ANNUAL REPORT 2008

PENTA HOLDING LIMITED

ANNUAL REPORT **2008**

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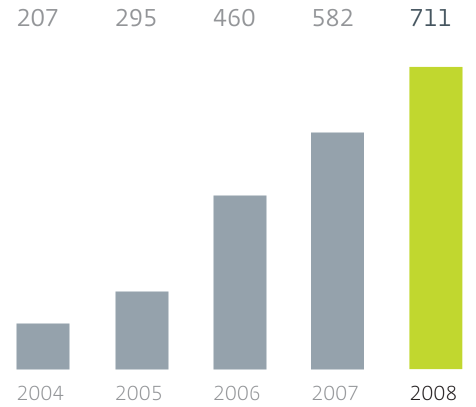

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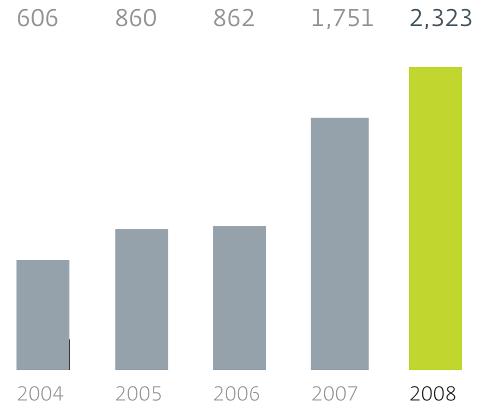
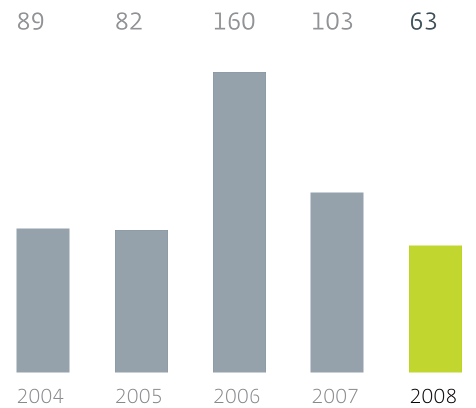


Total Assets (in EUR million)



Consolidated Profit Attributable to Shareholders (in EUR million)

DIRECTOR'S STATEMENT

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Dear Shareholders and Business Partners,

I would like to present the financial results of Penta for the 2008 fiscal year, which turned out to be very challenging due to the severe financial crisis and recession. I am proud to inform you that even in such a turbulent economical environment, Penta was able to grow. In 2008 sequity attributable to shareholders strengthened by 25 per cent to EUR 711 million. Moreover, the Group's assets grew by EUR 500 million to the level of EUR 2.3 billion. Consolidated profit attributable to shareholders for 2008 amounted to EUR 63 million.

In line with the expansion strategy started in previous years, Penta continued to invest in Central Europe, seen by us as the most promising market. Though the CEE region seemed to escape the credit crunch which hit the developed markets of the US and Western Europe, financial and currency turmoil in Poland, the Czech Republic, and especially Hungary put Penta's activities under substantial strain in the second half of the year. The falling value of CEE currencies, namely the Polish Zloty, Czech Koruna, and Hungarian Forint bit into the otherwise strong results of many of our subsidiaries. Despite this situation, Penta strengthened its position in the whole region and expanded substantially.
The endeavor to create strong regional holdings in betting – Fortuna, meat processing – Carnibona, pharmacies – Dr. Max, and retail – convenience stores Zabka, continued to move forward.

Penta's top 2008 deal was the successful sale of Realitní Developerská, a company owning a plot of land needed for the further expansion of Prague airport's new runway, to Letiště Praha. In 2008, the most significant transactions were achieved in the meat industry. Penta dramatically reshaped and expanded its meat processing business through two major acquisitions: in Slovakia – Mecom Group, and in Hungary – Debreceni Hús, both substantial players in their own home markets. The result of the effort was the creation of the new meat processing holding Carnibona, which is to fulfill Penta's ambition to play a significant role in further Central European meat market consolidation. Furthermore, in 2008 Penta successfully sold its stake in Novácke Chemické Závody. Penta also reached agreement with its consortium partner Flughafen Wien on the sale of its participation in Kosice Airport.

By the end of 2008, Penta had finalized the sale of its 49% stake in Falck Záchranná to its strategic partner, the Danish emergency services provider Falck. Performance of its ZSNP portfolio was boosted by the sale of the energy unit Enevia to Dalkia as well as participation from the profit of Slovalco.

Investments in Poland also continued to grow significantly in 2008 through the expansion of the Zabka convenience store chain to 2000 shops. In September 2008, the Polish pharmacies chain Veropharm became a part of Penta's pharmacies business under Dr. Max label. In Poland, Penta also proceeded with the acquisition of the second largest window manufacturer Okna Rabien, with the goal of participation in the industry's Central European market consolidation. This ambition was encouraged by the successful closure of the acquisition in the first half of 2009 accompanied by the subsequent purchase of the prominent Slovak windows producer Noves Okna.

In the area of real estate business operations, Penta started 2008 with the successful acquisition of land in downtown Bratislava, being sold at tender. The area has started to be the subject of preparation for further development. Over the course of 2008 the second stage of the successful administrative project Digital Park in Bratislava was under construction. The project has reached 70% occupancy even prior to final completion.

As previously mentioned, in 2008 Penta faced market difficulties arising from the financial crisis and recession. Nevertheless, Penta has maintained and kept a very solid and trustworthy position towards banks. This was, among others, proved for by obtaining one of the largest syndicated loan facilities in the CE market in the second half of 2008 – EUR 183 million. Moreover, a facility has been provided for PPC Power dividend recapitalization purposes. Penta also successfully leveraged its investment into the meat processing business by a set of acquisition and refinancing facilities amounting in total to EUR 112 million. At nearly the same time, Penta successfully negotiated a loan for financing the second stage of construction on Digital Park in Bratislava. A further piece of positive news is that Penta has maintained sound financial health as far as its ability to perform all obligations is concerned.

