5 446 418	803 559
Bank overdrafts	2 196 363	0
Total current liabilities	**147 611 844**	**94 200 607**
TOTAL EQUITY AND LIABILITIES	**596 382 647**	**274 634 708**

The financial statements were approved by the Board of Directors on November 10th, 2005 and signed on its behalf by:

Radoslav Zuberec	*George Crystallis*
Director	*Director*

Deloitte.

Deloitte & Touche Limited
Kanika Business Centre
2nd Floor
319, 28th October Street
CY-3105 Limassol, Cyprus

Mail: P.O.Box 58466
CY-3734 Limassol, Cyprus
Tel.: +357 25 86 86 86
Fax: +357 25 86 86 00
infolimassol@deloitte.com
www.deloitte.com/cy

AUDITORS' REPORT TO THE MEMBERS OF
PENTA INVESTMENTS LIMITED
(Renamed to Penta First Fund Limited)

Report on the financial statements

1. We have audited the consolidated financial statements of Penta Investments Limited (the Company) and its subsidiaries (the Group) and the Company's separate financial statements on pages 4 to 50 which comprise the balance sheets of the Group and the Company as at 31 December 2004 and the income statements, statements of changes in equity and cash flow statements of the Group and the Company for the year then ended, and the related notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2. Except as discussed in paragraphs 3,4 and 5 below, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The consolidated operating revenue includes an amount of Euro 4.664.259 derived from the subsidiary company Vinaco Holdings Limited whose main activity is the acquisition and collection of debts. As it is often encountered in business operations of this nature, there was no effective system of control over the collection of debts and consequently over the income, of Vinaco Holdings Limited, on which we could rely for the purpose of our audit and, there were no satisfactory alternative audit procedures that we could adopt to confirm independently the completeness of income.

Deloitte.

4. The consolidated trade debtors include receivables amounting to Euro 2.925.524 derived from the operations of a subsidiary company Vinaco Holdings Limited and represent non-performing loans receivable. The receivable is stated net of provisions for bad debts amounting to Euro 3.828.094, concluded by management based on experience from efforts to collect the debts. As it is often encountered in business operations of this nature, there was no effective system of control over the collection of debtors and the estimation of bad debt provision made.
There were no practical alternative audit procedures that we could apply to confirm the adequacy and accuracy of the provision. As a result, we were not able to verify that trade debtors of Euro 2.925.524 included in the consolidated balance sheet are fairly stated.

5. During 2003, the associated company ZSNP a.s., which in 2004 became a subsidiary, prepared financial statements in accordance with International Financial Reporting Standards for the first time. Due to the fact that no audited balance sheet under IFRS was available at 31 December 2002, the auditors of ZSNP a.s. had a limitation of scope and reported that they were not able to express an opinion on the income statement and cash flow statement for the year ended 31 December 2003. Consequently, the limitation reported by the auditors of ZSNP a.s. may have an effect on the Group's share of profit from the associated company reported in consolidated income statement of 2003 and the recognition of negative goodwill as reported in note 10(b) of the financial statements. With respect to 2004, the remaining negative goodwill of Euro 17.564.543 recognised directly in equity upon application of IFRS 3 on 1st January 2004 might need to be amended had the fair values of net assets acquired in 2003 been different from those recognised in the financial statements as a result of this limitation.

6. In our opinion, except for the effect on the consolidated financial statements of any adjustments that might have been shown to be necessary, had the scope of our work not been limited by the matters referred to in paragraphs 3, 4 and 5, the consolidated and Company financial statements give a true and fair value of the financial position of the Group and the Company as of 31 December 2004 and of the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap.113.

7. Without qualifying our opinion we draw attention to:

   (a) Note 22 to the consolidated financial statements. The consolidated financial statements of the subsidiary company Slovensky investicny holding a.s. – SIH (formerly VSZ akciova spolocnost Kosice), include provisions amounting to Euro 48.226.853, relating to guarantees, contractual issues and litigations. These provisions represent the best estimate made by the directors of SIH group, based on available information, and advice from legal counsel. The final outcome of such matters, depends upon future events which cannot presently be determined. The future settlement of such matters may occur at amounts which may vary significantly from the amount provided for by the directors as at 31 December 2004. Any adjustment to these provisions would enter into the determination of the SIH group's consolidated financial position, results of operations and cash flows. The consolidated income statement of Penta Investments Limited for the year ended 31 December 2004 includes the income recognised in SIH's financial statements amounting to Euro 6.186.085 arising from the reversal of such provisions, which were created in previous years as well as charges of Euro 4.467.007 in respect of additional provisions made during this year.

Audit.Tax.Consulting.Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Deloitte.

(b) Note 8 of the consolidated financial statements, where the investment of the subsidiary company SIH a.s. in an iron processing plant, which is currently under construction in Ukraine, is discussed. This plant was provided to the Company free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 246.8 million (TSKK 10.159.018). From 1992 the SIH Group has incurred additional expenditures on contruction and maintenance of the plant in the amount of Euro24.6 million (TSKK1.010.829) which have been written off. This investment is not recognised in the consolidated financial statements as the management of SIH Group is unable to determine reliably the degree of certainty attaching to the flow of economic benefits from this investment. Additionally, the status of the Group's legal title to these assets is uncertain. The Group is seeking to dispose of its interest in the construction but no solution has yet been finalised, with the Ukrainian and Slovak governments.

(c) Notes 22 and 25(i) to the consolidated financial statements. The subsidiary ZSNP a.s. Group has created provisions of Euro 26.582.818 relating to environmental risks. The provisions represent estimated costs needed for corrective environmental measures. The Group continues to review various other environmental risks and potential changes to environmental laws and regulatory requirements. Estimates of the amount and timing of future costs of environmental remediation are necessarily imprecise because of the continuing evolution of environmental laws and regulatory requirements and the availability and application of technology. Such costs could materially affect the results of the operations in the future years.

(d) Note 25 (viii) to the consolidated financial statements. There is an uncertainty with reference to the tax position of the subsidiary company Waterfall Holding B.V. for the year ended 31 December 2004 regarding the applicability of the participation exemption on the dividends received during the year from its subsidiary Group Severomoravske Vodovody a kanalizace Ostrava a.s. (SmVAK). If the dividends received by Waterfall Holding B.V., which amounted to Euro 70.5 million, are not tax exempt, a corporate income tax liability at the rate of 34.5% on the dividends could arise, ranging from zero to a maximum of approximately Euro 24.3 million.

Deloitte.

