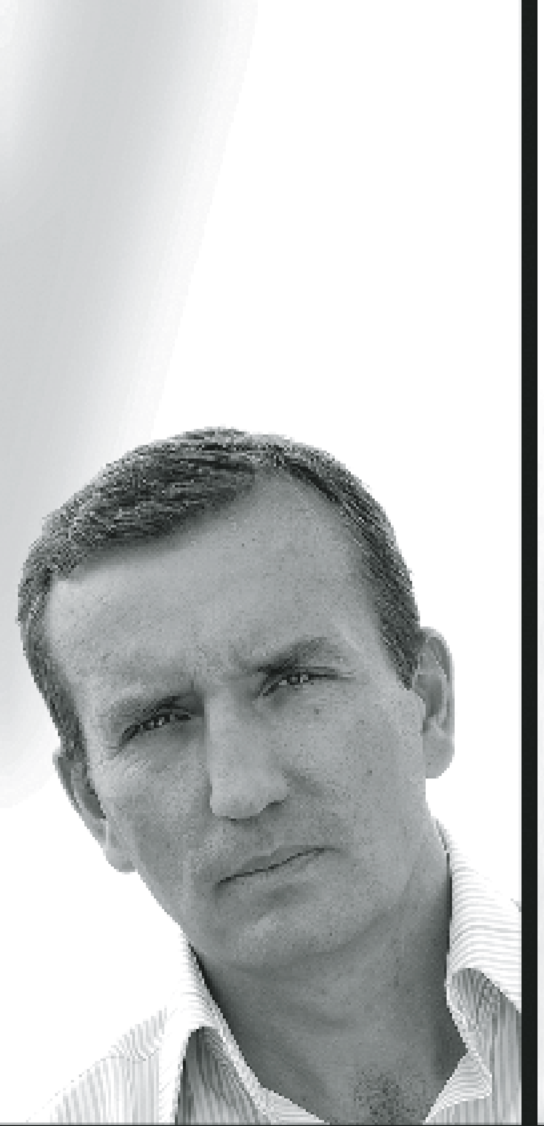
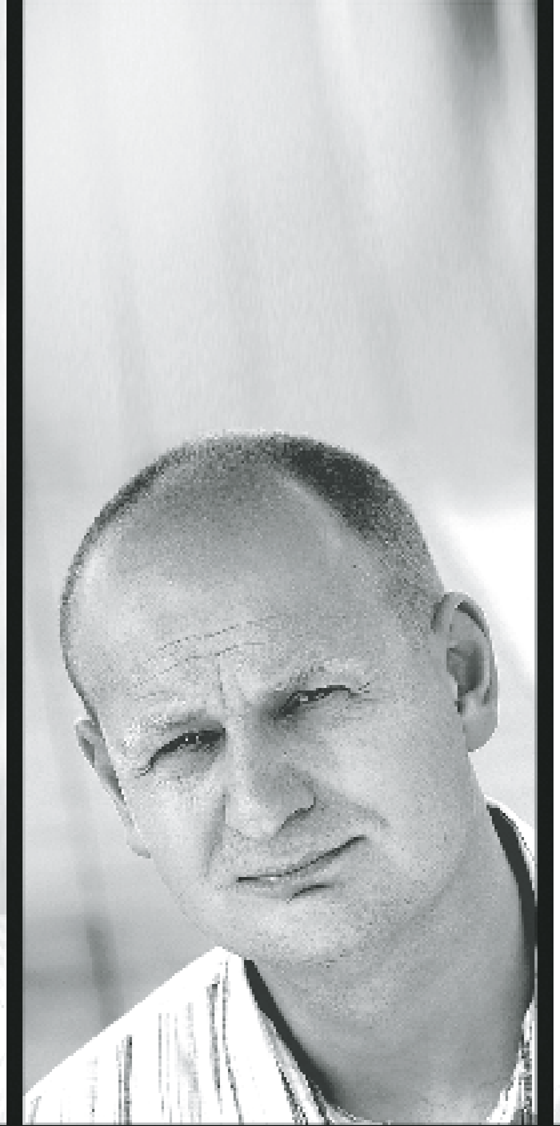
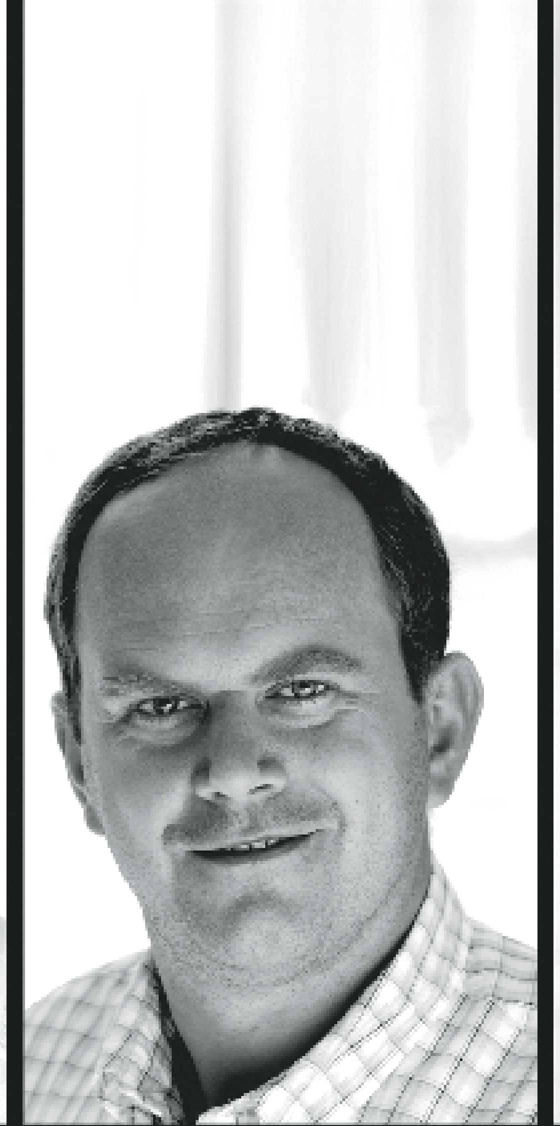
PENTA
HOLDING


Penta Holding
Annual Report 2005








Marek Dospiva
Partner

Jaroslav Haščák
Partner

Martin Kúšik
Partner

Jozef Oravkin
Partner

Jozef Špirko
Partner

Radoslav Zuberec
Managing Director

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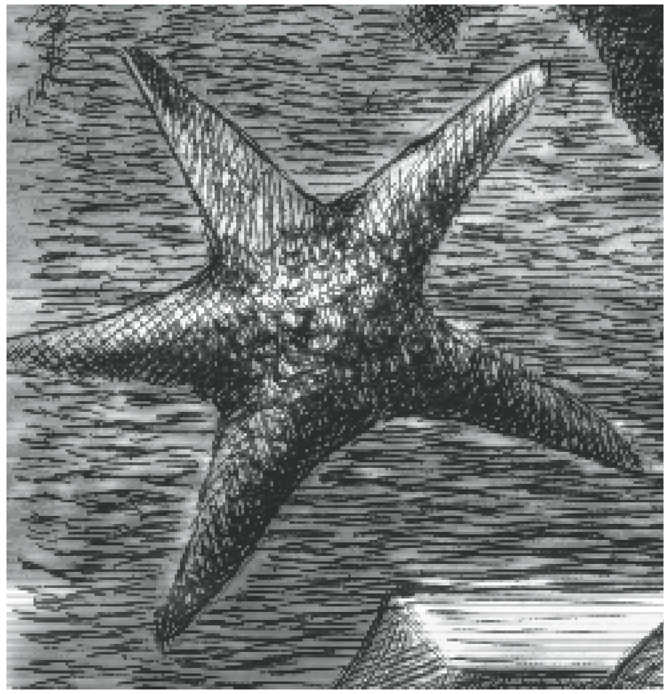


The interests of the company stretch in all directions.

Dear Shareholders and Business Partners,

The time has come once again for closing another year of our business endeavors – the year 2005. In analyzing the achievements in 2005, I take great pleasure in presenting you a highly-matured Group, confidently pursuing its stated goals.

The business year 2005, which I am presenting you here, fulfilled everything you would expect from us as a private-equity standard bearer in our home territories - spectacular buy-outs, sales, public tenders which were highly acclaimed in the media, breaking taboos in the sacred health-care sector by private investment in health insurance companies, creating a network of pharmacies and first-aid ambulances. Though always in the spotlight, we did not neglect our daily work of restructuring our previously-acquired and highly valuable assets, either as the Group's strategic investments or under preparation for sale to a potential strategic investor. Strong cash returns also continued to flow from recoveries of substantial amounts from Group's non-performing loans portfolio. 2005 confirmed the correct orientation on strategic investments in identified sectors, based on our careful internal strategic project planning and analyzing of global trends, as previously profitable rapid deals became scarce.

The chartered waters of Slovakia and the Czech Republic were definitely enhanced by advancing to Poland, where the Group invested into an odds-betting operation and also pharmacy networks. Plans and analyses are under careful preparation for entering into Russia, Ukraine and the Balkan countries. Penta has made its first serious steps on the way to transforming itself into a regional player in Central Europe, and also in wider Eastern Europe.

The backbone of such wide-scale activities and expansion would not be possible if it were not for good relations and cooperation with our co-investors, and financial backing by the first-class banking institutions of Credit Suisse and Citibank.

In 2005, Penta finalized its process of internal reorganization, which it started in 2003 when it became necessary to adjust its structure to widely adopted private-equity standards, which would correspond with new EU conditions and the changed business environment. The efforts of internal teams combined with the expertise of external advisors from KPMG (London) and the Boston Consulting Group (Prague) materialized with full implementation of the private-equity model on all levels of the Group in June 2005. Wide-scale reorganization was accompanied by creating new companies within the Group. The newly-established Penta Investments Limited took over the name of its predecessor (currently Penta First Fund Limited), its assets and liabilities and from day one started to operate under the new model of standard closed-end private-equity fund. On the regional level in the Slovak Republic and the Czech Republic, newly-established Penta Investments, a.s. (Slovakia) and Penta Investments, a.s. (the Czech Republic) took over the roles of Penta Group, a.s. and Penta Finance, a.s., again in line with the new model of management companies managing the assets of Penta Investments Limited and with the best practices of the private-equity industry.

Through its engagement and participation in bold public tenders, Penta has gained a public image as a venture capitalist which does not miss a chance to make a profit; whether in its engagement in the Slovak health-care sector or the privatization of Bratislava and Košice airports, won later by the TWO ONE consortium where Penta held a 33% stake and which became the topic of heated political discussion. Despite this environment, we strongly believe that even investing in companies with difficulties can prove rewarding for all parties concerned, through the adoption of modern business practices which will also guarantee the future of the companies concerned.

Penta has a great social responsibility and actively supports many social and youth programs. Penta's name is highly visible at many cultural events, where it is often the main sponsor, thus enhancing the Group's image.

I would like to express my acknowledgment to the whole Penta crew, who always face new challenges in an optimistic fashion, embrace both social responsibility and profit maximalization, and look forward to its continuing progress.
I also have the honor of thanking all of our business partners for sharing a passion for the creation of new business opportunities, and their valued support.

Radoslav Zuberec
Managing Director

Our Profile

We are in constant evolution, we grow, but we maintain our shape.