It is in position to finance 2 to 3 new deals per year during 2009 and 2010. In 2008, the debt equity ratio of Penta remained low, at the level of 1.2.

Responding to the extremely difficult world-wide economic situation, the Group shall closely focus on maintaining the efficiency of its operations and projects in 2009. Nevertheless, we shall not ease up with regards to searching for and striking suitable deals which we believe will be brought in abundance by the current situation. Finally, each crisis brings opportunities, opportunities Penta shall not miss.

I would like to thank the whole Penta team for their enormous effort in achieving strong results and to wish for the strength to meet the challenges of the upcoming year or two ahead of us. I would also like to express my gratitude to all business partners. To all, I wish the utmost success in their business.

Radoslav Zuberec

Radoslav Zuberec
MANAGING DIRECTOR

PARTNERS

Partners | Annual Report

Marek Dospiva
PARTNER

Jaroslav Haščák
PARTNER

Martin Kúšik
PARTNER

Jozef Oravkin
PARTNER

Jozef Špirko
PARTNER

MANAGEMENT DISCUSSION & ANALYSIS

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Consolidated Income Statement

Operating Revenue (EUR 1,882.7 million), Cost of goods for resale, raw materials consumed and other direct cost of sales/services (EUR 1,396.9 million)

Penta Holding Limited Group (the Group) showed substantial growth in revenues during 2008 amounting to EUR 750.4 million. The Group experienced growth due to new acquisitions carried out during 2008 in certain industries and growth of revenues from existing subsidiaries in the retail convenience stores, betting industry, statutory health insurance, and the pharmacy business.

In 2008 the Group acquired the following significant businesses: meat processing, electrical engineering, telecommunications, pet food and betting industries, health care and pharmacy business. These contributed to the Group revenues in the amount of EUR 183.2 million in 2008. More specifically, the new subsidiaries – HC Trade Group (operating in the meat processing industry) contributed EUR 110.7 million, Fortuna Sportska Kladionica d.o.o. (operating in the betting business) contributed EUR 7.4 million, TES VSETÍN, s.r.o. (producing generators and electric motors) contributed EUR 27.2 million, Gimborn Holding GmbH Group (operating in the pet food business) contributed EUR 26 million, Veris Polska Sp. z o.o. (operating in the pharmacy business) contributed EUR 6.2 million, and Stream Communications Sp. z o.o Group and Broker Service Sp. z o.o (operating in the telecommunication business) contributed EUR 5.7 million to the Group's revenue.

As far as existing subsidiaries are concerned, the subsidiary DÔVERA Zdravotná Poisťovňa, a.s., providing health insurance services, increased its revenues from EUR 390.6 million in 2007 to EUR 474.3 million in 2008. Zabka Polska S.A. and Žabka, a.s., operating convenience store chains in Poland and the Czech Republic, contributed a combined revenue of EUR 473.8 million in 2008 and EUR 141 million in the post acquisition period of 2007. Furthermore, the pharmacy business in the Slovak Republic, the Czech Republic and Poland generated total revenues in the amount of EUR 236.7 million in 2008 compared to EUR 151.3 million in 2007. AERO Vodochody, a.s., which operates in the aerospace business generated revenues in the amount of EUR 158.9 million in 2008 and EUR 162.2 million in 2007. It is also worth mentioning that Paroplynový Cyklus, a.s., Bratislava, a subsidiary which supplies energy and electricity, increased revenues from EUR 92.5 million in 2007 to EUR 123.9 million in 2008. Furthermore, the betting business in the Czech Republic, Slovak Republic, Poland and Croatia (new business) generated total revenues (net of payouts) in the amount of EUR 82.4 million in 2008 compared to EUR 53.9 million in 2007.

The cost of goods for resale, raw materials consumed, and other direct cost of sales/services amounted to EUR 1,396.9 million in 2008 and EUR 824.0 million in 2007. These operating costs increased significantly in 2008 due to the acquisition of new subsidiaries as well as the expansion of existing subsidiaries. This is in line with revenue growth.

Other significant operating costs: Salaries and benefits (EUR 189.0 million), depreciation and amortization (EUR 55.1 million), rental cost (EUR 48.0 million), other operating expenses (EUR 174.6 million)

Salaries and benefits have grown from EUR 119.9 million in 2007 to EUR 188.9 million in 2008. Depreciation and amortization have also increased from EUR 36.3 million in 2007 to EUR 55.1 million in 2008. Both expenses have grown at a rate lower to revenue growth since the Group experienced economies of scale and certain businesses have reached growth at the maturity stage.

Other operating expenses are mainly comprised of legal and professional services, advertising, transportation, utility costs, commissions, various taxes, repairs and maintenance, and other operational expenses. These expenses have increased due to the growth of the Group.

Rental cost showed a significant growth from EUR 24.4 million to EUR 48.0 million, mainly due to increased rental costs of the convenience stores acquired in October 2007. Rental costs of convenience stores amounted to EUR 21 million in 2008 compared to EUR 6.8 million in the post acquisition period from October 2007 to December 2007.

Other gains (EUR 74.6 million), other expenses (EUR 77.0 million) and financial expenses (EUR 62.8 million)

The Group reported other gains (net of losses) in the amount of EUR 74.6 million in 2008 and EUR 40.3 million in 2007. Other gains in 2008 include the following: fair value gains on derivatives (not designated as hedge accounting) in the amount of EUR 51.9 million, income from emission rights in the amount of EUR 17.5 million, gain on disposal of investments and securities, and property plant and equipment in the amount of EUR 13.3 million and EUR 6.8 million respectively. The gains are partly offset by the revaluation loss on investment properties amounting to EUR 11.3 million. Other gains in 2007 included the following balances: revaluation gain on investment property amounting to EUR 17.5 million and gain on the sale of property plant and equipment of EUR 9.4 million.