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, except that the scope of our work was limited by the matters referred to in paragraphs 3, 4 and 5 above.
- 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 financial statements of the Group and the Company give the information required by the Companies Law, Cap. 113, in the manner so required except for the matters referred to in paragraphs 3, 4 and 5 above.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 10 November 2005

Audit.Tax.Consulting.Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Deloitte.

Deloitte & Touche Limited
Kanika Business Centre
2nd Floor
319, 28th October Street
CY-3105 Limassol, Cyprus

Mail: P.O.Box 58466
CY-3734 Limassol, Cyprus
Tel.: +357 25 86 86 86
Fax: +357 25 86 86 00
infolimassol@deloitte.com
www.deloitte.com/cy

We hereby confirm that the figures presented on pages 38 and 39 and the auditor's report of Penta Investments Limited (renamed to Penta First Fund Limited) on pages 40 to 43 to the Annual Report of Penta Holding Limited, are consistent, in all material respects, with Penta Investments Limited (renamed to Penta First Fund Limited) audited financial statements.

The pages to which reference is made in the auditor's report, are the pages of the original full set of the company's audited financial statements.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 10 November 2005

Audit.Tax.Consulting.Financial Advisory.

Company name	Penta Asset Management Limited
Legal form	Private Company Limited by Shares
Share Capital	CYP 10,000
Number and Class of Shares	10,000 registered, documentary shares
Nominal Value per Share	CYP 1
Principal Activities	Advisory and asset management
Registered Office	319, 28th October Street Kanika Business Center, 2nd Floor Limassol 3105, Cyprus
Date of Incorporation	April 23rd, 1999
Auditor	Deloitte & Touche Limited 319, 28th October Street Kanika Business Center, 2nd Floor Limassol 3105, Cyprus
Directors as of December 31st, 2004	Radoslav Zuberec Panayiotis Anastasiou Nicos-Alecos Nicolaou

Report for the Year 2004

Penta Asset Management served as a general advisor to Penta Investments and its subsidaries for investing into various assets. It collected various financial, legal, analytical and public relations information and advice on potential or on-going projects of its main customer – Penta Investments. The main suppliers of gathered information were both Group's management companies in Slovakia and the Czech Republic – Penta Group and Penta Finance and the Group's analytical company P67. With Penta's deeper penetration into the Slovak and Czech business establishment, the Company also focused more closely on the collection of PR advice to build up the positive image of the Group. The services of outside PR agencies were utilised to address the most relevant issues. Besides its main client - Penta Investments - the Company served several clients outside of the Penta group.

Penta Asset Management also started exploring investment opportunities in order to change its role as solely an advisory company to a more investment-oriented strategy.

Penta Asset Management's revenues in 2004 rose in comparison with the year 2003 to a level of EUR 6.790 million. Profit before tax for the year reached EUR 0.668 million.

Income Statement for the year ended December 31st, 2004
(expressed in Euro)

	2004	2003
	Euro	Euro
Revenue	**6 790 856**	**3 558 634**
Direct operations expenses		
Management fees paid	(4 936 346)	(2 990 460)
	1 854 510	**568 174**
Administrative expenses	(712 281)	(266 461)
Operating profit	**1 142 229**	**301 713**
Financial expense, net	(474 579)	(155 701)
Profit before taxation	**667 650**	**146 012**
Corporation tax	(28 375)	(6 832)
Profit after taxation	**639 275**	**139 180**

Balance Sheet as of December 31st, 2004

(expressed in Euro)

	2004	2003
ASSETS	Euro	Euro
Current assets		
Debtors and prepayments	32 825	15 058
Fellow subsidiary companies	1 261 516	215 561
Related companies	0	500 000
Cash at bank and in hand	105 029	20 413
TOTAL ASSETS	**1 399 370**	**751 032**
EQUITY AND LIABILITIES		
Equity		
Share capital	17 300	17 300
Reserves	908 010	268 735
Total equity	**925 310**	**286 035**
LIABILITIES		
Current liabilities		
Fellow subsidiary companies	349 182	370 410
Other creditors and accruals	104 846	87 630
Corporation tax payable	20 032	6 957
Total current liabilities	**474 060**	**464 997**
TOTAL EQUITY AND LIABILITIES	**1 399 370**	**751 032**

The financial statements were approved by the Board of Directors on October 12nd, 2005 and signed on its behalf by:

Radoslav Zuberec
Director

Panayiotis Anastasiou
Director

Deloitte.

Deloitte & Touche Limited
Kanika Business Centre
2nd Floor
319, 28th October Street
CY-3105 Limassol, Cyprus

Mail: P.O.Box 58466
CY-3734 Limassol, Cyprus
Tel.: +357 25 86 86 86
Fax: +357 25 86 86 00
infolimassol@deloitte.com
www.deloitte.com/cy

AUDITORS' REPORT TO THE MEMBERS OF PENTA ASSET MANAGEMENT LIMITED

Report on the financial statements

1 We have audited the financial statements of Penta Asset Management Limited on pages 4 to 11, which comprise the balance sheet as at 31 December 2004 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and the related notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

3 In our opinion, the financial statements give a true and fair view of the financial position of Penta Asset Management Limited as of 31 December 2004 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Cyprus Companies Law, Cap. 113.

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 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 page 2 is consistent with the financial statements.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 12 October 2005

Audit.Tax.Consulting.Financial Advisory.

Deloitte.

Deloitte & Touche Limited
Kanika Business Centre
2nd Floor
319, 28th October Street
CY-3105 Limassol, Cyprus

Mail: P.O.Box 58466
CY-3734 Limassol, Cyprus
Tel.: +357 25 86 86 86
Fax: +357 25 86 86 00
infolimassol@deloitte.com
www.deloitte.com/cy

We hereby confirm that the figures presented on pages 48 and 49 and auditor's report of Penta Asset Management Limited on page 50 to the Annual Report of Penta Holding Limited, are consistent, in all material respects, with Penta Asset Management Limited audited financial statements.