Private - Equity Group PENTA

Penta is a private-equity group conducting its business on the markets of Central Europe. It improves the efficiency of its investee companies and prepares them for sale to strategic investors.

Who We Are

Penta is a Group active in the private-equity business with a focus on the acquisition of small and medium-size companies, followed by their restructuring and increasing of their value. In the past, the Penta group was involved in several arbitrage projects; and from 2001 to 2004, Penta was one of the most important investors in the non-performing loans market. Starting its business in Slovakia and the Czech Republic, Penta continuously began to expand into neighboring markets in Central Europe over the past two years.

The Group's consolidated total equity based on IFRS amounted to EUR 295 million and the consolidated assets under its management reached EUR 860 million. Penta employs over 12,5 thousand people in the Czech Republic, Slovakia and Poland, and provides services to almost 2 million customers on a daily basis.

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

History

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

In the following years, Penta ventured into the arbitration projects by participating in such important Slovak companies as Slovenská poisťovňa (insurance), SLOVNAFT (refinery), Drôtovňa Hlohovec (mechanical engineering), Slovenská plavba a prístavy (shipping), VSŽ (a former steel mill, currently under the name of Slovenské investičné družstvo), ZSNP (aluminum processing), Paroplynový cyklus Bratislava (energy industry) and DÔVERA and SIDÉRIA (health insurance). Penta's Czech projects include full engagement in Severomoravské vodovody a kanalizace Ostrava (utilities) and Adast Adamov (engineering). Recently, new CEE networks in the pharmacy business and odds betting has been established.

Penta's Projects

A typical Penta project ends with an exit by way of sale to strategic investor, usually in a time horizon of 3 to 5 years from acquisition. Having no industry preferences, Penta invests into any sectors fulfilling 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 underwent the process of an internal reorganization in 2004 - 2005, in order to be able to adopt the best practices of the private-equity sector; however, Penta is not a typical private-equity group. It differs from typical private-equity groups in the following aspects:

- Penta does not invest third parties' funds
- Penta does not open its "fund" on a periodic basis
- Penta outsources minimum support services
- Penta principle of applying a hands-on approach in its relations with investee companies (it actively participates in the management of controlled companies).

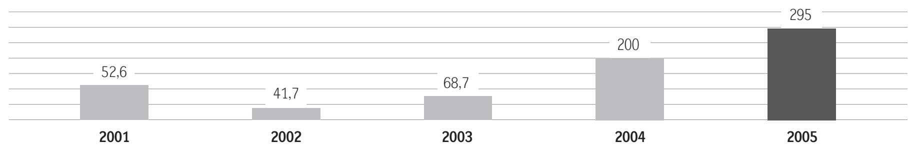
The corporate organizational structure resembles the arrangement of a typical private-equity group.

Penta and Philantropy

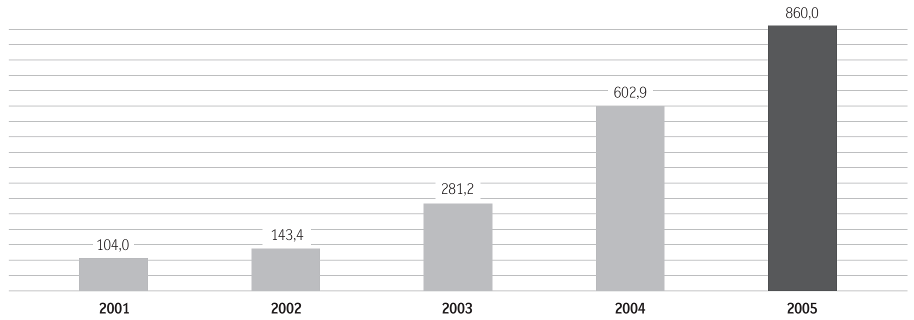
In 2002 Penta established the Penta Foundation, whose primary aim is to support educational activities. In addition to being the general sponsor of a project supporting highly gifted children, the Foundation supports university students by presenting the Penta Award for Academic Excellence to students of several universities. The Foundation also provides an umbrella to all charitable and sponsorship engagements of the Group, including education, health care, fine arts, sports, etc.

Financial Highlights

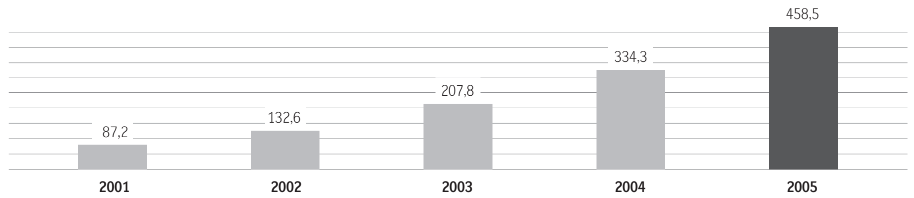
Total Equity (in €m)



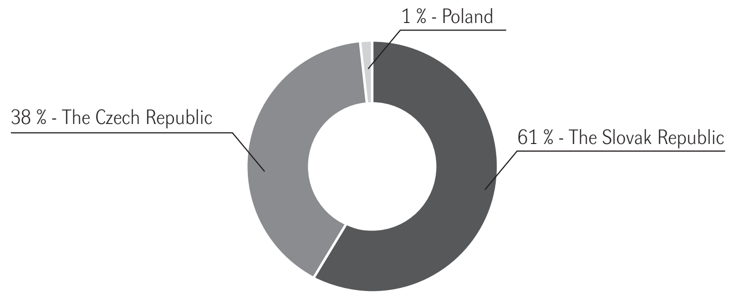
Total Assets (in €m)



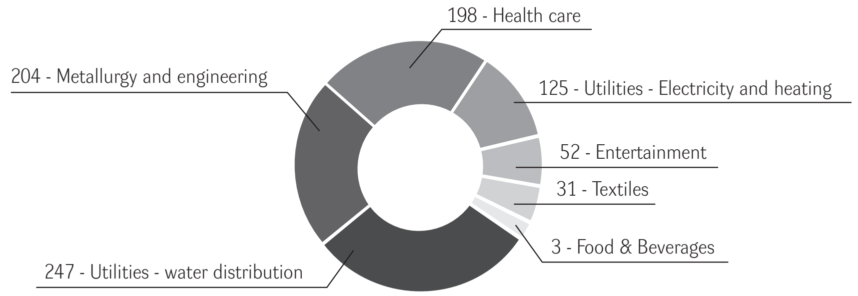
Total Equity Based on Internal Valuation (in €m)



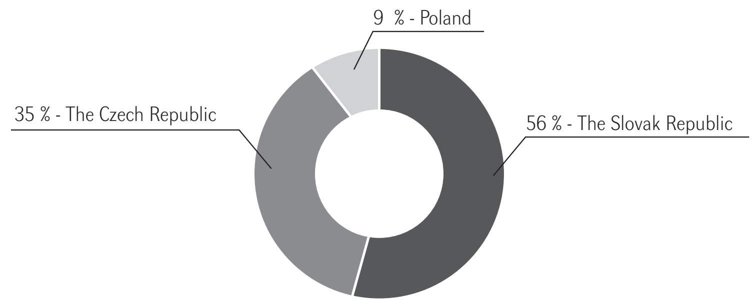
Assets by countries (in %)



Assets by industries (in €m)



12.500 Employees



Penta's Current Key Projects

Central Europe networks

Odds Betting Network
150.000 customers served daily;
EUR 195.000.000 annual revenues;
involved in the project: since 2004

FORTUNA sázková kancelář, a.s. (FORTUNA)
Total stake of 100%
With 2005 annual revenues amounting to EUR 100 million, Fortuna occupies the second place in the betting market in the Czech Republic. It is composed of a chain of 620 branches, including 170 sport bars where betting fans gather.
90.000 clients visit Fortuna branches every day. The target is to strengthen the perception of the Fortuna brand as the best-quality betting shop in the Czech Republic.

TERNO, a.s. (TERNO)
Total stake of 100%
The third-largest Slovak betting company, which has a 20% market share with its annual turnover of EUR 45 million. Terno's chain of 260 branches is visited daily by 40.000 clients.

Profesjonal Sp., z o.o. (Profesjonal)
Total stake of 33%
The largest betting shop in Poland, with a market share of around 35%. It operates a chain of 305 branches and its last year's turnover amounted to EUR 50 million. Penta plans a dynamic expansion of new branches, and the streamlining of the retail chain's operation with the vision of utilizing the untapped potential of the Polish gaming market.

Pharmacy Network
50.000 customers served daily;
EUR 100.000.000 annual revenues;
involved in the project: since 2004

Česká Lékárna, a.s. (Česká Lékarna)
Total stake of 50%
Česká Lékárna operates a chain of pharmacies on the premises of Kaufland, one of the major shopping mall operators in the Czech Republic. Penta financially stabilized the company and together with local management it restructured Česká lékárna. A new automated order system of goods for all pharmacies was successfully implemented. In 2005, this chain of 35 pharmacies showed a profit. Penta gained a full control of the company later in 2006.

BRL Center, s.r.o. (BRL CZ)
BRL Center-Polska Sp., z o.o. (BRL PL)
Total stake of 100%
Mid-2005, Penta purchased a 100% stake in the pharmacy chain BRL CZ and BRL PL. At first, Penta stabilized its financial condition and provided the company with further funds required for the development of a chain of pharmacies in Kaufland shopping malls. Penta's management team focused on the standardization of processes for opening pharmacies, financial management, and controlling.

Martin Štefunko
Investment Director

Zdeněk Kubát
Investment Director

The Czech Republic

Severomoravské vodovody a kanalizace Ostrava, a.s. (SmVaK)
Restructuring; total stake of 98,45%;
involved in the project: since 2003
SmVaK is the largest producer and supplier of drinking water to more than 1 million customers in administrative regions of Moravia and border areas of Poland. The company also provides continuous removal of wastewater for residents and industrial users and its effective treatment at more than 50 wastewater treatment facilities equipped with state-of-the-art technology. Penta's business plan drew on a sound foundation of the company, and focused on continuity in the area of water pricing, the scope of investments, and the development of good relations with municipalities, which has been strengthened by representation of municipalities in SmVaK's bodies. In two years of involvement with SmVaK, Penta built up an exemplary water-supply business unique in Central Europe.

Though originally planned as a strategic investment, SmVaK became greatly sought-after in the hands of Penta at the end of 2005, as other multinational Groups showed strong interest in the water industry in the countries of Central and Eastern Europe. Later in 2006, Penta sold its stake in SmVaK to the Spanish company Aqualia – a 100% subsidiary of the corporation FCC, which specializes in the construction industry and the operation of municipal utilities.

ADAST, a.s. (ADAST)
Restructuring; total stake of 100%;
involved in the project: since 2003
ADAST is one of the few producers and exporters of one- to six-color sheet offset printing machines. Penta entered the project by purchasing Adamovské strojírny, a.s. from a bankruptcy trustee in a public tender. In 2005, it became obvious that the revitalization of the company, which had undergone a bankruptcy, was a very demanding and complicated process indeed. The company restructuring has unexpectedly decelerated, and the planned volume of revenue remained unaccomplished. ADAST overcame this difficult period with strong financial backing from Penta. The previous business plan came under scrutiny when the new management decided on a decrease of the break-even point for the company and adopted a number of budget-efficient measures.