Other expenses (net) primarily include an impairment charge on receivables (EUR 39.9 million), impairment losses of property, plant and equipment (net of reversals) (EUR 30.3 million), and the creation of provisions for litigations, environmental risks and other provisions (EUR 6.7 million). Last year the Group reported other expenses (net) in the amount of EUR 15.7 million, which included an impairment charge on receivables (EUR 37.7 million), impairment loss on property, plant and equipment (EUR 3.4 million), and net reversals of provisions for litigations, environmental risks and other provisions (EUR 16.6 million-income). The increase of these costs is mainly due to downward revaluation of land and due to the fact that in 2007 there was a reversal of provisions for litigations, environmental risks, and other provisions (EUR 16.6 million), while in 2008 there is an additional provision of EUR 6.7 million. In addition, the Group increased the impairment provision of plant and equipment used in the telecommunication industry by EUR 6.1 million during 2008.

Net financial expenses from continuing operations increased from EUR 6.8 million in 2007 to EUR 62.8 million in 2008 due to increased bank charges and interest costs from borrowings to finance the business growth of the Group and unfavourable foreign exchange rate developments.

Results of Discontinued Operations (profit of EUR 106.1 million)

The reported profit relates mainly to the results of discontinued operations of Realitní Developerská, a.s. Group, Enevia, a.s., together with TEPLO, s.r.o., Adast, a.s., and Mobile Entertainment Company Sp. z o.o.

In 2007 the Group reported a profit from the discontinued operations in the amount of EUR 12.5 million, containing results of Realitní Developerská, a.s. Group, Adast, a.s., and Enevia, a.s., together with TEPLO, s.r.o.

Share of Profit from Associated Companies (EUR 35.2 million)

The share of profit from associated companies is primarily related to the results of Slovalco, a.s., a member of ZSNP, a.s. Group (ZSNP Group), amounting to EUR 35.0 million (2007: EUR 38.6 million). The 9.3 % decrease mainly reflects the adverse exchange rate movement of USD which is the functional currency of Slovalco, a.s.

Taxation (EUR 24.9 million)

The tax charge for the year on continuing operations is made up of a corporate tax charge of EUR 22.2 million and a deferred tax credit of EUR 2.7 million. The overall tax charge on continuing operations amounted to EUR 24.9 million (2007: EUR 13.3 million). The most significant corporate tax charges primarily relate to Slovenský Investičný Holding, s.r.o. (EUR 5.5 million), DÔVERA Holding Group (EUR 4.2 million), and ZSNP Group (EUR 3.0 million).

Minority Interest (Loss EUR 1.1 million)

The minority interest represents the share of the results of the subsidiary companies that minority shareholders are entitled to in subsidiaries in which the Group does not hold a 100% interest. This mainly represents the respective minority interests in profit of ZSNP Group (EUR 1.7 million) and in losses of MobilKom, a.s. (EUR 2.7 million).

Cosolidated Balance Sheet

Property, Plant and Equipment (EUR 474.5 million)

Property, plant and equipment increased significantly during the year ended 31 December, 2008. The carrying amount of property, plant and equipment increased from EUR 287.1 million to EUR 474.5 million. This is mainly a result of the acquisition of new capital intensive subsidiaries: HC Trade, a.s. Group, TES VSETÍN, s.r.o., Stream Communications Sp. z o.o. Group, and Penta Pet Food GmbH Group and the acquisition of property, plant and equipment in existing subsidiaries, mainly land in Centrade, a.s., and Digital Park Einsteinova, a.s., which operate in the property development sector. Property, plant and equipment mainly includes assets of the following businesses: HC Trade, a.s. Group in the amount of EUR 80.8 million, SIH Group in the amount of EUR 79.6 million, AERO Vodochody a.s. Group in the amount of EUR 69.4 million, Digital park Einsteinova, a.s., in the amount of EUR 38.6 million, and ZABKA HOLDINGS PUBLIC CO LTD Group in the amount of EUR 37.5 million.

The Group uses property, plant and equipment mainly in meat processing, aerospace, retail convenience stores, telecommunications, power generation business, property development sectors, aluminium production, and in pharmacy stores. The major classes of property, plant and equipment as of 31 December, 2008 were Land & buildings in the amount of EUR 200.1 million, machinery and equipment in the amount of EUR 186.6 million, and assets under construction in the amount of EUR 87.8 million.

Intangible Assets (EUR 93.8 million)

Intangible assets increased significantly during the year ended 31 December, 2008. The increase from EUR 63.0 million to 93.8 million was mainly due to the acquisition of new subsidiaries and the recognition of intangibles on an acquisition date based on a fair value exercise performed by the Group. More specifically, the Group recognised certain trade names/marks and product designs in the amount of EUR 17.2 million upon the acquisition of HC Trade, a.s. Group, customer relationship of EUR 11.1 million upon the acquisition of Stream Communications Sp. z o.o. Group and further acquisition of the Broker Service Sp. z o.o. and HomeNet Technologies Sp. z o.o., and a trade name/mark of EUR 9.2 million upon the acquisition of Penta Pet Food GmbH Group.

The intangible assets consist mainly of brand value in the amount of EUR 52.6 million, beneficial rent contracts in the amount of EUR 11.7 million, software in the amount of EUR 9.9 million, customer relationship in the amount of EUR 9.4 million, and patent technology in the amount of EUR 3.1 million.