The pages to which reference is made in the auditor's report, are the pages of the original full set of the company's audited financial statements.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 10 November 2005

Company name	Penta Group, a. s.
Legal form	Joint-Stock Company
Share Capital	SKK 30,300,000
Number and Class of Shares	1,200 registered, documentary shares
Nominal Value per Share	SKK 25,250
Principal Activities	The principal activities of Penta Group, a.s. include the provision of advisory and consultancy services in the areas of business, finance, market research, marketing, in the field of electronic data processing devices and information technology. The company also operates in the areas of leasing and intermediary services, retail and wholesale trade, and the leasing of real estate, machines, equipment and goods.
Registered Office	Križkova 9 811 04 Bratislava The Slovak Republic
Date of Incorporation	March 17th, 1998
Auditor	KPMG Slovensko, spol. s r.o. Mostová 2 811 02 Bratislava The Slovak Republic
Company bodies as of December 31st, 2004	
Board of Directors	Marek Dospiva, Chairman Jaroslav Haščák Jozef Oravkin Martin Kúšik Jozef Špirko Richard Schultz
Supervisory Board	Ingrid Hoferová, Chairwoman Dušan Krahulec Ladislav Janyík

Report for the Year 2004

Operationally, in 2004 the Penta Group continued to provide economic and business consulting to local and international companies, both within and outside Penta holding. The services also included a wide range of administrative support, such as corporate compliance, bookkeeping, public relations, financial management, and database management.

Internally, Penta Group was, due to its expertise, a driving force of the Groups' restructuring efforts, and benchmarking with other private equity management companies in Europe resulted in the introduction of new policies at Penta, such as a new approach to risk management, a stronger motivational system, a stricter emphasis on hands-on approach vis-à-vis our investee companies.

Operating revenues totaled SKK 199.7 million in 2004. The structure of operating revenues has not changed much from the previous year. Approximately 70% of revenues were generated from economic and business consulting relating to projects. A further 15% of revenues accounts for fees from our management of non-performing loan business, and the rest is attributable to the administration services for Penta companies.

The number of employees in Penta Group grew by 17, from 94 to 111 as of the end of 2004, accounting for an 18% year-to-year growth.

Plans for the Year 2005

Implementing all strategic changes following the benchmarking study, Penta Group will move from its current position as a business advisor to the standard role of a management company in a typical private equity corporate setting. This is expected to help bring the efficiency and quality of management services provided to the investee companies to even higher levels.

Consolidated Income statement for the year ended December 31st, 2004
(in TSKK)

	2004	2003
Revenues from services	185 526	127 286
Other revenues	14 165	18 622
Operating revenues	**199 691**	**145 908**
Material and energy consumption	(8 065)	(7 699)
Other services	(70 408)	(59 279)
Personnel expenses	(84 018)	(66 455)
Depreciation and amortisation	(12 260)	(8 614)
Other operarting eypenses/revenues, net	(12 434)	(12 191)
Operating expenses total	**(187 185)**	**(154 238)**
OPERATING PROFIT/(LOSS)	**12 506**	**(8 330)**
Financial expenses/revenues, net	(1 143)	(207)
FINANCIAL PROFIT/(LOSS)	**(1 143)**	**(207)**
PROFIT/(LOSS) before taxation	**11 363**	**(8 537)**
Income tax	(2 833)	38
Deferred tax	0	1 624
NET PROFIT/(LOSS) for the year	**8 530**	**(10 199)**

Consolidated Balance Sheet as of December 31st, 2004
(in TSKK)

	2004	2003
ASSETS		
Tangible assets	27 526	20 440
Intangible assets	5 941	1 984
Deferred taxation	0	751
Non-current assets total	**33 467**	**23 175**
Trade and other receivables	7 955	2 645
Taxation receivables	0	3 918
Bank balances and cash	9 002	16 281
Other current assets	24 510	5 748
Current assets total	**41 467**	**28 592**
ASSETS TOTAL	**74 934**	**51 767**
EQUITY AND LIABILITIES		
Share capital	30 300	30 300
Retained earnings / (accumulated losses)	(2 920)	7 279
Net profit / (loss) for the year	8 530	(10 199)
Equity total	**35 910**	**27 380**
Trade and other payables	31 839	13 004
Deferred tax liability	23	0
Income tax payable	1 536	0
Short-term loans and borrowings	5 626	11 383
Current liabilities total	**39 024**	**24 387**
Liabilities total	**39 024**	**24 387**
EQUITY AND LIABILITIES TOTAL	**74 934**	**51 767**

The financial statements were approved by the Board of Directors on April 20th, 2005 and signed on its behalf by:

Hascák

Jaroslav Haščák
Member of Board of Directors

KPMG

KPMG Slovensko spol. s r.o.
Mostová 2
P.O. Box 7
820 04 Bratislava 24
Slovakia

Telephone +421 2 59984 111
Fax +421 2 59984 222
Internet www.kpmg.sk

Independent Auditors' Report

To the Shareholders and Board of Directors of Penta Group, a.s.:

We have audited the financial statements of Penta Group, a.s. ('the Company') for the year ended 31 December 2004, from which the balance sheet and income statement set out in this annual report were derived, in accordance with International Standards on Auditing. The full financial statements were prepared in accordance with International Financial Reporting Standards. In our report on these financial statements, dated 20 April 2005, we outlined the responsibility of management for the financial statements, our responsibility as auditors and we described the scope of the audit. Our report expressed an unqualified opinion on the full financial statements.

In our opinion the balance sheet and income statement are consistent, in all material respects, with the full financial statements from which they were derived.

For a better understanding of the Company's financial position as at 31 December 2004 and the results of its operations for the year then ended, the balance sheet and income statement should be read in conjunction with the full financial statements.

11 July 2005
Bratislava, Slovak Republic

KPMG Slovensko spol. s r.o.

KPMG Slovensko spol. s r.o.

KPMG Slovensko spol. s r.o., a Slovak limited liability company, is the Slovak member firm of KPMG International, a Swiss cooperative.

Obchodný register Okresného súdu Bratislava I, oddiel Sro, vložka č. 4864/B

Commercial register of District court Bratislava I, section Sro, file No. 4864/B

IČO/Registration number: 31 348 238

Evidenčné číslo licencie auditora: 96

Licence number of statutory auditor: 96

Company name	Penta Finance a.s.
Legal form	Joint-Stock Company
Share Capital	CZK 5,000,000
Number and Class of Shares	50 registered, documentary shares
Nominal Value per Share	CZK 100,000
Principal Activities	The principal activities of Penta Finance a.s. include the provision of entrepreneurial, financial and economic advisory services. The company conducts business also in the areas of real estate, administration and maintenance of real estate, and mediation and marketing activities.
Registered Office	Na Příkopě 15 110 00 Prague 1 The Czech Republic
Date of Incorporation	March 21st, 2001
Auditor	KPMG Česká republika, s.r.o. Pobřežní 1a 186 00 Prague 8 The Czech Republic
Company bodies as of December 31st, 2004	
Board of Directors	Marek Dospiva, Chairman Martin Kúšik Zdeněk Kubát
Supervisory Board	Jaroslav Haščák, Chairman Jozef Oravkin Vladimír Pelán

Report for the Year 2004

Penta Finance, actively participated in perfecting the internal organization procedures during 2004, implementing the Group's unilateral principles of operation for Penta in the Czech Republic.