Realitní developerská, a.s. (RD)
Acquisition of 60 ha of land;
involved in the project: since 2005
Penta's long-term interest consists of the privatization of airports in Central and Eastern Europe, including the Ruzyně airport in Prague. With regard to this intention, in 2005 Penta acquired through RD 60 ha of land intended for the construction of a planned parallel runway for the Prague Airport - state enterprise. Penta addressed Prague Airport with an offer to establish a joint venture that would construct and operate the new runway. Concurrently, Penta offered the construction of the new runway at its own expense which afterwards would lease the new runway to Prague Airport. Penta would also consider a sale of the land to the state enterprise, however, provided that the sale price would reflect waived profit potential.

SAZKA, a.s. (SAZKA)
Financial and investment advisory;
involved in the project: since 2004
Penta in cooperation with Credit Suisse acted as a financial advisor to SAZKA in an effort to restructure its liabilities related to financing of Prague's Sazka Arena. Focus was put on decreasing SAZKA's annual costs for debt management service and on obtaining more funds available for payments to shareholders. Further, Penta remained SAZKA's partner in the field of financial management, rating and the advisory in sale of non-core assets.

Peter Benedikt
Investment Director

The Slovak Republic

Slovenský investičný holding, a.s. (SIH)
Restructuring; total stake of 96,21%;
involved in the project: since 2002
In January 2005, VSŽ, a.s., a former steel manufacturer, changed its name to Slovenský investičný holding, a.s., which represented the entire process of restructuring and transformation from a former steel manufacturer to a closed investment fund. A newly-adopted strategic plan focused on the completion of subsidiaries' portfolio restructuring and increasing their profitability and efficiency, on searching for new investment opportunities, higher efficiency of fixed assets management, and on the sale of the company's unused fixed assets, along with the active solution of lawsuits conducted by or against the company. SIH successfully completed the sale of the majority of its subsidiaries, or their parts, mostly to strategic investors. In 2005, the management also dealt with investment activities. Consolidated profit of SIH in 2005 totaled EUR 43 million.

Paroplynový cyklus, a.s., Bratislava (PPC)
Restructuring; total stake of 90%;
involved in the project: since 2004
PPC, a power plant based on combined steam and gas cycles, continued the process of restructuring. The most pressing issue was finalizing an agreement on the mandatory purchase of electrical energy, to which Slovenské elektrárne was obligated. Continuous efforts were put into sorting out of year long heat supply issues between the company and heating plant Bratislavska teplarenska, which were crowned by success later in 2006. The solution of these issues contributed strongly to the positive outlook and the value of the company. Management also utilized the new legislation changes in 2005, and began trading with CO_2 emission quotas and the supporting services, thus contributing to a very positive result for the company. Profit for the year 2005 reached EUR 33,7 million.

Vladimír Brodňan
Investment Director

Marek Ondrejka
Investment Director

ZSNP, a.s. (ZSNP)
Restructuring; total stake of 96,05%;
involved in the project: since 2002
Penta moved on its way to become 100% shareholder in ZSNP, the largest Central European aluminum manufacturer. Additional minority stakes were acquired through a tender organized by ZSNP – 1,9%, by purchasing an 18% stake from the Žiarska finančná spoločnosť, a.s., as well as by coming to an agreement with other minority shareholders on buying out their shares. Investments flowed into subsidiaries like Finalcast, an aluminum processing unit with plans to double output and sales by 2008. Another promising subsidiary is Energetika a Teplo s.r.o., which provides gas, electricity, heat, water and pressurized air to all manufacturing units in ZSNP's area (with the exception of Slovalco, a.s.), and to the city of Ziar nad Hronom. The process of asset-maximising accelerated during the 2005. In July, ZSNP concluded a share purchase agreement with SAPA AB on the sale of its 100% stake in Alufinal, the alumina extrusion division, which previously underwent an extensive process of restructuring. The transaction was fully completed in early 2006. Negotiations with the Spanish group Fagor Ederlan on the sale of a 100% share in ZSNP Foundry, a high-pressure casting division, moved ahead and this sale was also finalized in January 2006. ZSNP kept its 33% stake in Slovalco intact, thus assuring a future flow of high-dividend income. The company worked continuously to solve its inherited long-lasting environmental issues. The project of red mud re-cultivation prepared by the specialized company A.S.A. underwent the process of consultation and comment with external advisors and specialists from local and state authorities. Final consolidated results of ZSNP for 2005 showed a profit of EUR 42,9 million.

OZETA NEO, a.s. (OZETA NEO)
Restructuring; total stake of 100%;
involved in the project: since 2003
Radical restructuring treatment of the well-known Slovak textile company carried out by Penta included tough cost-cutting, securing standard bank financing, and investment into new information technologies. Facing competitive pressure from China and Turkey in simple clothing manufacturing, the management focused on the production of high-quality menswear requiring higher-qualified labor. The Company also moved from extensive production to small orders, with high productive flexibility and extra services for customers. 70% of the Company's production is for high-end retailers in the apparel business and is the source of the majority of OZETA NEO's profit, which reached EUR 1,4 million in 2005.

Digital Park, a.s. (Digital Park)
Real estate development; total stake of 50%;
involved in the project: since 2005
Penta entered its first real estate development project by purchasing a 50% stake in Digital Park in July 2005, which was in the first stage of the development of the Digital Park administrative complex. A business partner in the project is the Czech development group Syner. The first building, with 11.740 m^2 of office and shopping space, was finished in September 2006. Occupancy of the leased space is already approaching 95%, which gives real grounds to consider Penta's pilot development project as commercially successful.

Eduard Maták
Investment Director

Health Insurance Sector

Total share on the sector of 14%;
total number of insurees: 730.000

DÔVERA zdravotná poisťovňa, a.s. (DÔVERA)
Total stake of 100%; involved in the project: since 2002

SIDÉRIA zdravotná poisťovňa, a.s. (SIDÉRIA)
Total stake of 96%; involved in the project: since 2003

In the year 2005, Penta successfully stabilized its investments in the area of statutory health insurance. The public health insurance companies DÔVERA and SIDÉRIA transformed into joint-stock companies as of October 1st, 2005. The total number of insurees in both health insurance companies is 730 thousand, representing a total market share on the sector of 14%. A high level state regulation of the health sector connected with a long-lasting absence of traditional market mechanisms is balanced with a high profit potential that might be achieved by establishing a closed complex consisting of two health insurance companies merged into one and selected health-care providers.

Health-care providers

80.000 patients served yearly;
EUR 2.700.000 annual revenues;
involved in the project: since 2004

During the year 2005, Penta continued fulfilling its long-term strategy aimed at the complex entry of the Group into the sector of health-care providers. New legislation facilitated the entry of private capital to this sector. A company, HMO Slovakia, a.s., specializing in the sector of health-care providers, has been established to carry out Penta's long-term vision and to cope with the wide range of services found within the health sector. The main task of HMO Slovakia is the creation and strategic management of a modern chain of health-care providers in selected areas. One of the primary targets of HMO Slovakia is the significant enhancement of the quality of health care services provided, to a level fully comparable with developed European countries. The company has prepared a complex business plan which carefully analyzes and considers all segments of the market with health-care providers, and proposes further investment opportunities mainly in the following key segments:

Emergency Health Care Service

Given the identified attractive investment opportunity in the highly-specialized area of emergency services, in 2005 Penta entered a public tender for obtaining the licenses for operation of emergency health care clinics.

Laboratory Medicine

A target of this project is to build four large laboratory centers in Bratislava, Ľubochňa, Banská Bystrica and Košice, serving areas with a total population of 500 thousand. The centers will cover all areas of laboratory medicine and will be able to completely serve all outpatient physicians and hospitals in the given subregion. Also, small low-cost satellite laboratories will be created to provide physicians urgent analyses and pre-analytical processing of biological material before its transportation and analytical processing in the centre. The company has begun its activities in this segment in Bratislava through a joint venture with the German strategic partner Synlab GmBH. Based on a successful process of privatization, we have assumed the operation of a large laboratory in one of Bratislava's hospitals.

Tombstones

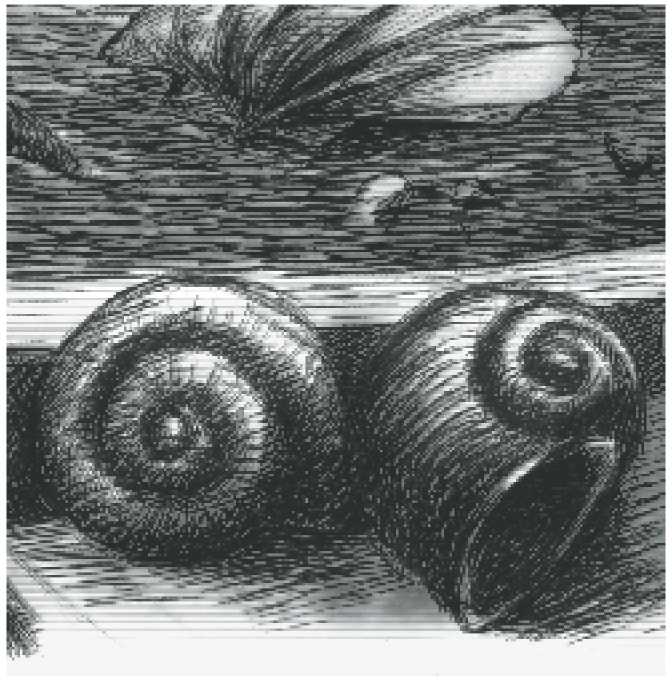
Completed projects

VÚB Kupón ARBITRAGE EUR 161,800,000 1997 Slovak Republic	Slovenská poisťovňa, a. s. ARBITRAGE EUR 51,400,000 1999 Slovak Republic	Česká konsolidační agentura NON-PERFORMING LOANS EUR 40,000,000 2003 Czech Republic
Slovnaft, a. s. ARBITRAGE EUR 10,900,000 2001 Slovak Republic	Slovenská plavba a prístavy, a. s. ARBITRAGE EUR 9,500,000 2002 Slovak Republic	Tento, a. s. ARBITRAGE EUR 7,200,000 2003 Slovak Republic
Elektrovod Bratislava, a. s. RESTRUCTURING EUR 4,100,000 2000 Slovak Republic	Sazka, a. s. AMORTIZING BONDS EUR 175,000,000 2004 Czech Republic	

Projects in progress

VSŽ, akciová spoločnosť Košice RESTRUCTURING 2002 Slovak Republic	ZSNP, a. s. RESTRUCTURING 2002 Slovak Republic	Severomoravské vodovody a kanalizace Ostrava, a. s. STRATEGIC INVESTMENT 2004 Czech Republic
Fortuna, a. s. RESTRUCTURING 2005 Czech Republic	Paroplynový cyklus, a. s. Bratislava STRATEGIC INVESTMENT 2004 Slovak Republic	Dôvera zdravotná poisťovňa, a. s. STRATEGIC INVESTMENT 2002 Slovak Republic
Sidéria zdravotná poisťovňa, a. s. STRATEGIC INVESTMENT 2002 Slovak Republic	Drôtovňa Hlohovec, a. s. RESTRUCTURING 1998 Slovak Republic	Slovenská konsolidačná, a. s. VVK I NON-PERFORMING LOANS 2001 Slovak Republic
Slovenská konsolidačná, a. s. VVK II NON-PERFORMING LOANS 2002 Slovak Republic	Česká lekárna, a. s. RESTRUCTURING 2004 Czech Republic	OZETA NEO, a. s. RESTRUCTURING 2003 Slovak Republic
Maytex, a. s. RESTRUCTURING 2005 Slovak Republic	Adast, a. s. RESTRUCTURING 2003 Czech Republic	AVC, a. s. RESTRUCTURING 2004 Slovak Republic

Philantropy



We don’t hide in our shells, but we share our success with others.