Investment Property (EUR 108.0 million)

In 2008 the Group continued to invest in the real estate business mainly into land situated in Bratislava in the amount of EUR 14.1 million. The carrying amount of investment property increased in 2008 from EUR 91.7 million to EUR 108 million mainly as a result of new acquisitions of land during 2008 (EUR 14.1 million) and favourable movement in exchange rates (EUR 10.7 million). The increase was partly offset by the downward revaluation of properties by EUR 11.3 million.

The Group has used a fair value model since the beginning of 2007. The fair value model is widely used in the real estate industry.

Investment in Associated Companies (EUR 134.3 million)

Interest in associates consists of 44.69 % interest in Slovalco, a.s., and 30.22 % interest in Stabilita, d.d.s., a.s. The investments in associates increased from EUR 114.7 million to EUR 134.3 million mainly due to the increased carrying amount of Slovalco, a.s. The carrying amount of Slovalco, a.s., changed from EUR 112.1 million as of 31 December, 2007 to EUR 132.9 million as of 31 December, 2008. This was driven by the Group share of a deferred hedging gain in the amount of EUR 18.7 million and a net income recognised for the period in the amount of EUR 35 million. The carrying amount was reduced by dividends received in the amount of EUR 36.8 million.

Available-for-sale Investments (EUR 121.6 million – short-term EUR 27.8 million and long-term EUR 93.8 million), Investments at Fair Value through Profit or Loss (EUR 22.5 million – short-term EUR 7.6 million and long-term EUR 14.9 million)

Available-for-sale investments and investments at fair value through profit or loss (FVTPL) increased significantly from EUR 58.1 million to EUR 144.1 million due to increased purchases of Slovak government bonds and state treasury bills by Privatbanka, a.s., which is a bank operating in the Slovak Republic.

Available-for-sale investments mainly represent investment in bonds and other securities (EUR 117.6 million) and a 49% interest in Apollo Zdravotná Poisťovňa, a.s. (EUR 2 million). The majority of the securities and bonds are Slovak government bonds (EUR 67 million), state treasury bills (EUR 15.6 million), and bank bonds (EUR 24.3 million). The stated securities are carried at fair value either based on their current bid prices on active markets, or by using appropriate valuation methods such as discounted cash flow techniques with reference to market rates.

The FVTPL investments consist of listed securities amounting to EUR 12.1 million that were fairly valued as of 31 December, 2008 based on quoted bid prices from the active market, and non-listed bonds amounting to EUR 10.4 million which were fairly valued as of 31 December, 2008 based on discounted cash flow models using market yield returns and appropriate risk premiums.

Goodwill on Acquisition of Subsidiaries (EUR 341.0 million)

The carrying amount of goodwill increased from EUR 231.6 million in 2007 to EUR 341.0 million in 2008. This was mainly due to goodwill arising from acquisitions of new subsidiaries in the amount of EUR 134 million, unfavourable exchange rate fluctuations in the amount of EUR 9.3 million, and impairment recognised during the period in the amount of EUR 10.6 million.

The most significant acquisitions which gave rise to goodwill in 2008 relate to the 100% acquisition of HC Trade, a.s., and Mecom, a.s. Group, and the 100% acquisition of TES VSETÍN, s.r.o., through its 80% subsidiary Kelisia, a.s.

The most significant businesses to which the goodwill was allocated are the following: Zabka Polska S.A. in the amount of EUR 81.0 million, Fortuna Sázková Kancelář a.s. in the amount of EUR 47.3 million, HC Trade, a.s. Group in the amount of EUR 45.3 million, PPC Energy Group, a.s., in the amount of EUR 36.1 million, TES VSETÍN, s.r.o., in the amount of EUR 27.1 million, and Česká Lékárna, a.s., in the amount of EUR 27.4 million.

Trade and Other Receivables (Short-term EUR 281.6 million and long-term EUR 6.7 million) and Loans and Advances to Banking and Other Customers (Short-term EUR 108.5 million and long-term EUR 47.7 million)

Trade and other receivables include trade debtors from various businesses of EUR 174.5 million, trade debtors from the insurance business of EUR 57.8 million, other receivables due from related parties of EUR 1.1 million, and other debtors and prepayments of EUR 54.9 million.

The most significant trade debtors included within trade and other receivables are recorded by DÔVERA Holding, a.s. Group (EUR 61.2 million), ZABKA HOLDINGS PUBLIC CO LTD Group (EUR 47.8 million), HC Trade, a.s. Group (EUR 30.0 million), AERO Vodochody, a.s. Group (EUR 23.3 million), PPC Energy Group (EUR 15.4 million), ZSNP, a.s. Group (EUR 11.6 million), Lorea Investments Limited Group (EUR 9.1 million), Penta Pet Food GmbH Group (EUR 8.7 million), TES VSETÍN, s.r.o. (EUR 7.3 million), Mirakl Group (EUR 5.8 million), and Alpha Group (EUR 4.3 million).

Other debtors and prepayments represent prepayments in the amount of EUR 21.0 million, VAT receivable in the amount of EUR 11.0 million, unbilled revenues in the amount of EUR 8.0 million, and other deposits and deferred expenses.

The trade receivables increased by EUR 60.2 million, from EUR 113.6 million to EUR 174.5 million. The increase was driven by the business growth generated by acquisitions of new entities especially HC Trade, a.s. Group (EUR 27.4 million year-end balance), Penta Pet Food GmbH Group (EUR 8.7 million year-end balance), and TES VSETÍN, s.r.o. (EUR 7.3 million year-end balance), as well as increased operations of existing subsidiaries especially AERO Vodochody, a.s. Group (year-end balance higher by EUR 7.0 million). Trade receivables from DÔVERA Holding, a.s. Group also increased by EUR 13.7 million, from EUR 44.1 million to EUR 57.8 million due to the expansion of the health insurance business.