Penta Finance operations in the Czech Republic mirrored those of its Slovak sister company Penta Group in providing economic and business consulting to companies within the Group and to third parties. The focus on monitoring and investigating investment opportunities remained dominant in 2004. The management of non-performing loans for companies within the Group and third parties also started to play a more essential role.

Operating revenues totaled CZK 56.380 million in 2004, without a change in their structure. 86% of operating revenues was generated from economic and business consulting related to projects. A further 14% of revenues represents fees for the management of non-performing loans portfolios. In comparison to 2003's result of CZK 29.649 million, operating revenues increased by 90%. However, the operating profit declined from CZK 1.030 million in 2003 to CZK 0.286 million in 2004, mainly due to the major expansion that Penta Finance experienced in 2004.

The number of employees in Penta Finance increased from 21 (in 2003) to 32 as of the end of 2004, with a year-to-year growth of 52%.

Plans for the Year 2005

As for the whole Group, 2005 will be a year of implementation of strategic changes. Penta Finance will fall into its role within the Group's implemented private equity model as a standard management company for Penta projects in the Czech Republic.

Income statement for the year ended December 31st, 2004
(in TCZK)

	2004	2003
Operating revenues	**56 380**	**29 649**
Marketing and selling expenses	(27 813)	(13 639)
Personnel expenses	(21 903)	(10 658)
Depreciation and amortisation	(4 023)	(2 753)
Other services	(2 355)	(1 569)
Operating expenses total	**(56 094)**	**(28 619)**
OPERATING PROFIT/(LOSS)	**286**	**1 030**
Financial expenses/revenues, net	(898)	(696)
FINANCIAL PROFIT/(LOSS)	**(898)**	**(696)**
PROFIT/(LOSS) before taxation	**(612)**	**334**
Income tax	544	0
Deferred tax	78	423
NET PROFIT/(LOSS) for the year	**(1 234)**	**(89)**

Balance Sheet prepared as of December 31st, 2004
(in TCZK)

	2004	2003
ASSETS		
Tangible assets	15 704	11 347
Deferred tax	117	195
Long - term deposits	1 629	890
Non-current assets total	**17 450**	**12 432**
Trade and other receivables	10 847	5 493
Short - term loans receivable	300	0
Bank balances and cash	547	2 933
Current assets total	**11 694**	**8 426**
ASSETS TOTAL	**29 144**	**20 858**
EQUITY AND LIABILITIES		
Share capital	5 000	5 000
Retained earnings / (accumulated losses)	(2 369)	(2 280)
Net profit / (loss) for the year	(1 234)	(89)
Equity total	**1 397**	**2 631**
Long - term loans and borrowings	(5 500)	(0)
Non - current liabilities total	**(5 500)**	**(0)**
Trade accounts payable	1 799	653
Interest - bearing loan	14 461	14 461
Other accounts payable	5 987	3 113
Current liabilities total	**22 247**	**18 227**
Liabilities total	**27 747**	**18 227**
EQUITY AND LIABILITIES TOTAL	**29 144**	**20 858**

The financial statements were approved by the Board of Directors on March 25th, 2005 and signed on its behalf by:

Marek Dospiva
Chairman of Board of Directors

KPMG Česká republika, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Česká republika

Telephone +420 222 123 111
Fax +420 222 123 100
Internet www.kpmg.cz

Auditor's report to the shareholder of Penta Finance a.s.

We have audited the financial statements of Penta Finance, a.s. ('the Company') for the year ended 31 December 2004, from which the balance sheet and income statement set out in this annual report were derived, in accordance with International Standards on Auditing. The full financial statements were prepared in accordance with International Financial Reporting Standards. In our report on these financial statements, dated 25 March 2005, we outlined the responsibility of management for the financial statements, our responsibility as auditors and we described the scope of the audit. Our report expressed an unqualified opinion on the full financial statements.

In our opinion, the balance sheet and income statement are consistent, in all material respects, with the full financial statements from which they were derived.

For a better understanding of the Company's financial position as at 31 December 2004 and the results of its operations for the year then ended, the balance sheet and income statement should be read in conjunction with the full financial statements.

28 June 2005

KPMG Česká republika

KPMG Česká republika

KPMG Česká republika, s.r.o., a Czech limited liability company incorporated under the Czech Commercial Code, is a member firm of KPMG International, a Swiss cooperative.

Obchodní rejstřík vedený Městským soudem v Praze oddíl C, vložka 326.

IČ 00553115
DIČ CZ00553115

Živnostenská banka
Praha 1
č.ú./account no.
CZK 40040904/0400
USD 1176210014/0400
EUR 1176210006/0400

Company name	Invest Brokers, o.c.p., a.s.
Legal form	Joint-Stock Company
Share Capital	SKK 35,000,000
Number and Class of Shares	350 registered, book-entered shares
Nominal Value per Share	SKK 100,000
Principal Activities	The principal activities of Invest Brokers, o.c.p., a.s. include the provision of basic and ancillary investment services pursuant to the Securities Act and consultancy activities in matters related to investing in investment instruments.
Registered Office	Križkova 9 811 04 Bratislava The Slovak Republic
Date of Incorporation	January 12nd, 1996
Auditor	BMB Leitner Bratislava, s.r.o. Kapucínska 7 811 03 Bratislava The Slovak Republic
Company bodies as of December 31st, 2004	
Board of Directors	Jozef Oravkin, Chairman Alena Vyskočilová Lucia Toperczerová
Supervisory Board	Peter Benedikt Denisa Schultzová Iveta Kuglerová

Report for the Year 2004

The company has been a licensed securities broker since 2002, and it provides securities-related services to companies in Penta holding. It has a minimal number of clients outside Penta holding, as it was established with the vision of being a captive securities broker, whose mission is to facilitate the trade of securities arising from Penta's projects in a most efficient and comfortable manner.

Invest Brokers's core business remained securities brokering, along with securities trades on the companies' own account. In 2004, the company also introduced a new product - securities depositing.

The total volume of trades in securities reached SKK 1.27 billion, out of which SKK 848 million accounted for a single repo trade with Inžinierske Stavby shares. The largest client by volume remained Penta Investments Limited, with securities worth a total of SKK 154 million traded. Volumes continue decreasing from year to year. The reason behind this is the decline in titles at the Slovak securities exchange, along with a change in the projects entered into by Penta, the principal client. The operating profits of Invest Brokers accounted for less and less of the overall profits of the company. The company ended 2004 with a before-tax profit of SKK 1.9 million.