The Penta Foundation embodies the Group’s feeling of duty to share a part of its success with its surrounding environment. Active since 2002 in the Slovak Republic and since 2004 in the Czech Republic, it engaged in activities mainly focused on education, as well as on the area of health, culture, and sport. The Foundation also handles all of the humanitarian and charitable activities of the Group.

The Foundation continued in its successful cooperation with the School for Highly Gifted Children and the Secondary Grammar School in Bratislava. In addition to the financial support the school had obtained through the Foundation, the Foundation also cooperated with the school in organizing the 4th year of the international conference named “Particularities in Development and Implementation of Potential of Highly Gifted Children”. Supporting young talents, the Foundation launched a grant program for pupils of primary schools with classes for highly gifted children for the first time this year.

For the third time, the Penta Foundation joined with the College of Journalism of Comenius University in Bratislava and the weekly magazine Trend to support the classes of the mandatory economics course “Basics of Economy in Journalistic Practice” at the beginning of the academic year 2005/2006, the main target of which is the acquaintance of future journalists with the basics of finance, economics and law essential for their work in media. The course’s main objective is to provide the students with sufficient space to get acquainted with the aforementioned areas, in terms of the correct usage of professional terminology, orientation in the problems of legislation regulating the area of finance, trading in securities, etc.

Nurturing a sense of professionalism and academic excellence in the future generations of young professionals, this year marked the seventh for the “Penta Award for Excellent Study Results” for students of the Economic University in Bratislava, as well as being the third year of a similar competition in cooperation with the University of Economics and Faculty of Law of Charles University in Prague.

Given the wide spectrum of activities and sectors the Group is involved in, the Foundation paid attention also to students of technical universities. Celebrating World Water Day, the Foundation awarded a special prize to three top students at the Mining faculty – University of Technology in Ostrava, studying the field of water management and the environment.

In the Czech Republic, the Foundation announced its own grant program in 2005 for the support of education, culture, social services, ecology, and environment, within which the Foundation awarded projects that had most contributed to improving life in the selected regions. The following projects were awarded: the primary school in Malé Hoštice, the children’s home in Ostrava-Slezská Ostrava, the children’s home in Čeladné, the primary school in Adamov, the technical high school SPŠ Jedovnice, the Mining faculty – University of Technology in Ostrava, the Bishopric of Ostrava – Opava, the regional library of Karlovy Vary, the children’s home in Ostrov, the primary school M.C. Sklodowska, and the non-profit association Horní Hrad.

In addition to long-term projects in the field of education and the educational system, the Foundation provided support to various activities of other schools, civic associations, cities, and municipalities, and other entities both in the Slovak and Czech Republics, in the form of single financial donations.

In the area of health care and in the social area, the Foundation financially contributed to the Hospital of the Slovak Ministry of the Interior and the children’s sanatorium in Františkove Lázně in the Czech Republic. Individually, the Foundation contributed to several disabled people and parents of handicapped children in order to contribute to their treatment and enhance the quality of their lives. In the area of the humanities, the Foundation supported the organization of “The Humanitarian of the Year Award” announced by the health insurance company DÔVERA. The Foundation concurrently supported the activities of “The Slovak Association of Logopaedists” and “The Slovak Cleft Association”.

In the area of sport, the Foundation supported the organization of the Davis Cup tennis tournaments, the international athletic meeting “Athletic Bridge”, the competition in show-jumping “Malokarpatský strapec”, and various other sports activities.

In the area of culture, the Foundation continued in supporting Theatre L+S, and it also supported the Academy of Music and Dramatic Arts and the Academy of Fine Arts and Design in Bratislava.

Change of Business Model & Changes in the Group's Holding Structure

During the year 2004, a concerted effort was put into perfecting the business model of the Group. Acknowledging this, the management doubled its efforts to create and implement 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.

Penta Investments Limited - In the course of the model restructuring, the Group's main investment flagship Penta Investments Limited underwent major changes in the middle of the year 2005. It transferred all its enterprise to the newly-established, 100% subsidiary company Penta Trust Limited. Subsequently, both companies underwent a re-branding process, as a result of which the former became an ordinary company operating under the new name of Penta First Fund Limited. The newly-established private-equity model company started operations under the well-known brand of Penta Investments Limited as the Group's private-equity fund. The new fund took over all liabilities of its predecessor as well. To avoid misunderstandings and confusion during the four-month-long process of changing the model (from June to October), the Group communicated closely with all of its business partners and financiers about the course and progress of changes. The public in both the Czech Republic and Slovakia were also informed about the transformation.

Penta Asset Management Limited - Since 1999, Penta Asset Management has served as a general advisor to Penta Investments and its subsidiaries for investing into various assets. Since the implementation of the private-equity model in the whole Group, management companies in the Czech Republic and Slovakia stepped into the shoes of Penta Asset Management, thus taking over its role completely. At the end of 2005, the company was sold by its parent company, Penta Holding, to Penta Investments (Cyprus) to serve the purpose of an investment vehicle.

Penta Group, a.s. (currently WFSE, a.s.) & Penta Finance, a.s. (currently PFSE, a.s.) - Both companies were active companies for only the first quarter and the half of 2005, respectively. The traditional investment advisors of the Group for the territory of Slovakia and the Czech Republic sold their enterprises to Penta Investments, a.s. (Slovakia) on April 8th and Penta Investments, a.s. (the Czech Republic) on May 2nd respectively. The rationale behind this was the overall restructuring of the Group, having been well considered throughout 2004, resulted in a change in the business model of the Slovak and Czech companies from a consulting role to management companies in a traditional private-equity fund structure. Along with the business model restructuring, the companies launched a re-branding campaign for the new name Penta Investments. Accordingly, following the sale of the enterprise, both original companies changed their business names to WFSE and PFSE, and ceased activities as investment advisors.

P67value, s.r.o. - P67value continued to serve for the majority of 2005 as an outsourced, though captive, investment analysis center for the Group. It was a shared service enjoyed by both Slovak and Czech management companies. As of the end of October 2005, the function of the company ceased and all employees moved to Penta Investments (Slovakia) forming a separate department in its front office. The move eased the administrative burden of providing services, benefited the mutual exchange of know-how, and raised team spirit. As of the beginning of 2006, P67value entered into the liquidation process.

Invest Brokers, o.c.p., a.s. - Invest Brokers continued to provide services in securities dealing to the companies in the Group in 2005. However, the declining trend in projects of the Group generating opportunities for the Company continued. The only major project was the purchase of positions in ZSNP, a.s. from minority shareholders on behalf of Penta Investments (Cyprus). Correspondingly, only 20% of the Company's revenues accounted for the commission income. The rest was accounted for by passive income of the nature of interest income or trades in portfolio shares. At the end of 2005, the Company forfeited its securities-dealer license and ceased its activities as a securities broker. Later in 2006, it entered the phase of liquidation. The Group switched to using public securities brokers for further deals.

The Group's Holding Structure

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

Penta Holding Limited,Cyprus

The owner of the long-term interests in the Group's key subsidiaries.

Penta Investments Limited, Cyprus

The private-equity fund and the owner of the investment portfolio of the Group.

Penta Investments, a.s., The Slovak Republic

The management company in the Slovak Republic managing assets of the private-equity fund – Penta Investments Limited.

Penta Investments, a.s., The Czech Republic

The management company in the Czech Republic managing assets of the private-equity fund – Penta Investments Limited.

Penta Reality, a.s., The Slovak Republic

The owner of the building - the seat of Penta Investments, a.s., The Slovak Republic.

PENTA HOLDING LIMITED

Basic Data

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 JANUARY 1st, 2005:	319, 28th October Street, Kanika Business Center, 2nd Floor Limassol 3105, Cyprus
REGISTERED OFFICE AS OF OCTOBER 27th, 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
BOARD OF DIRECTORS AS AT DECEMBER 31st, 2004:	Radoslav Zuberec Maria Polycarpou-Potsou
AS OF OCTOBER 27th, 2005:	Radoslav Zuberec George Crystallis

PENTA HOLDING LIMITED

Report for the Year 2005

Penta Holding Limited, as an individual company, continued to perform its holding activities as in the past, i.e as a holding company and provider of funds to its key subsidiaries.

On an individual level, the main source of income for Penta Holding in the year 2005 was an interim dividend received from its 100% subsidiary Penta Investments (EUR 7,4 million) and Penta Asset Management (EUR 0,1 million) and profit from the sale of its subsidiary, Penta Asset Management (EUR 0,443 million), resulting in a profit on the individual level of Penta Holding of EUR 8,111 million.
Higher performance enabled the Company to share part of its wealth with society through its active engagement in philantropic projects.

Penta Holding's consolidated economic performance is mirrored in consolidated financial statements. These are based on the newly-implemented IRFS3 accounting standards. In comparison to the previous year, the consolidated total equity by the end of 2005 accelerated to the level of EUR 295,153 million.

PENTA HOLDING LIMITED

Consolidated Income Statement for the Year Ended December 31st, 2005
(Expressed in Euro)

	2005	Restarted 2004
Continuing operations		
Operating revenue	473 397 979	224 601 162
Operating expenses	(311 222 168)	(121 944 158)
Gross profit	162 175 811	102 657 004
Other operating income, net	26 588 395	9 805 367
Administration expenses	(132 424 197)	(86 301 433)
Operating profit	**56 340 009**	**26 160 938**
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over acquisition costassets, liabilities and contingent liabilities over acquisition cost	49 053 265	61 886 441
Impairment of goodwill	(2 367 417)	0
Financial expense, net	(17 379 505)	(10 954 636)
Share of profit from associates	12 236 940	9 759 240
Share of profit/(loss) from joint venture	1 099 698	(184 474)
Profit before taxation	**98 982 990**	**86 667 509**
Taxation	(7 202 692)	(2 015 080)
Share of tax of joint venture	(24 184)	(17 250)
Profit for the year from continuing operations	**91 756 114**	**84 635 179**
Discontinued operations		
Profit on disposal of discontinued operations	2 779 986	11 383 930
Profit for the year	**94 536 100**	**96 019 109**
Attributable to:		
Equity holders of the parent	82 257 086	89 305 052
Minority interest	12 279 014	6 714 057
	94 536 100	**96 019 109**

PENTA HOLDING LIMITED

Consolidated Balance Sheet as of December 31st, 2005

(Expressed in Euro)

	2005	Restated 2004
ASSETS		
Non-current assets		
Property, plant and equipment	308 420 434	295 504 827
Investment property	0	3 149 049
Investment in associates	50 852 815	57 012 465
Investment in joint ventures	6 720 916	125 696
Available for sale investments	2 413 840	9 609 442
Intangible assets	29 287 809	2 627 634
Trade and other receivables	2 435 851	12 388 579
Goodwill	84 032 306	20 400 290
Total non-current assets	**484 163 971**	**400 817 982**
Current assets		
Inventories	31 079 370	33 027 931
Investments held for trading	449 174	857 464
Investments in subsidiaries	17 978	5 285
Trade and other receivables	161 477 728	89 970 649
Non-current assets held for sale	3 712 825	0
Assets classified as held for sale	23 363 824	0
Cash and cash equivalents	155 605 564	80 816 570
Total current assets	**375 706 463**	**204 677 899**
TOTAL ASSETS	859 870 434	605 495 881
EQUITY AND LIABILITIES		
Equity		
Share capital	161 022	161 022
Share premium	47 538 100	47 538 100
Other reserves	8 552 298	2 241 167
Retained earnings	238 901 302	156 644 216
Equity attributable to equity holders of the parent	**295 152 722**	**206 584 505**
Minority interest	18 439 396	26 779 119
TOTAL EQUITY	313 592 118	233 363 624
Liabilities		
Non-current liabilities		
Long term loan	164 706 420	120 902 937
Provisions	89 100 896	84 395 580
Deferred taxation	12 219 842	15 225 074
Investments in joint venture	0	559 513
Creditors and accruals	45 901 412	7 212 837
Total non-current liabilities	**311 928 570**	**228 295 941**
Current liabilities		
Creditors and accruals	132 950 094	77 741 060
Provisions	25 275 820	6 721 287
Short term portion of long term loans	62 058 754	51 516 674
Taxation	784 181	5 555 531
Bank overdrafts	4 475 306	2 301 764
Liabilities directly associated with assets classified as held for sale	8 805 591	0
Total current liabilities	**234 349 746**	**143 836 316**
TOTAL LIABILITIES	546 278 316	372 132 257
TOTAL LIABILITIES AND EQUITY	859 870 434	605 495 881

The financial statements were approved by the Board of Directors on October 26th, 2006 and signed on its behalf by

Radoslav Zuberec	*George Crystallis*
Director	*Director*

Deloitte.