Loans and Advances consist of loans and advances to banking customers (EUR 93.0 million), loans to non-banking customers (EUR 61.8 million), and loans due from related parties (EUR 1.4 million). The loans and advances to banking customers are provided by the subsidiary Privatbanka, a.s., at a 7.24% average effective interest rate. The loans provided to non-banking customers are mainly loans provided to parties in the real estate business outside the Group at a 7.87% average interest rate.

Loans and Advances decreased from EUR 266.5 million in 2007 to EUR 156.2 million in 2008 mainly as a result of the repayment of loans in the amount of EUR 104.3 million, and due to a lesser extent to the increase of provisions for impairment by EUR 21 million.

Inventories (short-term EUR 177.8 million)

Inventories held as of 31 December, 2008 include raw materials with the value of EUR 93.6 million, work in progress in the amount of EUR 48 million, finished goods with the value of EUR 64.4 million, land held for sale in the amount of EUR 33.2 million, and provisions for obsolete stock of EUR 61.5 million. The inventories increased from EUR 100.4 million to EUR 177.8 million through the acquisition of new subsidiaries in the meat processing business, pet food production and sale, electrical engineering, and due to the expansion of the ongoing operations of aerospace industry, retail convenience stores, pharmacies, and land development.

On the balance sheet date the Group maintains inventory for the aerospace business in the amount of EUR 54.0 million, for land held for sale in the amount of EUR 33.2 million, for convenience retail stores in the amount of EUR 20.1 million, for pharmacy business in the amount of EUR 16.6 million, for meat processing business in the amount of EUR 15.0 million, for production of aluminium products in the amount of EUR 10.4 million, and others.

Inventories are mainly held by the following subsidiaries: AERO Vodochody, a.s. Group in the amount of EUR 53.8 million, The Port, a.s., in the amount of EUR 33.2 million, ZABKA HOLDINGS PUBLIC CO LTD Group in the amount of EUR 19.4 million, HC Trade, a.s. Group in the amount of EUR 13.8 million, Lorea Investments Limited Group in the amount of EUR 11.4 million, ZSNP, a.s. Group in the amount of EUR 10.4 million, Penta Pet Food GmbH Group in the amount of EUR 9.6 million, MobilKom, a.s, in the amount of EUR 5.9 million, and Mirakl Group in the amount of EUR 3.2 million.

Cash and Cash Equivalents (EUR 341.4 million)

The most significant balances included in cash and cash equivalents relate to Privatbanka, a.s. (EUR 182.4 million), PPC Energy Group (EUR 16.8 million), Riverhill Group (EUR 14.2 million), Gambella Holdings Limited (EUR 16.5 million), Penta Investments Limited (EUR 16 million), and DÔVERA Holding Group (EUR 32.7 million)

During the year the cash and cash equivalents increased from EUR 248.7 million as of 31 December, 2007 to 341.4 million as of 31 December, 2008. The Group showed positive cash flows from operations in the value of EUR 70.4 million. This was due to an increase in the cash generated from operating activities in the value of EUR 86.5 million which was reduced by the payment of taxes in the amount of EUR 16.1 million. Furthermore, the investing activities showed a cash outflow of EUR 165.1 million. This was due to the acquisition of subsidiaries, plant and equipment and investment property. Finally, net cash inflows from financing activities were EUR 175.5 million as a result of the increase in borrowings.

Non-Current Assets Held for Sale (EUR 0.1 million)

Non-current assets held for sale are classified as such if their carrying amount will be recovered through a sale transaction rather than through continued use. Non-current assets held for sale are comprised of investments held for sale and land classified as held for sale. There were significant balances of non-current assets held for sale presented in 2007 as follows: land mainly in the Czech Republic stated at fair value based on the average purchase price of 2007 (EUR 40.9 million), investment in associate companies KSC Holding, a.s. (EUR 12.7 million) and BTS Holding, a.s. (EUR 0.4 million). These were disposed of during 2008.

Assets of Disposal Group classified as held for sale (EUR 4.6 million) and Liabilities Directly Associated with Disposal Group classified as held for sales (EUR 4.5 million)

The Disposal Groups held for sale in 2008 relate mainly to the telecommunication business of the subsidiary Mobile Entertainment Company Sp. z o.o., which was subsequently disposed of during April 2009.

Derivative financial instruments in assets (short-term in the amount of EUR 27.1 million and long-term in the amount of EUR 30.6 million) and Derivative financial instruments in liabilities (short-term in the amount of EUR 3.1 million and long-term in the amount of EUR 1.4 million)

Derivative assets represent commodity swaps in the amount of EUR 57.7 million. The derivatives are used to hedge business risks arising from the Group's significant investment in the associate Slovalco, a.s., which operates in the worldwide aluminium and metal markets and is exposed to fluctuations in metal prices.

Derivative liabilities include interest rate swaps in the amount of EUR 1.1 million and forward foreign exchange contracts in the amount of EUR 3.4 million, which are stated at fair value at the years end. These are mainly used for hedging interest and foreign exchange exposure.

Equity Attributable to Equity Holders of the Parent (EUR 711.1 million)

The total equity principally consists of share capital and share premiums (EUR 47.7 million), retained earnings (EUR 555.2 million), and other reserves (EUR 108.2 million). The equity increased significantly from EUR 582.1 million as of 31 December, 2007 to EUR 711.1 million as of 31 December, 2008. This was mainly due to the profit generated for the year ended 31 December, 2008 in the amount of EUR 62.7 million, gain in cash flow hedge of associate in the amount of EUR 18.3 million, and gain on conversion of balances of foreign subsidiaries in the amount of EUR 52.0 million.

Minority Interest (EUR 14.0 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 on the balance sheet date. Minority interest is analysed as follows: Stream Communications Sp. z o.o. (EUR 7.0 million), ZSNP, a.s. (EUR 5.2 million), and Kelisia, a.s. (EUR 2.1 million). The minority interest has increased by EUR 3.4 million on a year to year basis, mainly due to additions of minority interest on acquisitions of new subsidiaries and negatively affected by dividends paid to minority holders.