Plans for the Year 2005

Invest Brokers is facing a difficult year. There are a limited number of projects within Penta holding it will participate in. Unless there are some non-core but profitable projects, the company may end the year in the red. During the year, the question will have to be answered, whether the strategic focus of the company will change or if the company will be discontinued.

Income statement for the year ended December 31st, 2004
(in TSKK)

	2004	2003
Operating revenues	**1 814**	**4 394**
Other services	(4 668)	(5 696)
Personnel expenses	(3 628)	(3 528)
Variation in operating provisions	3	13 303
Other operating expenses / revenues (net)	(49)	(878)
Operating expenses total	**(8 342)**	**3 201**
OPERATING PROFIT/(LOSS)	**(6 528)**	**7 595**
Sale and revaluation of securities (net)	1 380	1 399
Interest revenues	12 316	3 869
Interest expenses	(5 478)	(72)
Exchange gains	0	2
Exchange losses	(4)	(5)
Revenues from financial assets	4	220
Other financial expenses/revenues (net)	231	(9 749)
FINANCIAL PROFIT/(LOSS)	**8 449**	**(4 336)**
PROFIT/(LOSS) before taxation	**1 921**	**3 259**
Income tax	(698)	(802)
Deferred tax	587	(587)
NET PROFIT/(LOSS) for the year	**1 810**	**1 870**

Balance Sheet as of December 31st, 2004
(in TSKK)

	2004	2003
ASSETS		
Financial investments	3	3
Non-current assets total	**3**	**3**
Trade and other receivables	8 237	37 591
Marketable securities	21 058	12 792
Bank balances and cash	21 408	790
Other current assets	89	133
Current assets total	**50 792**	**51 306**
ASSETS TOTAL	**50 795**	**51 309**
EQUITY AND LIABILITIES		
Share capital	35 000	35 000
Capital funds	23	23
Reserves	1 364	1 179
Retained earnings / (accumulated losses)	9 996	8 311
Net profit / (loss) for the year	1 810	1 870
Equity total	**48 193**	**46 383**
Long - term loans and borrowings	709	627
Deferred tax liability	0	587
Non - current liabilities total	**709**	**1 214**
Trade and other payables	849	2 136
Tax payables	99	735
Other current liabilities	945	841
Current liabilities total	**1 893**	**3 712**
Liabilities total	**2 602**	**4 926**
EQUITY AND LIABILITIES TOTAL	**50 795**	**51 309**

The financial statements were approved by the Board of Directors on February 2nd, 2005 and signed on its behalf by:

Lucia Toperczerová
Member of Board of Directors

Alena Vyskočilová
Member of Board of Directors

INDEPENDENT AUDITOR´S REPORT

To the Shareholders and the Board of
INVEST BROKERS, o.c.p., a.s.:

We have audited the financial statements of the company INVEST BROKERS, o.c.p., a.s. for the year ended 31 December 2004, from which the summarised financial statements set out in this annual report were derived, in accordance with International Standards on Auditing. The full financial statements were prepared in accordance with International Financial Reporting Standards. In our report dated 2 February 2005 we expressed an opinion that the financial statements from which the summarised financial statements were derived gave a true and fair view in all material respects. In our report we also draw attention to the fact, that the current tax legislation applicable in Slovakia in relation to some of the company's activities can be interpreted differently and could give rise to contingent liabilities which could not be objectively quantified at the date of auditor´s report.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived and on which we expressed unqualified opinion.

For a better understanding of the Company's financial position at 31 December 2004 and the results of its operations for the year then ended and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.

Slovenská komora audítorov
SKAU
Č. licencie 245
BMB LEITNER BRATISLAVA, s.r.o.

BMB Leitner Bratislava, s.r.o.
Kapucínska 7, 814 99 Bratislava, Slovenská republika

June 21, 2005

Company name	Penta REALITY, a.s.
Legal form	Joint-Stock Company
Share Capital	SKK 40,000,000
Number and Class of Shares	1,060 registered, documentary shares
Nominal Value per Share	SKK 25,000
Principal Activities	The principal activities of Penta REALITY, a.s. include real estate brokerage and leasing. The company conducts business also in the area of real estate with its own or hired assets (real estate lease, procurement services and real estate management). The company also provides intermediary activities and geodetic and cartographic work.
Registered Office	Križkova 9 811 04 Bratislava The Slovak Republic
Date of Incorporation	May 1st, 1992
Auditor	DPF, spol. s r.o. Uhrova 18 831 01 Bratislava The Slovak Republic
Company bodies	
Board of Directors as of December 31st, 2004	Lucia Toperczerová, Chairwoman Pavol Bachar Dušan Krahulec
Board of Directors as of November 10th, 2005	Lucia Toperczerová, Chairwoman Pavol Bachar Ingrid Hoferová
Supervisory Board as of December 31st, 2004	Richard Schultz, Chairman Martin Kúšik Vladimír Škrovan

Report for the Year 2004

Penta REALITY, a.s. has a role in the holding of consulting agent in the field of real estate.

In 2004, Penta REALITY continued in its main course of business, including real estate brokerage and property valuations. Projects of Penta generated a steady flow of orders, which prevented Penta REALITY from providing services to virtually any entity outside Penta holding. The company engaged in 25 projects of Penta and conducted 8 of its own projects in 2004.

The company is the owner of the building in which the Slovak companies of Penta Holding reside. In 2004, the company leased the premises to both Penta and third-party lessees. 65% of the company's revenues in 2004 arose from the lease of the premises, 15% from real estate consulting. Commissions from real estate brokerage accounted for approximately 5% of total revenues. The remaining revenues in 2004 arose from one-off sales of redundant assets. Penta REALITY ended 2004 with 7 employees, with no changes in staff during the year.

Plans for the Year 2005

In 2005, Penta REALITY will transfer all its employees to Penta Group, in order to be able to cooperate even closer with project managers on real-estate-related projects. The Company will remain in the real estate management business and will focus on improving the standard of leased premises to its clients. Penta REALITY's expertise will be also widely used in our new plan to expand into the real estate development business in 2005.