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AUDITORS' REPORT TO THE MEMBERS OF PENTA HOLDING LIMITED 4

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 5 to 69 which comprise the balance sheets of the Group and the Company as at 31 December 2005 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 and 4 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 2.485.430 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 verify the completeness of income.

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4. The consolidated trade receivables include receivables amounting to Euro 647.240 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 doubtful debts amounting to Euro 4.625.522, 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 doubtful debt provision made and there were no practical alternative audit procedures that we could apply to verify the adequacy and accuracy of the provision. As a result, we were not able to verify that trade debtors of Euro 647.240 included in the consolidated balance sheet are fairly stated.

5. In our opinion, except for the effect of such adjustments on the consolidated financial statements, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matters referred to, in paragraphs 3 and 4 above, the Consolidated and Company financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2005 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, as adopted by the EU and International Financial Reporting Standards as issued by the IASB and the requirements of the Cyprus Companies Law, Cap.113.

6. 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 Group (formerly VSZ akciova spolocnost Kosice), include provisions amounting to Euro 45.688.808, 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 2005. Any adjustment to these provisions would have an impact on the SIH Group's consolidated financial position, results of operations and cash flows and consequently on those of the Group. The consolidated income statement of the Group for the year ended 31 December 2005 includes the income recognised in SIH's Group consolidated financial statements amounting to Euro 9.606.127 arising from the reversal of such provisions, which were created in previous years as well as charges of Euro 4.852.580 in respect of additional provisions made during the year.

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(b) Note 8 (b) 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, a.s. free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 268.416.244 (SKK 10.159.018 thousand). From 1992 the SIH Group has incurred additional expenditures on construction and maintenance of the plant in the amount of Euro 27.553.371 (SKK 1.042.840 thousand) which has 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. The Group is seeking either to complete the construction of the plant or to dispose of its interest in the construction depending on the final outcome of the negotiations with the Ukrainian and Slovak governments. As of today, no solution has yet been reached.

(c) Notes 22 and 25(i) to the consolidated financial statements. The subsidiary ZSNP, a.s. Group has created provisions of Euro 32.511.361 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 unavoidably 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.

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 and 4 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 and 4 above.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 4 is consistent with the financial statements.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 26 October 2006

Deloitte.

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CONFIRMATION

We hereby confirm that the figures presented on pages 27 and 28 and the auditors' report of Penta Holding Limited on pages 29 to 31 of the Annual Report of Penta Holding Limited, are consistent, in all material respects, with Penta Holding Limited audited consolidated financial statements.

The pages to which reference is made in the auditors' report presented on pages 29 to 31, are the pages of the original full set of the audited consolidated financial statements of Penta Holding Limited.

For a better understanding of the Group's financial position and results of its operations and cash flows the consolidated Income Statement and Balance Sheet presented on pages 27 and 28 should be read in conjunction with the full set of the audited consolidated financial statements of Penta Holding Limited.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 26 October 2006

PENTA HOLDING LIMITED

Management Discussion & Analysis of Consolidated Financial Statements for the Year 2005

Consolidated Income Statement

Operating Revenues (EUR 473,4 million)

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 banks and the net profit from sale of stocks of shares and bonds and investments, as well as revenues from health insurance services and betting income. Revenues have increased substantially in the year mainly as a result of the acquisition of new subsidiaries entering to the Group. The Group during 2005 acquired new entities that operate in the betting industry, statutory health insurance services, and the pharmacy business which have contributed on aggregate EUR 201,7 million to the Group's revenue. More specifically, the Group acquired Fortuna sázková kancelář a.s. and Profesjonal Sp. Zo.o which operate in the betting industry and contributed EUR 118,2 million revenue, BRL Center – Polska Sp. zo.o and BRL Center CZ, s.r.o. as well as many pharmacies in the Slovak Republic which contributed on aggregate EUR 16,3 million to the Group's revenue. In addition, the Group gained control over SIDÉRIA zdravotná poisťovňa, a.s. and DÔVERA zdravotná poisťovňa, a.s. which provide health insurance services and contributed EUR 67,2 million to the Group's revenue. Further, Paroplynovy cyklus, a.s. Bratislava, a subsidiary which was acquired during 2004 contributed higher revenues during 2005 of EUR 50,9 million as compared to 2004 since its financial results were fully reflected in the Group's income statement as compared to year 2004 where its results were consolidated as from March 2004 (i.e. date of gaining control over the subsidiary).

Operating, Administration and Financial Expenses

Operating expenses amounted to EUR 311,2 million, administration expenses amounted to EUR 132,4 million, other operating income amounted to EUR 26,6 million and financial expenses amounted to EUR 17,4 million. These expenses showed significant increase in the current year in line with the experienced 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 since last year. As a result, volatility of operating expenses is expected. Operating profit is therefore highly dependent on the completion and thus the recognition of gains from the particular businesses.

Operating and administration expenses mainly represent costs incurred for goods sold on services provided. Financial expenses represent bank interests and charges, Fair Value losses on transactions under Total Return Swaps and exchange losses.

Excess of Group's Interest in the Net Fair Value of Acquiree's Identifiable Assets, Liabilities and Contingent Liabilities over Acquisition Cost/Negative Goodwill (EUR 49,1 million) and Impairment of Goodwill (EUR 2,4 million)

The Group applied purchase method of accounting on acquisitions made during the year, in accordance with the provisions of IFRS3 Business Combinations. Any excess of the Group's interest in the Net Fair Value of the net assets acquired over the cost of the acquisition were directly recognised in the income statement. Any goodwill, being the excess of acquisition cost over the Group's interest in the fair value of the net assets acquired was recognised as asset and reviewed annually for impairment.

During the year the Group recognised excess of its interest in the Net Fair Value of the net assets acquired over the cost of the acquisition amounting to EUR 49,1 million. This has mainly resulted from the acquisitions of DÔVERA zdravotná poisťovňa, a.s. (EUR 24,2 million), increase of interest in ZSNP, a.s. (EUR 16,2 million), acquisition of subsidiary SIDÉRIA zdravotná poisťovňa, a.s. (EUR 4,9 million) and acquisition of Joint venture El Rancho, a.s. (EUR 2,9 million).

In addition, the Group, having conducted impairment reviews on goodwill arising on acquisitions, recognised impairment losses amounting to EUR 2,4 million. The impairment loss is mainly in respect of Profesjonal Sp. Zo.o, which produced severe losses during 2006. The Group reduced the carrying value of its Cash Generated Unit to its recoverable amount.

Results of Discontinued Operations (Profit EUR 2,8 million)

The Group classified a business component as discontinued if it is held for resale or it was disposed off during the year.

The reported profit relates to discontinued operations of SIH disposed Group and discontinued operations of components of ZSNP Group which were held for resale. During 2005, the SIH Group entered into a binding agreement in respect of the sale of the shares in VSŽ STROJLAB, a.s., Medzilaborce, BEON Invest, a.s., VSŽ Foundry, s.r.o., VARIAKOV, a.s., and VSŽ OCEKON, s.r.o. . The sale was completed in 2005. The results of the said discontinued operations amounted to EUR 0,9 million.

On July 13th, 2005, the ZSNP Group entered into a binding sale agreement in respect of the sale of the shares of Alufinal, a.s. and its subsidiaries ("Alufinal"). At December 31st, 2005 final negotiations for the sale of the shares were in progress and the disposal of Alufinal was completed on February 7th, 2006. Additionally, on December 5th, 2005, the ZSNP Group entered into a binding sale agreement in respect of the sale of the shares of ZSNP Foundry, a.s. ("Foundry"). As of December 31st, 2005 final negotiations for the sale were in progress and the disposal of Foundry was completed on March 22nd, 2006. The aggregated profits arising from discontinued operations of the said components of the ZSNP Group amounted to EUR 1,9 million.

Share of Profit from Associated Companies (EUR 12,2 million) and Share of Profit from Joint Ventures (EUR 1,1 million.)

The share of profit from associated companies relates mainly to the results of an associate of ZSNP Group, Slovalco a.s., amounting to EUR 12,3 million. The share of operating profit from Joint Ventures relates mainly to the results of El Rancho, a.s., amounting to EUR 0,6 million and Ceska lekarna, a.s., of EUR 0,4 million.

Taxation (EUR 7,2 million)

The tax charge for the year consists of the corporate tax charge amounting to EUR 10,8 million minus a deferred tax credit amounting to EUR 3,6 million. The most significant corporate and deferred tax charge primarily relates to subsidiary companies ZSNP Group (EUR 4,7 million), SIH Group (EUR 6,6 million) and SmVaK Group (Income EUR 4,7 million).
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 was no longer any distinction between local companies and international business companies, which were both 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, Sandbar Services Limited and Lorea Investments Limited chose the new tax regime, while all other Cyprus companies in the Group selected the transitional period and are taxed at 4,25% until the end of 2005.

Minority Interest (EUR 12,3 million)

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 Group (EUR 7,4 million), SIH Group (EUR 4,8 million), SmVaK Group (EUR 0,4 million) and AVC, a.s. (EUR 0,3 million - Credit).

Consolidated Balance Sheet

Property, Plant and Equipment (EUR 308,4 million)

Property, plant and equipment have slightly increased during the year ended December 31st, 2005 since new acquired subsidiaries are maintaining working capital investment rather than investing in non-current assets. Property, plant and equipment mainly comprises assets of the following businesses: SmVaK Group (EUR 174 million), ZSNP Group (EUR 38,8 million) and SIH Group (EUR 75,8 million).

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 re-valued 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.

Intangible Assets (EUR 29,3 million)

Intangibles representing mainly software amounted to EUR 3,1 million, the brand name amounted to EUR 5,6 million and emission rights amounted to EUR 19 million.