Provisions (Short-term portion EUR 38.5 million and long-term portion EUR 51.0 million)

The carrying amount of provisions mainly relates to the following businesses: SIH Group (EUR 32.2 million), ZSNP, a.s. Group (EUR 24.5 million), DÔVERA Holding Group (EUR 13.1 million), AERO Vodochody, a.s. (EUR 7.8 million), and Penta Pet Food GmbH Group (EUR 6.8 million).

The most significant amounts represent provisions for environmental risks in the amount of EUR 33.5 million, contractual issues and litigations in the amount of EUR 17.4 million, provisions for employee benefits and bonuses in the amount of EUR 11.5 million, provisions for health insurance services of EUR 9.8 million, provision for released emissions in the amount of EUR 7.8 million, and guarantees for repairs in the amount of EUR 6.4 million.

Environmental provisions mainly consist of the provisions of ZSNP, a.s. Group amounting to EUR 22.9 million and of SIH Group amounting to EUR 10.5 million. In 1994 ZSNP, a.s. 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 of ZSNP, a.s., to remove alkaline water and to cap and re-cultivate the sludge heap. During 2008 ZSNP, a.s. revised the provision for the costs of capping and the re-cultivation of the sludge heap and removing alkaline water from the sludge heap which caused a decrease of provisions from EUR 27.1 million to EUR 22.9 million. The decrease reflects improved technology and experience gained in sludge processing. In addition, the decrease in provision is a result of more efficient and effective technology used for treatment of alkaline waters and the fact that this technology has been acquired by ZSNP SAV, s.r.o. (subsidiary of ZSNP, a.s.) which will provide these services to ZSNP, a.s., as a constructor. The provisions were determined based on existing technologies and on the fact that the remediation is expected to be completed within the following four years. SIH Group also maintains an environmental provision with respect to liabilities to the Slovak Republic. The provision relates to remedial action required with respect to contaminated underground and ground environment of property transferred to entities outside the Group. The management, having considered the recent recommendations of consultants and the legal implications, assessed the provision at EUR 10.5 million, which is similar to last year's provision and is adequate to cover any future cash outflows that may arise under the circumstances.

The provisions for guarantees, contractual issues and litigations mainly reflect the provisions made by SIH Group with respect to litigation and negotiation with various creditors, representing contingent liabilities, resulting from guarantees given, legal claims, and contractual defaults as of 31 December, 2008. The management and legal counsel of SIH Group performed an analysis of all such individual matters and 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. During the year 2008 the management of the Group released provisions recognised in previous years amounting to EUR 4.6 million based on the reassessment and analysis of litigation cases, examination of presently available information, and on the advice taken by legal counsel. The majority of the released provisions were derived from cases which were settled in 2008 and up to the date of this report.

The provisions for health insurance services relate to the payment for health care services provided to the insured of the subsidiary DÔVERA Zdravotná Poisťovňa, a.s. The services were approved and the provisions were calculated based upon agreements with the respective health care providers.

Creditors, Accruals and Other Liabilities (Long-term EUR 28.2 million and short-term EUR 424.5 million)

Long-term creditors and accruals comprise of advances received (EUR 7.2 million), deferred income (EUR 6.7 million), and other non-current liabilities (EUR 14.2 million). Other non-current liabilities primarily include the unpaid consideration payable by the Group with respect to the acquisition of the subsidiary Fortuna Sázková Kancelář a.s. (EUR 13.2 million) effected in 2005.

Short-term creditors and accruals can be analyzed as follows: Trade creditors (EUR 265.7 million), liabilities from health insurance (EUR 68.4 million), advances received (EUR 4.7 million), payables to related parties (EUR 0.9 million), and other payables and accruals (EUR 84.8 million).

Trade creditors mostly include balances of the following subsidiaries: ZABKA HOLDINGS PUBLIC CO LTD Group (EUR 82.2 million), SIH Group (EUR 53.7 million), Lorea Investments Limited Group (EUR 41.7 million), HC Trade, a.s. Group (EUR 28.8 million), and AERO Vodochody, a.s. Group (EUR 12.7 million). Liabilities from health insurance relate to DÔVERA Holding Group (EUR 68.4 million). Current payables and accruals increased from EUR 304.0 million in 2007 to EUR 424.5 million in 2008. This is a result of the acquisition of new entities which operate in meat processing (EUR 35.8 million), pet food processing (EUR 7.2 million), and electric engineering (EUR 7.0 million).
The increase was also driven by the expansion of retail business and pharmacies by EUR 22.6 million, increase in advances received by EUR 4.7 million, and increase in other payables by 32.4 million.

Borrowings (Long-term EUR 603.0 million and short-term EUR 287.0 million), Deposits from Banking Customers (Long-term EUR 4.1 million and short-term EUR 106.8 million) and Deposits from Other Banks (EUR 12.3 million)

Long-term loans are classified as follows: finance leases (EUR 10.6 million), bank loans (EUR 527.2 million), bonds and other debt securities (EUR 51.2 million), promissory notes payables (EUR 5.7 million), loans from related parties (EUR 3.4 million), and other borrowings (EUR 4.9 million).

Short-term loans are classified as follows: finance leases (EUR 3.6 million), bank loans (EUR 149.7 million), bonds and other debt securities (EUR 56.4 million), promissory notes payables (EUR 58.5 million), bank overdrafts (EUR 2.5 million), and other borrowings (EUR 16.3 million).

During 2008 the Group obtained new substantial borrowings to finance the business acquisitions effected in 2008, and the business expansion of new and existing subsidiaries in the fields of meat processing, aerospace, the energy sector, real estate, pet food, and power generators.