Income statement for the year ended December 31st, 2004
(in TSKK)

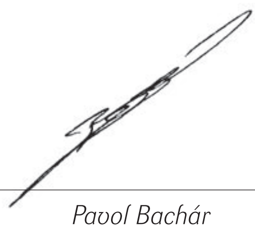
	2004	2003
Operating revenues	**31 025**	**27 743**
Material and energy consumption	(1 400)	(1 756)
Other services	(10 129)	(8 598)
Personnel expenses	(4 962)	(3 567)
Depreciation and amortisation	(9 050)	(6 170)
Other operating expenses / revenues (net)	445	(614)
Operating expenses total	**(25 096)**	**(20 705)**
OPERATING PROFIT/(LOSS)	**5 929**	**7 038**
Interest revenues	0	609
Interest expenses	0	(7 454)
Other financial expenses (net)	(7 039)	(3)
FINANCIAL PROFIT/(LOSS)	**(7 039)**	**(6 848)**
PROFIT/(LOSS) before taxation	**(1 110)**	**190**
Income tax	(218)	(424)
Deferred tax	(20)	25
NET PROFIT/(LOSS) for the year	**(1 348)**	**(209)**

Balance Sheet as of December 31st, 2004
(in TSKK)

	2004	2003
ASSETS		
Tangible assets	152 472	162 826
Other assets	271	396
Non-current assets total	**152 743**	**163 222**
Trade and other receivables	10 370	2 559
Bank balances and cash	2 086	44 733
Other current assets	58	210
Current assets total	**12 514**	**47 502**
ASSETS TOTAL	**165 257**	**210 724**
EQUITY AND LIABILITIES		
Share capital	40 000	40 000
Capital funds	529	529
Revaluation reserve	56 272	58 475
Retained earnings / (accumulated losses)	(86)	(2 525)
Net profit / (loss) for the year	(1 348)	(209)
Equity total	**95 367**	**96 270**
Long - term loans and borrowings	50 920	54 733
Deferred tax liability	13 136	13 561
Non - current liabilities total	**64 056**	**68 294**
Trade and other payables	3 510	43 068
Tax payables	855	795
Other current liabilities	1 469	2 297
Current liabilities total	**5 834**	**46 160**
Liabilities total	**69 890**	**114 454**
EQUITY AND LIABILITIES TOTAL	**165 257**	**210 724**

The financial statements were approved by the Board of Directors on April 21st, 2005 and signed on it's behalf by:

Dušan Krahulec
Member of Board of Directors



Pavol Bachár
Member of Board of Directors

INDEPENDENT AUDITOR´S REPORT

To the Shareholders and the Board of Penta REALITY, a. s.

We have audited the financial statements of the company Penta REALITY, a. s. for the year ended 31 December 2004, from which the summarised financial statements set out in this annual report were derived, in accordance with International Standards on Auditing. The full financial statements were prepared in accordance with International Financial Reporting Standards. In our report dated 22 April 2005 we expressed an opinion that the financial statements from which the summarised financial statements were derived gave a true and fair view in all material respects.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived and on which we expressed unqualified opinion.

For a better understanding of the Company´s financial position at 31 December 2004 and the results of its operations for the year then ended and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.

D.P.F., spol. s r. o.
Uhrova 18, 831 01 Bratislava
Licence SKAU 140

7 July, 2005

Company name	P67 value, spoločnosť s ručením obmedzeným
Legal form	Limited Liability Company
Registered Capital	SKK 5,000,000
Principal Activities	Consultancy services, economic analyses of companies, macro-economic analyses, publishing of periodical and non-periodical publications, automated data processing.
Registered Office	Križkova 9 811 04 Bratislava The Slovak Republic
Date of Incorporation	August 4th, 1994
Auditor	DPF, spol. s r.o. Uhrová 18 831 01 Bratislava The Slovak Republic
Company bodies as of December 31st, 2004	
Executives	Peter Benedikt Ingrid Hoferová

Report for the Year 2004

Being the Group's analytical mind, P67 value's role in the global corporate structure of Penta holding is to provide sophisticated analytical skills to our projects. Investment analysts team up with project staff and follow the project all the way from its arrival at the pipeline to its successful closure.

During the re-engineering effort within the Group, it was considered whether P67 value should continue existing as a separate company or be merged with Penta Group. During the year, 5 departments were created within the company: Radar, Data Mining, Valuations, Macro-analysis, and Strategic Consulting. As in 2004, when all three countries (Cyprus, the Czech Republic and Slovakia) joined the European Union, a temporary department dedicated to the European Union was organized within P67 value.

The focus during the year was on setting up and running the new departments. It was the investment valuations, however, which continued to generate a substantial portion of the revenues. Revenues in 2004 almost doubled from the previous year, reaching SKK 29 million. The company practically ceased providing analytical services to third-party clients; however, it derived a part of its revenues from third parties for European-Union-related services.

At the end of 2004, the Company had 21 employees, up from 12 at the beginning of the year. All but one is professional staff – analysts of various levels of seniority.

Plans for the Year 2005

The head of the investment analysts in the company has been assigned to Penta Group to develop and start up the new department of Investment Risks. The company will continue its activities under a new director. The major task for 2005 is to develop a continuing training program for the company's most valuable assets – its employees. A sound foundation should be set up for the sector specialization of the analysts.

Income statement for the year ended December 31st, 2004

(in TSKK), prepared on the basis of Slovak Accounting Rules

	2004	2003
Operating revenues	**28 977**	**15 061**
Material and energy consumption	(750)	(382)
Other services	(9 257)	(6 057)
Personnel expenses	(16 758)	(8 713)
Depreciation and amortisation	(121)	(111)
Variation in operating provisions	15	23
Other operating revenues/expenses (net)	(238)	(242)
Operating expenses total	**(27 109)**	**(15 482)**
OPERATING PROFIT/(LOSS)	**1 868**	**(421)**
Financial revenues	23	127
Financial expenses	(315)	(129)
FINANCIAL PROFIT/(LOSS)	**(292)**	**(2)**
PROFIT/(LOSS) before taxation	**1 576**	**(423)**
Income tax	(305)	(6)
NET PROFIT/(LOSS) for the year	**1 271**	**(429)**

Balance Sheet prepared as of December 31st, 2004

(in TSKK), prepared on the basis of Slovak Accounting Rules

	2004	2003
ASSETS		
Tangible assets	523	113
Non-current assets total	**523**	**113**
Trade and other receivables	6 130	276
Bank balances and cash	4 090	901
Other current assets	2 934	13
Current assets total	**13 154**	**1 190**
ASSETS TOTAL	**13 677**	**1 303**
EQUITY AND LIABILITIES		
Share capital	5 000	300
Capital funds	17	17
Funds from net profit	0	9
Reserves	845	416
Retained earnings / (accumulated losses)	(255)	165
Net profit / (loss) for the year	1 271	(429)
Equity total	**6 878**	**478**
Long - term loans	0	(0)
Other liabilities	35	12
Non - current liabilities total	**35**	**12**
Trade and other payables	5 898	660
Tax payables	862	153
Other current liabilities	4	0
Current liabilities total	**6 764**	**813**
Liabilities total	**6 799**	**825**
EQUITY AND LIABILITIES TOTAL	**13 677**	**1 303**

The financial statements were approved by the statutory body on March 2nd, 2005 and signed on its behalf by:

Peter Benedikt
Member of statutory body

INDEPENDENT AUDITOR´S REPORT

To the Shareholders of P 67 value, s.r.o.