The increase of intangibles mainly represents additions arising from acquisitions of subsidiaries during the year such as the brand name from acquisition of the betting company – Fortuna sázková kancelář a.s (EUR 5,6 million) and recognition of emission rights from existing subsidiaries during 2005 which amounted to EUR 19 million.
Intangible assets are stated at cost less accumulated amortisation. Where the carrying amount of an asset is greater than the amount that it is estimated to be recoverable, it is written down to its recoverable amount. Amortisation is charged to the Income Statement over the estimated useful life of the intangibles. Intangibles assessed as having an indefinite useful life are not amortised and examined for impairment annually.

Investment in Associated Companies (EUR 50,9 million)

Investments in associated companies are accounted for under the equity method of accounting. These are undertakings over which the Group generally owns between 20% to 50% of the voting rights, or over which the Company has significant influence over the financial and operating policies. Investment in associates mainly represents a 34,69% interest in Slovalco, a.s. which amounted to EUR 50,9 million. The carrying value of the said associate decreased due to high dividends distributed by the associate to the Group, being higher than the profits generated during the year 2005 as well as due to the changes in accounting policy in recognising exchange differences retrospectively, resulting in the reduction in value of EUR 14,9 million.

Goodwill on the Acquisitions of Subsidiaries, and Joint Venture Entities (EUR 84 million)

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 in the income statement.

During the year 2005 Goodwill has increased substantially due to the additional acquisitions of business by the Group (EUR 63,5 million) (net of impairment) and finalisation of fair values assigned to acquisitions of year 2004 (EUR 13,3 million).

The carrying amount of Goodwill of EUR 84 million mainly arises on the following acquisitions: Paroplynovy cyklus, a.s., Bratislava (EUR 16,4 million), BRL Center – Polska Sp. zo.o (EUR 7,6 million), BRL Center CZ, s.r.o. (EUR 6,6 million), Fortuna sazkova kancelar, a.s. (EUR 46,1 million), Mirakl, a.s (EUR 1,7 million), DGK Trade, spol. s.r.o. (EUR 1,3 million), Česká Lékárna, a.s. (EUR 2,7 million), Digital Park, a.s. (EUR 0,8 million).

Trade and Other Receivables (Short-term EUR 161,5 million and long-term EUR 2,4 million)

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. An appropriate allowance for irrecoverable amount is recognised in the income statement where there is objective evidence that receivables are impaired.

Long-term receivables mainly consist of an amount due from a joint venture and carry interest of 7%.The loan is repayable in 2008.

Short-term receivables comprise of trade debtors of EUR 104,4 million, trade debtors from insurance companies of EUR 26,6 million, short-term loans due from related parties of EUR 14 million and other debtors, and prepayments of EUR 16,5 million.

The most significant constituents classified within trade receivables relate to SIH Group (EUR 63,6 million), ZSNP Group (EUR 8,5 million), SmVaK Group (EUR 10,4 million), Penta Investments Limited (EUR 12,3 million), Dovera Group (EUR 15,2 million), ADAST Group (EUR 6,8 million) and LPV (EUR 9,7 million).

The Group's trade receivables have increased by EUR 57 million due to the expansion of business through new acquisitions including insurance businesses (EUR 64 million) and also reflects the reduction of debtors due to classification of the assets as discontinued operations (EUR 7 million) and debtors of subsidiaries classified as disposable groups.

Inventories (EUR 31,1 million)

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 8,1 million), ZSNP Group (EUR 6,6 million) and ADAST, a.s. (EUR 13 million). There is no significant change in the total inventory in 2005 compared to 2004.

Cash and Cash Equivalents (EUR 155,6 million)

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 14,2 million), SIH Group (EUR 77,5 million), SmVaK Group (EUR 22,6 million) and Dovera Group (EUR 33,1 million). During the year the Group's cash and cash equivalents have increased by EUR 74 million mainly due to the acquisition of business possessing highly liquid financial instruments such as Fortuna sazkova kancelar, a.s. (EUR 27,5 million), DÔVERA zdravotná poisťovňa, a.s. (EUR 28 million) and SIDÉRIA zdravotná poisťovňa, a.s. (EUR 19,5 million).

Equity Attributable to Equity Holders (EUR 295,1 million)

The total equity basically consists of share capital (EUR 0.2 million), share premium (EUR 47,5 million), retained earnings (EUR 239 million), and other reserves (EUR 8,4 million).

Equity increased significantly in the year from EUR 206,6 million in 2004 to EUR 295,2 million in 2005. This was mainly due to the profitable results of the operations of the Group and strong fair values of net assets of acquired new subsidiaries that took place during the year as compared to the acquisition costs. In addition, the appreciation of the Slovak and the Czech Crown against the reporting currency of the Euro positively affects Group's equity by EUR 13,5 million.

Provisions (Short-term portion EUR 25,3 million and long term portion EUR 89,1 million)

The carrying amounts of provisions mainly relate to the following businesses: SIH Group (EUR 73,4 million), ZSNP Group (EUR 36,1 million), SmVaK Group (EUR 1,2 million) and Dovera Group (EUR 3,7 million). The most significant provisions relate to Guarantees, contractual issues, and the litigations amounting to EUR 46,8 million at year-end mainly relate to SIH Group, provisions for environmental risks of EUR 39,8 million recognized mainly within the ZSNP Group, provisions for released emission rights of EUR 12,4 million relating to Paroplynový cyklus, a.s. Bratislava and ZSNP Group and provisions for Health Insurance Services of EUR 6,8 million relating to DÔVERA zdravotná poisťovňa, a.s. or Dovera, a.s. and SIDÉRIA zdravotná poisťovňa, a.s.

The provisions for Guarantees, contractual issues and litigations reflect 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, 2005. 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. No significant movement occurred during the year 2005. 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 and to cap and re-cultivate the sludge heap.

During 2005, ZSNP Group increased the provision for the costs of capping and re-cultivating the sludge heap in accordance with geodetic, hydro-geological, engineering and geological research and an analysis performed by ASA, spol. s.r.o., a company specialising in these issues. The ZSNP Group also increased the provision for the costs of removing alkaline water from the sludge heap. The increase reflects revised estimates of the total volume of alkaline water in the sludge heap, of the price per 1 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 total increase of environmental provision during the year amounted to EUR 6,1 million.

With respect to provision for released emission rights, the Group has established provisions for the actual emissions produced by the operations of Paroplynovy cyklus, a.s., Bratislava and ZSNP, a.s., by using market values of emission rights as of December 31st, 2005.

A provision relating to health care insurance was established by the management of newly acquired business of DÔVERA zdravotná poisťovňa, a.s., and SIDÉRIA zdravotná poisťovňa, a.s., which mainly relate to estimated costs for health care services approved by the Group but not yet performed, and prepayments made by policy holders.

Creditors, Accruals and Other Liabilities (Long-term EUR 45,9 million and short-term EUR 132,9 million)

Long-term creditors and accruals comprise of Deferred income (EUR 0,5 million), Advances received (EUR 1,2 million) and other non current liabilities (EUR 44,2 million). Non-current other liabilities primarily include the unpaid consideration payable by the Group with respect to the acquisition of the subsidiary Fortuna sázková kancelář, a.s. (EUR 34,4 million).

Short-term creditors and accruals can be analyzed as follows: Trade creditors (EUR 81,1 million), payables from insurance claims (EUR 34,6 million) and other payables and accruals (EUR 17,2 million). Trade creditors mostly consist of balances for the following subsidiaries: SIH Group EUR 41,9 million, SmVaK Group EUR 9,8 million, ZSNP Group (EUR 4,1 million), Penta Investments Limited (EUR 10,1 million) and ADAST, a.s. (EUR 8,4 million). Payables from insurance claims mostly consist of balances for the following subsidiaries: SIDÉRIA zdravotná poisťovňa, a.s., EUR 17,2 million and Dovera Group EUR 17,4 milion. The increase of short term creditors, accruals and other liabilities by EUR 55,2 million arises mainly from the expansion of business through new acquisitions including insurance businesses.

Loans (Long-term EUR 164,7 million and short-term EUR 62,1 million)

Loans are initially recorded at fair value being the consideration received. Subsequent to initial recognition, loans are carried at amortised cost by using the effective interest rate method. Borrowings incorporating embedded derivatives are accounted for at fair value at the balance sheet date and any fair value movements are recognised in the income statement.

Long term loans are analysed as follows: Lease liabilities (EUR 1 million), Bank loans (EUR 87,7 million), Other loans (EUR 1,1 million), Loans under Total Return Swap (EUR 6,9 million) and Traded Bonds (68 million).

Short-term loans are analysed as follows: Lease liabilities (EUR 0,4 million), Bank loans (EUR 26,2 million), Bank borrowing under Total Return Swap (EUR 26,2 million) and Other loans (EUR 9,3 million).

During the year 2005 borrowings have increased substantially in order to finance expansion of the Group's activities. Borrowings have also increased as a result of leveraged new subsidiaries which entered into the Group.

Assets classified as held for sale (EUR 23,4 million) and Liabilities directly associated with assets classified as held for sales (EUR 8,8 million)

The assets and liabilities classified as held for sale are related to the discontinued operations of Alufinal, a.s., and its subsidiaries (Alufinal Group) and ZSNP Foundry, a.s., (ZSNP disposal Group). On July 13th, 2005, the ZSNP Group entered into a binding sale agreement in respect of the sale of the shares of Alufinal, a.s. and its subsidiaries and additionally, on December 5th, 2005, the ZSNP Group entered into a binding sale agreement in respect of the sale of the shares of ZSNP Foundry, a.s..
Both entities were engaged in the production of aluminium related products.

The total assets and liabilities of the discontinued operations referred to above and classified as held for sale at the balance sheet date are as follows:

	Alufinal a.s Group	ZSNP Foundry, a.s.	Total
	2005	2005	2005
	EUR	EUR	EUR
Assets classified as held for sale	15,3 m	8,1 m	23,4 m
Liabilities directly associated with assets classified as held for sale	5,9 m	2,9 m	8,8 m

Minority Interest (EUR 18,4 million)

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 analysed as follows: SIH Group (EUR 12,1 million), ZSNP Group (EUR 3,5 million), SmVaK Group (EUR 2 million) and AVC, a.s. (EUR 0,8 million).

PENTA INVESTMENTS LIMITED

Basic Data

COMPANY NAME AS OF JUNE 1st, 2005:	PENTA INVESTMENTS LIMITED
COMPANY NAME AS OF MARCH 28th, 2005:	PENTA TRUST LIMITED
LEGAL FORM:	Private Company Limited by Shares
SHARE CAPITAL:	CYP 123.944
NUMBER AND CLASS OF SHARES:	123.944 registered, documentary shares
NOMINAL VALUE PER SHARE:	CYP 1
PRINCIPAL ACTIVITIES:	Private-equity fund; investments and trade in shares and other securities, loan financing
REGISTERED OFFICE AS OF MARCH 28th, 2005:	319, 28th October Street Kanika Business Center, 2nd Floor P.C. 3105, Limassol, Cyprus
REGISTERED OFFICE AS OF MAY 27th, 2005:	44 Griva Digeni Salamis House, 3rd Floor 8020 Paphos, Cyprus
DATE OF INCORPORATION:	March 28th, 2005
AUDITOR:	Deloitte & Touche Limited 319, 28th October Street Kanika Business Center, 2nd floor Limassol 3105, Cyprus
BOARD OF DIRECTORS AS OF MARCH 28th, 2005:	Andreas Antoniou
AS OF MAY 20th, 2005:	Radoslav Zuberec Nicos-Alecos Nicolaou

PENTA INVESTMENTS LIMITED

Report for the Year 2005

Penta Investments Limited was established under the name of Penta Trust Limited on March 27th, 2005, in the course of the Group transformation to private-equity model and standards. On June 1st, 2005 the Company took-over the whole business and brand name of its predecessor and since then it has fulfilled the role of a private-equity fund and the Group's investment portfolio owner.