The Group mainly finances its borrowings through respectable banks and corporate bonds. The weighted average borrowing cost from banks was approximately 5.4% in 2008 and 6.1% in 2007. Deposits from other banks (EUR 12.3 million) and from banking clients (EUR 110.9 million) are those kept by Privatbanka, a.s., in its normal course of business activity. The effective interest paid in 2008 was on deposits from other banks (3.73%) and on deposits from banking clients (3.15%).

Taxation (deferred taxation of EUR 21.1 million and corporate tax of EUR 12.4 million)

Corporate taxation principally consists of balances for the following subsidiaries: SIH Group (EUR 6.6 million), ZSNP, a.s. Group (EUR 2.3 million), Lorea Investments Limited Group (EUR 1.1 million), DÔVERA Holding, a.s. Group (EUR 1.0 million), and FORTUNA SK, a.s. (EUR 0.9 million).

The corporation tax liability increased from EUR 2.4 million as of 31 December, 2007 to EUR 12.4 million as of 31 December, 2008 reflecting the higher tax charge of 2008 as compared to 2007 of EUR 8.8 million and tax liability of new subsidiaries acquired in the amount of EUR 2.1 million.

Deferred taxation consists principally of the balances of HC Trade, a.s. Group (EUR 6.8 million), ZSNP Group (EUR 5.7 million), ZABKA HOLDINGS PUBLIC CO LTD Group (EUR 4.1 million), Penta Pet Food GmbH Group (EUR 3.0 million), Digital Park Einsteinova, a.s. (EUR 2.0 million), and PM ZBROJNÍKY, a. s. (EUR 1.0 million – debit).

Deferred tax liability increased by EUR 12.9 million mainly due to the additional deferred tax liability of EUR 7.3 million recognised upon the acquisition of the meat processing business, EUR 3.1 million upon the acquisition of Penta Pet Food GmbH Group, EUR 3.1 million upon the acquisition of Przedsiębiorstwo "Broker-Service" Sp. z o.o., and EUR 0.3 million upon the acquisition of TES VSETÍN, s.r.o.

PENTA
HOLDING
LIMITED

Penta Holding Limited | Annual Report

Corporate data of Penta Holding Limited

Company name:
PENTA HOLDING LIMITED

Registration number:
HE 101570

Legal form:
Private Company Limited by Shares

Share capital:
EUR 171,000

Number and class of shares:
100,000 ordinary shares

Nominal value per share:
EUR 1,71

Principal activities:
Long term holding of investments

Registered office as at December 31st, 2008:
44 Griva Digeni Avenue
Salamis House, 3rd Floor
8020 Paphos, Cyprus

Registered office from January 19th, 2009:
Agias Fylaxeos & Polygnostou, 212
C&I CENTER BUILDING, 2nd floor
P.C. 3803, Limassol, Cyprus

Date of incorporation:
April 22nd, 1999

Auditor:
Deloitte Limited, Limassol, Cyprus

Board of Directors:
Radoslav Zuberec
George Crystallis

PENTA HOLDING LIMITED

Penta Holding Limited | Annual Report

Consolidated Income Statement

for the Year Ended 31 December 2008 (expressed in Euro)

	2008 Euro	RESTATED 2007 Euro
CONTINUING OPERATIONS		
Operating revenue	1,859,236,553	1,108,786,515
Interest income from banking and non banking clients	23,455,841	10,800,302
Total operating revenue	**1,882,692,394**	**1,119,586,817**
Change in inventories of finished goods and work in progress	(1,542,700)	(5,524,666)
Work performed by enterprise and capitalized	2,425,516	293,927
Raw materials, consumables used, goods for resale and direct costs	(1,380,339,925)	(818,288,869)
Interest expense from banking and other related operations	(16,513,025)	(5,706,717)
Other gains and losses	74,558,895	40,331,765
Share of profit from associates	35,172,986	39,978,573
Share of profit from joint ventures	–	2,843,103
Salaries and benefits	(188,973,879)	(119,897,218)
Depreciation and amortisation expense	(55,133,023)	(36,333,100)
Finance expenses, net	(62,809,465)	(6,805,925)
Rental expense	(47,954,288)	(24,384,781)
Impairment of goodwill	(10,563,371)	(697,777)
Other operating expenses	(174,602,687)	(120,369,499)
Other expenses, net	(76,979,608)	(15,652,080)
Excess of acquirer's interest in the net fair value of acquirers identifiable assets, liabilities and contingent liabilities over acquisition cost	919,255	47,465,903
(Loss) / Profit before taxation	**(19,642,925)**	**96,839,456**
Taxation	(24,932,264)	(3,990,432)
(Loss) / Profit for the year from continuing operations	**(44,575,189)**	**92,849,024**
Discontinued operations		
Profit for the year from discontinued operations	106,109,968	12,483,087
Profit for the year	**61,534,779**	**105,332,111**
Attributable to:		
Equity holders of the parent	62,663,984	102,675,732
Minority interest	(1,129,205)	2,656,379
	61,534,779	**105,332,111**

Consolidated Balance Sheet

as at 31 December 2008 (expressed in Euro)