We have audited the financial statements of the company P 67 value, s.r.o. for the year ended 31 December 2004, from which the summarised financial statements set out in this annual report were derived, in accordance with International Standards on Auditing. The full financial statements were prepared in accordance with the Slovak Act on Accounting. In our report dated 17 April 2005 we expressed an opinion that the financial statements from which the summarised financial statements were derived gave a true and fair view in all material respects.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived and on which we expressed unqualified opinion.

For a better understanding of the Company´s financial position at 31 December 2004 and the results of its operations for the year then ended and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.

D.P.F., spol. s r. o.
Uhrova 18, 831 01 Bratislava
Licence SKAU 140

7 July, 2005

Strategic Investments

Severomoravské vodovody a kanalizace Ostrava, a. s.

STRATEGIC INVESTMENT

EUR 101,000,000

2004

Czech Republic

Utilities;
share in the registered capital: 98.47 %

Paroplynový cyklus, a. s. Bratislava

STRATEGIC INVESTMENT

EUR 48,900,000

2004

Slovak Republic

Energy Sector;
share in the registered capital: 90 %

Restructuring

VSŽ, akciová spoločnosť Košice

RESTRUCTURING

EUR 105,000,000

2002

Slovak Republic

Steel Industry;
share in the registered capital: 95 %

Fortuna, a. s.

RESTRUCTURING

100 %

2005

Czech Republic

Entertainment Industry;
share in the registred capital: 100 %

ZSNP, a. s.

RESTRUCTURING

EUR 16,940,000

2002

Slovak Republic

Metallurgical and Engineering Industries;
share in the registered capital: 76.03 %

OZETA NEO, a. s.

RESTRUCTURING

EUR 6,900,000

2003

Slovak Republic

Textile Industry;
share in the registered capital: 100 %

Restructuring

Česká lékárna, a.s.

Česká lékárna, a. s.
RESTRUCTURING
EUR 5,100,000
2004
Czech Republic
Retail Chain of Pharmacies;
share in the registered capital: 50 %

AVC

AVC, a. s.
RESTRUCTURING
EUR 3,000,000
2004
Slovak Republic
Automotive Industry;
share in the registered capital: 51 %

Arbitrages

VÚB KUPÓN

VÚB Kupón
ARBITRAGE
EUR 161,800,000
1997
Slovak Republic
Privatization Investment Fund

SLOVENSKÁ POISŤOVŇA

Slovenská poisťovňa, a. s.
ARBITRAGE
EUR 51,400,000
1999
Slovak Republic
Insurance Business;
share in the registered capital: 25.7 %

Slovnaft

Slovnaft, a. s.
ARBITRAGE
EUR 10,900,000
2001
Slovak Republic
Petrochemical Industry;
share in the registered capital: 13.54 %

RIF

Reštitučný investičný fond, a. s.
ARBITRAGE
EUR 7,500,000
2001
Slovak Republic
Arbitration; share in the registered capital: 17.62 %;
project implementation date: 2001 - 2002

Arbitrages

Tento, a. s.
ARBITRAGE
EUR 7,200,000
2003
Slovak Republic
Paper Industry;
share in the registered capital: 19.74 %

Novoker, a. s.
ARBITRAGE
EUR 2,000,000
1999
Slovak Republic
Ceramics Industry;
share in the registered capital: 26.74 %

Non-Performing Loans

Česká konsolidační agentura
NON-PERFORMING LOANS
EUR 40,000,000
2003
Czech Republic
Receivable administration jointly with CSFB and PPF;
nominal value of receicvables: CZK 62 billion

SLOVENSKÁ KONSOLIDAČNÁ, a. s.
VVK I
NON-PERFORMING LOANS
EUR 10,400,000
2001
Slovak Republic
Aquisition and Collection of Non-performing loans together with CSFB;
nominal value of NPLs 304 mil. EUR; Acquisition 2001; Collection 2001 - 2005 (expected)

SLOVENSKÁ KONSOLIDAČNÁ, a. s.
VVK II
NON-PERFORMING LOANS
EUR 13,200,000
2002
Slovak Republic
Aquisition and Collection of Non-performing loans together with CSFB;
nominal value of NPLs 69.5 mil. EUR; Acquisition 2002; Collection 2002 - 2004

SLOVENSKÁ KONSOLIDAČNÁ, a. s.
VVK III
NON-PERFORMING LOANS
EUR 325,000
2002
Slovak Republic
Aquisition and Collection of Non-performing loans together with CSFB;
nominal value of NPLs 2.7 mil. EUR; Acquisition 2002; Collection 2002 - 2005 (expected)

Others

Sazka, a. s.