On individual level, the Company continued in the activities of its predecessor by increasing its direct stakes in Slovenský investičný holding, ZSNP, AVC. Penta Investments Limited also started its first developing project - Digital Park - and acquired odds betting companies Terno and Profesjonal in 2005. Substantial funds flew to projects already under Penta's management. Although high project financing costs resulted in a loss on individual level of EUR 15,286 million, on the other hand, the Company on the Group level was rewarded for a well planned investment into its investee companies by a considerable increase in Penta Investments consolidated total equity which reached EUR 290,695 million and consolidated profit of EUR 61,227 million.

PENTA INVESTMENTS LIMITED (Incorporated on March 28th, 2005)

Consolidated Income Statement for the Period from March 28th, 2005 to December 31st, 2005

(Expressed in Euro)

	2005
Continuing operations	
Operating revenue	252 069 255
Operating expenses	(171 446 693)
Gross profit	**80 622 562**
Other operating income	14 510 998
Administration expenses	(63 113 246)
Operating profit	**32 020 314**
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over acquisition cost	48 830 759
Impairment of goodwill	(717 557)
Financial expense, net	(16 704 913)
Share of profit from associates	6 861 599
Share of profit from joint ventures	644 353
Profit before taxation	**70 934 555**
Taxation	(377 426)
Share of tax of joint ventures	(24 184)
Profit for the period from continuing operations	**70 532 945**
Profit on disposal of discontinued operations	1 621 859
Profit for the period	**72 154 804**
Attributable to:	
Equity holders of the parent	61 226 909
Minority interest	10 927 895
	72 154 804

PENTA INVESTMENTS LIMITED (Incorporated on March 28th, 2005)

Consolidated Balance Sheet as of December 31st, 2005

(Expressed in Euro)

	2005
ASSETS	
Non-current assets	
Property, plant and equipment	303 056 519
Investment property	0
Goodwill	83 407 779
Investment in associates	50 852 815
Investments in joint ventures	6 720 916
Available for sale investments	2 413 417
Intangible assets	29 020 570
Trade and other receivables	4 416 853
Total non-current assets	**479 888 869**
Current assets	
Inventories	31 034 637
Investments held for trading	41 912
Investments in subsidiaries – available for sale	17 978
Non-current assets held for sale	3 712 825
Trade and other receivables	163 720 639
Assets classified as held for sale	23 363 824
Cash and cash equivalents	152 940 189
Total current assets	**374 832 004**
TOTAL ASSETS	**854 720 873**
LIABILITIES AND EQUITY	
Equity	
Share capital	214 006
Share premium	53 910 355
Other reserves	6 041 724
Retained earnings	230 528 801
Equity attributable to equity holders of the parent	**290 694 886**
Minority interest	18 439 396
TOTAL EQUITY	**309 134 282**
Non-current liabilities	
Long term loans	164 706 420
Provisions	89 100 896
Deferred taxation	12 862 417
Creditors and accruals	45 901 414
Total non-current liabilities	**312 571 147**
Current liabilities	
Creditors and accruals	131 557 673
Provisions	25 275 820
Short term portion of long term loan	62 058 754
Taxation	881 016
Liabilities directly associated with assets classified as held for sale	8 805 591
Bank overdrafts	4 436 590
Total current liabilities	**233 015 444**
TOTAL LIABILITIES	**545 586 591**
TOTAL EQUITY AND LIABILITIES	**854 720 873**

The financial statements were approved by the Board of Directors on October 26th, 2006 and signed on its behalf by:

Radoslav Zuberec
Director

Nicos Alecos Nicolaou
Director

Deloitte.

Deloitte & Touche Limited
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AUDITORS' REPORT TO THE MEMBERS OF PENTA INVESTMENTS LIMITED 5

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 6 to 72 which comprise the balance sheets of the Group and the Company as at 31 December 2005 and the income statements, statements of changes in equity and cash flow statements of the Group and the Company for the period 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 and 4 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 2.485.430 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 verify independently the completeness of income.

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4. The consolidated trade receivables include receivables amounting to Euro 647.240 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 doubtful debts amounting to Euro 4.625.522, 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 doubtful debt provision made, and there were no practical alternative audit procedures that we could apply to verify the adequacy and accuracy of the provision. As a result, we were not able to verify that trade debtors of Euro 647.240 included in the consolidated balance sheet are fairly stated.

5. In our opinion, except for the effect of such adjustments on the consolidated financial statements, if any, as might have been determined to be necessary, had we been able to satisfy ourselves as to the matters referred to, in paragraphs 3 and 4 above, the Consolidated and Company financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2005 and of the financial performance and the cash flows of the Group and the Company for the period then ended in accordance with International Financial Reporting Standards, as adopted by the EU and International Financial Reporting Standards as issued by the IASB and the requirements of the Cyprus Companies Law, Cap.113.

6. 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 Group (formerly VSZ akciova spolocnost Kosice), include provisions amounting to Euro 45.688.808, 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 2005. Any adjustment to these provisions would have an impact on the SIH Group's consolidated financial position, results of operations and cash flows and consequently on those of the Group. The consolidated income statement of the Group for the period ended 31 December 2005 includes the income recognised in SIH Group's consolidated financial statements amounting to Euro 5.603.572 arising from the reversal of such provisions, which were created in previous years as well as charges of Euro 2.927.247 in respect of additional provisions made during this period.

(b) Note 8(b) 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, a.s. free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 268.416.244 (SKK 10.159.018 thousand). From 1992 the SIH Group has incurred additional expenditures on construction and maintenance of the plant in the amount of Euro 27.553.371 (SKK 1.042.840 thousand) which has 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. The Group is seeking either to complete the construction of the plant or to dispose of its interest in the construction depending on the final outcome of the negotiations with the Ukrainian and Slovak governments. As of today, no solution has yet been reached.

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(c) Notes 22 and 25(i) to the consolidated financial statements. The subsidiary ZSNP, a.s. Group has created provisions of Euro 32.511.361 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 unavoidably 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.

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 and 4 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 and 4 above.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 4 is consistent with the financial statements.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 26 October 2006

Deloitte.

Deloitte & Touche Limited
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CONFIRMATION

We hereby confirm that the figures presented on pages 41 and 42 and the auditors' report of Penta Investments Limited on pages 43 to 45 of the Annual Report of Penta Holding Limited, are consistent, in all material respects, with Penta Investments Limited audited consolidated financial statements.

The pages to which reference is made in the auditors' report presented on pages 43 to 45, are the pages of the original full set of the audited consolidated financial statements of Penta Investments Limited.

For a better understanding of the Group's financial position and results of its operations and cash flows the consolidated Income Statement and Balance Sheet presented on pages 41 and 42 should be read in conjunction with the full set of the audited consolidated financial statements of Penta Investments Limited.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 26 October 2006

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PENTA INVESTMENTS, a.s.

The Slovak Republic

Basic Data

COMPANY NAME AS OF MARCH 25th, 2005:	PENTA INVESTMENTS, a.s.
COMPANY NAME AS AT DECEMBER 31st, 2004:	WFGD, a.s.
LEGAL FORM:	Joint – stock company
SHARE CAPITAL:	SKK 50.000.000
NUMBER AND CLASS OF SHARES:	20 registered, documentary shares
NOMINAL VALUE PER SHARE:	10 pcs of shares: SKK 100.000 10 pcs of shares: SKK 4.900.000
PRINCIPAL ACTIVITIES:	Advisory & Asset Management
REGISTERED OFFICE :	Križkova 9 811 04 Bratislava The Slovak Republic
DATE OF INCORPORATION:	August 26th, 2004
AUDITOR:	KPMG Slovensko spol. s r.o. Mostová 2 811 02 Bratislava The Slovak Republic
BOARD OF DIRECTORS AS AT DECEMBER 31st, 2004:	Vladimír Brodňan Juraj Luknár
AS OF MARCH 10th, 2005:	Ingrid Hoferová Peter Benedikt
AS OF APRIL 11th, 2005:	Jaroslav Haščák Ingrid Hoferová Peter Benedikt

PENTA INVESTMENTS, a.s.

The Slovak Republic

Report for the Year 2005

Penta Investments (Slovakia) started its activity in the framework of business model restructuring as a management company of private-equity group Penta as of April 8th, 2005. It acquired the enterprise of Penta Group, the Group's traditional business advisor for the past 6 years, which means that it took over its complete assets, liabilities, employees. In this manner, a smooth transition to a standard private-equity corporate set-up was achieved.

Penta Investments (Slovakia) is the management company of the Group for the territory of Slovakia. It is responsible for identifying investment opportunities for Penta Investments Limited (Cyprus), analyzing their economic fundamentals, conducting due diligence, negotiating the purchase of shares or like assets, restructuring of acquired investee companies and assuring a profitable exit from such investments.

In November 2005, Penta Investments (Slovakia) strengthened its role by creating its own investment analysis department staffed by former employees of P67value.

In the new private-equity model, Penta Investments (Slovakia) is expected to share in the profits or losses of all the Group's projects in Slovakia. As most of the projects that the Group does are for a period of 2-5 years, Penta Investments (Slovakia) in 2005 was only able to charge to Penta Investments (Cyprus) the management fee without sharing a profit from the projects, as there was no project finalized. The resulting loss is no cause for concern; the situation will change dramatically at the first successful project exit.

Penta Investments (Slovakia) increased its number of full-time employees from 111 to 151 during the year 2005. Almost 40% of the increase accounts for the employees of P67value absorbed by Penta Investments as of November 1st, 2005.

PENTA INVESTMENTS, a.s.

The Slovak Republic

Income Statement for the Year Ended December 31st, 2005

(Expressed in TSKK)

	2005	2004
Revenues from services	16 128	0
Other revenues	19 126	0
Operating revenues	**35 254**	**0**
Material and energy consumption	(12 608)	0
Other services	(63 464)	(149)
Personnel expenses	(140 898)	0
Depreciation and amortisation	(13 277)	0
Other operating expenses/revenues, net	(5 068)	(27)
Operating expenses total	**(235 315)**	**176**
OPERATING PROFIT/(LOSS)	(200 061)	(176)
Financial expenses/revenues, net	(1 659)	(2)
FINANCIAL PROFIT/(LOSS)	**(1 659)**	**(2)**
PROFIT/(LOSS) before taxation	(201 720)	(178)
Deferred tax	37 624	0
NET PROFIT/(LOSS) for the year	(164 096)	(178)

PENTA INVESTMENTS, a.s.