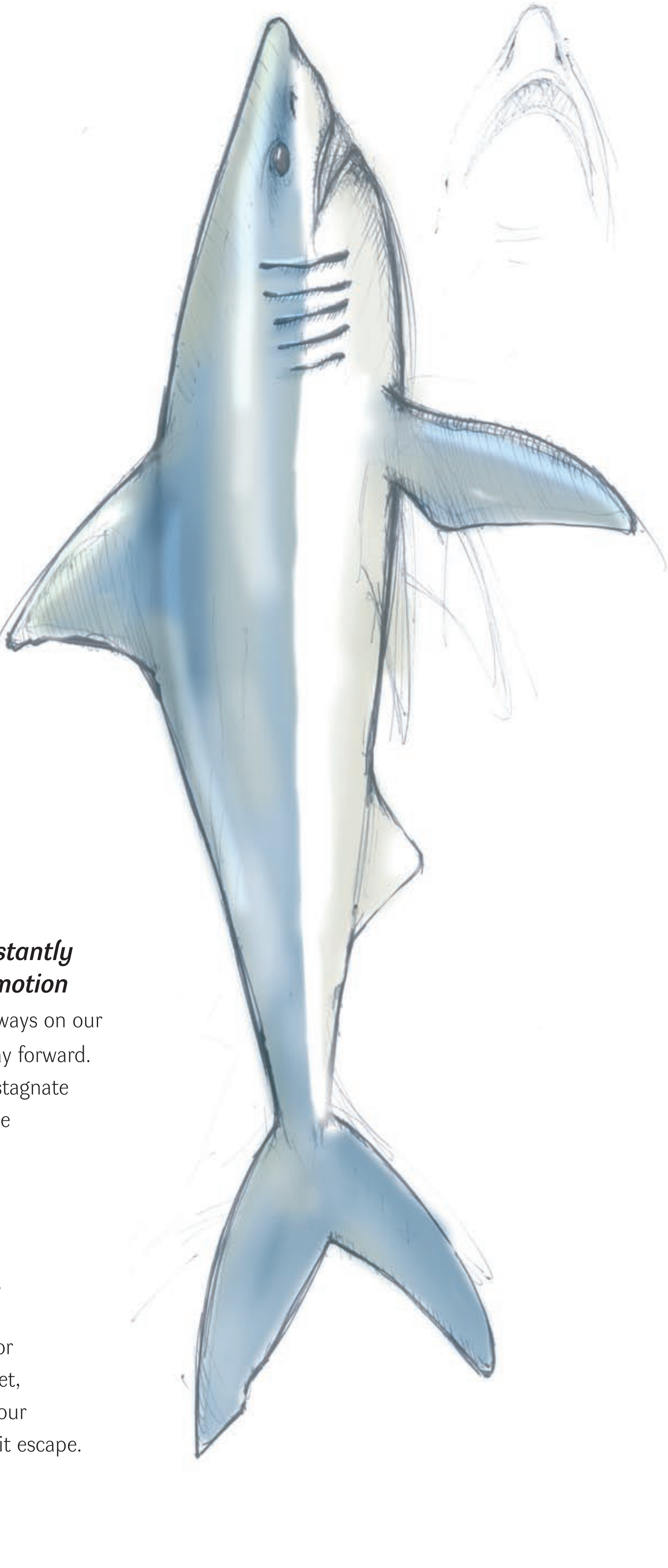
AMORTIZING BONDS

EUR 175,000,000

2004

Czech Republic

CSFB Lead Manager; Penta Finance Advisor;
Issue date 5 May 2004; 7.375 % amortizing bonds due 2004



Constantly in motion

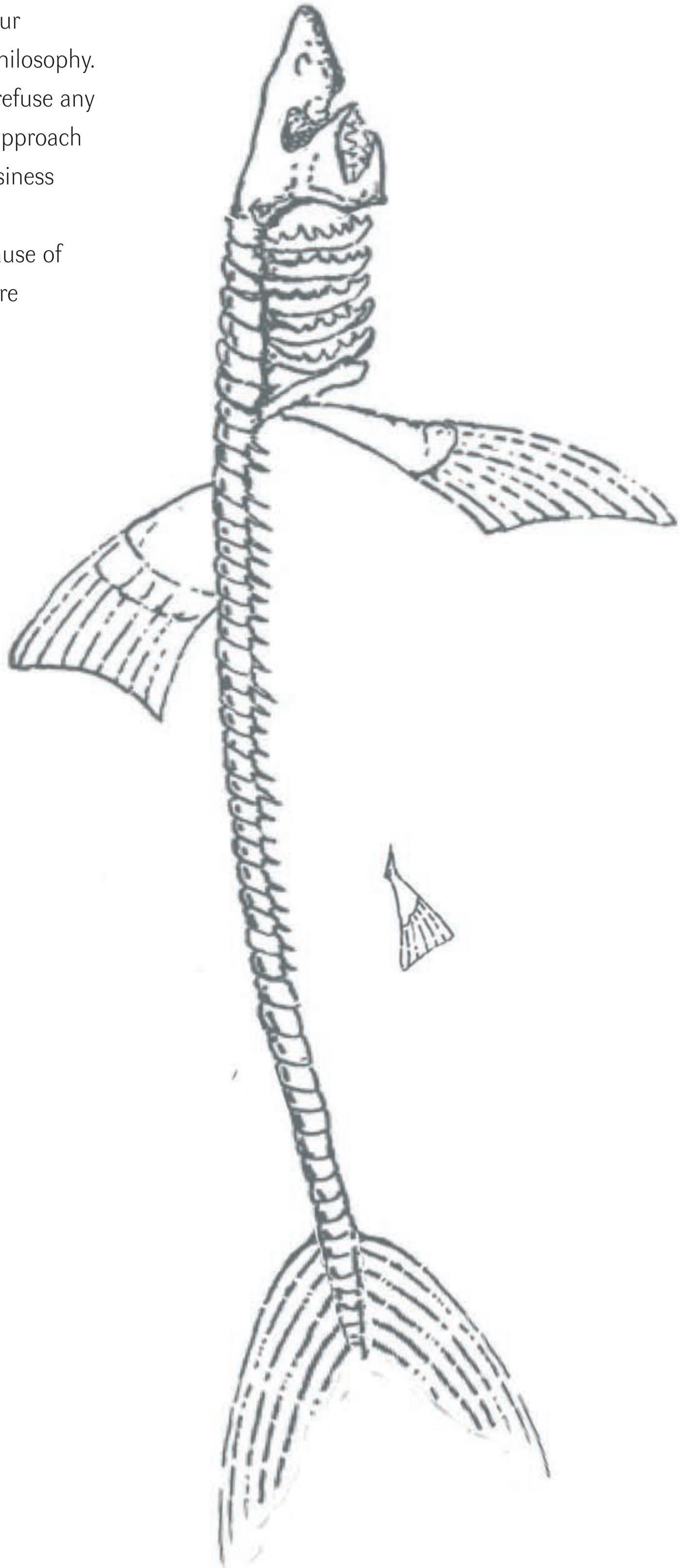
Always on our way forward. To stagnate would be a fatal mistake for our business. Quick, calculated and uncompromising, we aim for our target. Whether in the stormy or calm waters of the market, we are the first to sense our chance and we won‘t let it escape.

The Brain and heart

We are successful because we do not break the rules of a fair game. This is evoked by all of our senses. We can see what others can't even anticipate. We can sense a business opportunity from great distances. We don't just rely on our five senses but also in murky waters we get navigated by the sixth one. This is why we are always one step ahead.

The Skeleton

The respect of our
competitors is
imbedded in our
companies philosophy.
We utterly refuse any
spineless approach
to our business
partners.
And because of
this we are
a healthy
company
which
does
not
lack in
strength.



Publisher Penta Holding Ltd.
Graphic design and production Adolf Zika, Michal Pavlík, AETNA spol. s r. o.