The Slovak Republic

Balance Sheet as at December 31st, 2005

(Expressed in TSKK)

	2005	2004
ASSETS		
Tangible assets	43 222	0
Intangible assets	10 031	0
Deferred tax	37 624	0
Non-current assets total	**90 877**	**0**
Trade and other receivables	15 744	0
Tax receivables	7	0
Bank balances and cash	8 452	1 010
Other current assets	3 260	
Current assets total	**27 463**	**1 010**
ASSETS TOTAL	**118 340**	**1 010**
EQUITY AND LIABILITIES		
Share capital	50 000	1 000
Legal reserve fund	100	100
Retained earnings / (accumulated losses)	(178)	0
Net profit / (loss) for the year	(164 096)	(178)
Equity total	**(114 174)**	**922**
Trade and other payables	31 665	88
Advances received	157 879	0
Short-term loans and borrowings	42 970	0
Current liabilities total	**232 514**	**88**
Liabilities total	**232 514**	**88**
EQUITY AND LIABILITIES TOTAL	**118 340**	**1 010**

The financial statements were approved by the Board of Directors on April 28th, 2006 and signed on its behalf by:

Jaroslav Haščák
Member of Board of Directors

KPMG

KPMG Slovensko spol. s r.o.
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Slovakia

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Internet www.kpmg.sk

Independent Auditors' Report

To the Shareholder and Board of Directors of Penta Investments, a.s. (formerly WFGD, a.s.):

We have audited the accompanying balance sheet of Penta Investments, a.s. as at 31 December 2005, and the related statement of income, for the year then ended. The balance sheet and income statement (the "financial statements") are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying balance sheet and income statement give a true and fair view of the financial position of the Company as at 31 December 2005, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards.

28 April 2006

Bratislava, Slovak Republic

KPMG Slovensko spol. s r.o.
Licence No. 96

Responsible Auditor:
Ing. Ľuboš Vančo
Licence No. 745

PENTA INVESTMENTS, a.s.

The Czech Republic

Basic Data

COMPANY NAME AS OF APRIL 27th, 2005:	PENTA INVESTMENTS, a.s.
COMPANY NAME AS AT DECEMBER 31st, 2004:	TWINWAY a.s.
LEGAL FORM:	Joint – stock company
SHARE CAPITAL:	CZK 32.000.000
NUMBER AND CLASS OF SHARES:	160 registered, documentary shares
NOMINAL VALUE PER SHARE:	CZK 200.000
PRINCIPAL ACTIVITIES:	Advisory & Asset Management
REGISTERED OFFICE:	Na Příkopě 15 čp. 583/1 110 00 Prague The Czech Republic
DATE OF INCORPORATION:	June 30th, 2004
AUDITOR:	KPMG Česká republika, s.r.o. Pobřežní 648/1a 186 00 Prague 8 The Czech Republic
BOARD OF DIRECTORS AS AT DECEMBER 31st, 2004:	Pavla Smetanová
AS OF MARCH 1st, 2005:	Martin Kúšik Milan Musil Radim Haluza
AS OF NOVEMBER 15th, 2005:	Martin Kúšik Milan Musil Tomáš Koutek
AS OF FEBRUARY 28th, 2006:	Martin Kúšik Tomáš Koutek
AS OF JULY 1st, 2006:	Martin Kúšik Radim Haluza Zdeněk Kubát

PENTA INVESTMENTS, a.s.

The Czech Republic

Report for the Year 2005

Penta Investments, a.s. (the Czech Republic) was created in the process of the Group's restructuring and establishment of the private equity business model to serve the role of a management company of private equity group Penta. Similar to the process in its Slovak sister company, it acquired the enterprise of Penta Finance, the Group's business advisor in the Czech Republic, taking over all its assets, liabilities, employees and contractual relationships. The Company is the management company of the Group for the territory of the Czech Republic and Poland. It is responsible for identifying investment opportunities for Penta Investments (Cyprus), analyzing their economic fundamentals, conducting due diligence, negotiating the purchase of shares or similar assets, restructuring of acquired investee companies and assuring a profitable exit from the investments.

Based on the new private equity model, Penta Investments (the Czech Republic) will share in the profits or losses of all the Group's projects in the Czech Republic and Poland. Similarly to Penta Investments (Slovakia), it faced the same problems arising from covering its costs over the duration of the projects from management fees and chances to share the profit on successful exits from the projects. This resulted in a loss for 2005, which, on the other hand, is expected to be covered by the first successful finalized project in 2006.

Penta Investments (the Czech Republic) full-time staff grew from 33 to 46 employees at the end of year 2005.

PENTA INVESTMENTS, a.s.

The Czech Republic

Income Statement for the Year Ended December 31st, 2005
(Expressed in TCZK)

	2005	2004
Operating revenues	**8 745**	**0**
Marketing and selling expenses	(26 637)	19
Personnel expenses	(43 203)	0
Depreciation and amortisation	(2 948)	0
Other services	(16 320)	0
Operating expenses total	**(89 108)**	**(19)**
OPERATING PROFIT/(LOSS)	(80 363)	(19)
Financial expenses, net	(735)	0
FINANCIAL PROFIT/(LOSS)	**(735)**	**0**
PROFIT/(LOSS) before taxation	(81 098)	(19)
Income tax	0	0
Deferred tax	0	0
NET PROFIT/(LOSS) for the year	(81 098)	(19)

PENTA INVESTMENTS, a.s.

The Czech Republic

Balance Sheet as at December 31st, 2005
(Expressed in TCZK)

	2005	2004
ASSETS		
Goodwill	5 000	0
Tangible assets	15 017	0
Deferred tax	0	0
Long-term deposits	1 574	0
Non-current assets total	**21 591**	**0**
Trade and other receivables	13 086	29
Short – term loans receivable	639	0
Bank balances and cash	120	2000
Current assets total	**13 845**	**2 029**
ASSETS TOTAL	**35 436**	**2 029**
EQUITY AND LIABILITIES		
Share capital	2 000	2 000
Retained earnings / (accumulated losses)	(19)	0
Net profit / (loss) for the year	(81 098)	(19)
Equity total	**(79 117)**	**1 981**
Long – term loans and borrowings	22 384	0
Non – current liabilities total	**22 384**	**0**
Trade accounts payable	70 036	48
Interest-bearing loan	2 673	0
Other accounts payable	19 460	0
Current liabilities total	**92 169**	**48**
Liabilities total	**114 553**	**48**
EQUITY AND LIABILITIES TOTAL	**35 436**	**2 029**

The financial statements were approved by the Board of Directors on April 20th, 2006 and signed on its behalf by:

Martin Kúšik
Member of Board of Directors

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

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

Auditor's report to the shareholder of Penta Investments, a.s.

We have audited the accompanying balance sheet of Penta Investments, a.s. as of 31 December 2005 and the related statement of income and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 Company's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of financial position of Penta Investments, a.s. as of 31 December 2005, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Prague
20 April 2006

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

PENTA REALITY, a.s.

Basic Data

COMPANY NAME:	Penta REALITY, a.s.
LEGAL FORM:	Joint – stock company
SHARE CAPITAL:	SKK 40.000.000
NUMBER AND CLASS OF SHARES:	1600 registered, documentary shares
NOMINAL VALUE PER SHARE:	SKK 25.000
PRINCIPAL ACTIVITIES:	The owner of the building - the seat of Penta Investments, a.s., The Slovak Republic.
REGISTERED OFFICE:	Križkova 9 811 04 Bratislava The Slovak Republic
DATE OF INCORPORATION:	May 1st, 1992
AUDITOR:	ACE CENTRUM, s.r.o. Nám. A. Hlinku 25/30 017 01 Považská Bystrica The Slovak Republic
DIRECTORS AS AT DECEMBER 31st, 2004:	Lucia Toperczerová Pavol Bachár Dušan Krahulec
AS OF MAY 2nd, 2005:	Lucia Toperczerová Pavol Bachár Ingrid Hoferová

PENTA REALITY, a.s.

Report for the Year 2005

The role of Penta Reality in Penta changed in 2005, as its functions were reduced to merely acting as an owner of the building in which the Penta Investments (Slovakia) has its seat. The entire function as real estate expert, previously held by Penta Reality, was absorbed by the management company, in which it enhanced into a fully-fledged real estate developer with a successful pilot project.

The main business of Penta Reality remained the management of its real estate.
The revenues dropped from SKK 31 million in 2004 to SKK 24 million in 2005, as a result of surrendering the advisory function.

PENTA REALITY, a.s.

Income Statement for the Year Ended December 31st, 2005
(Expressed in TSKK)

	2005	2004
Operating revenues	**24 177**	**31 025**
Material and energy consumption	(1 573)	(1 400)
Other services	(8 437)	(10 129)
Personnel expenses	(403)	(4 962)
Depreciation and amortisation	(8 184)	(9 050)
Other operating expenses/revenues, net	752	445
Operating expenses total	**(17 845)**	**(25 096)**
OPERATING PROFIT/(LOSS)	6 332	5 929
Other financial expenses, net	(5 908)	(7 039)
FINANCIAL PROFIT/(LOSS)	**(5 908)**	**(7 039)**
PROFIT/(LOSS) before taxation	424	(1 110)
Income tax	(512)	(218)
Deferred tax	0	(20)
NET PROFIT/(LOSS) for the year	(88)	(1 348)

PENTA REALITY, a.s.

Balance Sheet as at December 31st, 2005
(Expressed in TSKK)

	2005	2004
ASSETS		
Tangible assets	147 654	152 472
Other assets	424	271
Non-current assets total	**148 078**	**152 743**
Trade and other receivables	6 394	10 370
Bank balances and cash	3 038	2 086
Other current assets	0	58
Current assets total	**9 432**	**12 514**
ASSETS TOTAL	**157 510**	**165 257**
EQUITY AND LIABILITIES		
Share capital	40 000	40 000
Capital funds	659	529
Revaluation reserve	56 953	56 272
Retained earnings / (accumulated losses)	(1 434)	(86)
Net profit / (loss) for the year	2 022	(1 348)
Equity total	**98 200**	**95 367**
Long-term loans and borrowings	42 880	50 920
Deferred tax liability	13 296	13 136
Non-current liabilities total	**56 176**	**64 056**
Trade and other payables	2 403	3 510
Tax payables	731	855
Other current liabilities	0	1 469
Current liabilities total	**3 134**	**5 834**
Liabilities total	**59 310**	**69 890**
EQUITY AND LIABILITIES TOTAL	**157 510**	**165 257**

The financial statements were approved by the Board of Directors on May 2nd, 2006 and signed on its behalf by:

Lucia Toperczerová
Chairman of the Board of Directors

Ingrid Hoferová
Member of the Board of Directors

ACE CENTRUM

ACE CENTRUM s.r.o.
Železničná 99/30
Považská Bystrica 017 01

Obchodný register
Okresného súdu Trenčín
Oddiel: Sro
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IČO: 00616575
DIČ: 2020438574
IČ DPH: SK2020438574

Tel.: +421 - 42 - 4327292
Fax: +421 - 42 - 4326956
Mail: ace@acecentrum.sk

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PENTA REALITY, A. S.

We have audited the accompanying financial statements of company Penta REALITY, a. s. with registered office in Bratislava which comprise balance sheet as of 31 December 2005, and the income statement, statement of changes in equity and cash flow statement for the year then ended and the notes. These financial statements are the responsibility of the board of directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the company as of 31 December 2004 were audited by another auditor whose report dated 22 April 2005, expressed an unqualified opinion on those statements.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements give fair and true view of the financial position of Penta REALITY, a. s. as of 31 December 2005 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bratislava 2 May 2006

ACE CENTRUM, s. r. o.
Považská Bystrica
License SKAu #5

Ing. Ján Smolavec
Responsible auditor
License SKAu #174

This is the English translation of the original Slovak version of the auditor's report


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The End