	2008 Euro	RESTATED 2007 Euro
ASSETS		
Non-current assets		
Goodwill	341,026,049	231,575,855
Property, plant and equipment	474,527,165	287,073,860
Investment property	107,985,226	91,740,235
Investments in associates	134,251,666	114,698,777
Available for sale investments	93,780,556	16,357,855
Investments at fair value through profit or loss	14,862,146	15,391,900
Held to maturity investments	111,296	–
Intangible assets	93,765,458	63,016,769
Derivative financial instruments	30,561,106	1,635,898
Inventories	–	6,962,236
Trade and other receivables	6,702,349	3,238,611
Loans and advances to banking and other customers	47,693,748	48,463,119
Total non-current assets	**1,345,266,765**	**880,155,115**
Current assets		
Inventories	177,793,374	93,456,200
Investments carried at fair value through profit or loss	7,603,166	17,190,538
Other investments	1,167,214	520,908
Available for sale investments	27,817,195	9,113,264
Derivative financial instruments	27,095,428	3,655,062
Non-current assets held for sale	128,792	54,018,175
Trade and other receivables	281,601,260	200,416,931
Loans and advances to banking and other customers	108,466,806	218,020,012
Assets of disposal Group classified as held for sale	4,551,284	26,023,488
Cash and cash equivalents	341,448,665	248,710,920
Total current assets	**977,673,184**	**871,125,498**
Total assets	**2,322,939,949**	**1,751,280,613**

Consolidated Balance Sheet (continued)

as at 31 December 2008 (expressed in Euro)

	2008 Euro	RESTATED 2007 Euro
EQUITY AND LIABILITIES		
Equity		
Share capital	171,000	173,131
Share premium	47,538,100	47,538,100
Retained earrnings and other reserves	663,423,692	534,388,668
Equity attributable to equity holders of the parent	**711,132,792**	**582,099,899**
Minority interest	14,003,836	10,637,493
Total equity	**725,136,628**	**592,737,392**
Non-current liabilities		
Borrowings	602,996,605	237,826,627
Deposits from banking customers	4,069,176	4,648,156
Provisions	51,042,485	46,751,726
Derivative financial instruments	1,414,444	319,909
Deferred taxation	21,067,994	8,177,583
Creditors and accruals	28,155,790	28,802,049
Total non-current liabilities	**708,746,494**	**326,526,050**
Current liabilities		
Borrowings	286,976,676	336,292,386
Deposits from other banks	12,335,591	5,269,262
Deposits from banking customers	106,823,609	142,925,632
Provisions	38,460,865	23,307,044
Derivative financial instruments	3,056,303	–
Creditors and accruals	424,502,700	303,971,851
Taxation	12,417,780	2,385,379
Liabilities directly associated with assets of disposal Group classified as held for sale	4,483,303	17,865,617
Total current liabilities	**889,056,827**	**832,017,171**
Total liabilities	**1,597,803,321**	**1,158,543,221**
Total equity and liabilities	**2,322,939,949**	**1,751,280,613**

The financial statements were approved by the Board on 7 August 2009 and signed on its behalf by:

Radoslav Zuberec
DIRECTOR

George Crystallis
DIRECTOR

Deloitte.

Deloitte Limited
Maximos Plaza, Tower 1, 3rd Floor
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Independent Auditors' Report

To the Members of PENTA HOLDING LIMITED

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of **PENTA HOLDING LIMITED (the "Company")** and its subsidiaries **(the "Group")** on pages 7 to 147, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Deloitte.

Opinion

The consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of matters

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

As stated in Note 32 the consolidated financial statements include provisions amounting to Euro 5.603.167 which relates to guarantees, contractual issues and litigations in which the SIH Group, a subsidiary of the Company, is involved. 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 amounts provided for by the directors as at 31 December 2008. Any adjustments to these provisions would have an impact on the Group's consolidated financial position, results of operations and cash flows.

In Note 14 (c) of the consolidated financial statements, the investment of a subsidiary company of SIH Group in an iron processing plant, which is under construction in Ukraine, is discussed. This plant was provided to SIH, free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 337.217.619 (SKK 10.159.018 thousand). Since 1993 the SIH Group has incurred additional expenditure on construction and maintenance of the plant in the amount of Euro 35.291.542 (SKK 1.067.907 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 to dispose of its interest in the construction and is involved in negotiations with the Ukrainian and Slovak governments. As of today, no solution has yet been reached.

As stated in Notes 32, 37(iii) and 37(iv) to the consolidated financial statements, the subsidiaries SIH Group and ZSNP, a.s. Group have recognised provisions as of the balance sheet date amounting to Euro 10.521.111 and Euro 22.935.239 respectively 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, further probable contamination of the area and the availability and application of technology. Such costs could materially affect the results of the operations in the future years.

Deloitte.

Independent Auditors' Report (Continued)

To the Members of PENTA HOLDING LIMITED (Continued)

Emphasis of matters (Continued)

In Note 37(xiii) to the financial statements, the contingencies and uncertainties relating to the Group's operations in health insurance sector are discussed. The Group holds a 100% subsidiary (thereafter the subsidiary) which is engaged in the provision of compulsory health insurance services in the Republic of Slovakia. As explained in Note 37(xiii) there were recently various amendments with respect to the Legislation governing the provision of health insurance services in Slovakia. The most significant amendment to Health Insurance Law which came into effect on 1 January 2008, is governed by Act 530/2007("Non-Profit Amendment Act") which amends and supplements Act No.581/2004 on health insurance companies. Among other things the amendment restricts health insurance companies to distribute any profits of the year 2008 and onwards to its shareholders. During 2008 the subsidiary of the Group which provides health insurance services in Slovakia produced profits of Euro 15.350.625. The Group is currently assessing the accounting effect which the "Non-Profit Amendment Act" and the other recent amendments in legislation of health insurance in Slovakia might have on the Consolidated Financial statements. At the same time HICEE B.V. initiated Arbitration proceedings whereby as claimant requested that it be placed back in the position it would have been prior to the date the "Non-profit Amendment Act" came into force and to be compensated for the harm it suffered during the time the violation has been in force or alternatively to be compensated for any damages it suffered and will suffer as a result of the "Non-profit Amendment Act". Despite the uncertainties relating to the accounting implications of the "Non-Profit Amendment Act" and the other recently adopted legal amendments, the Group having considered legal advice fully consolidates the financial results and position of its subsidiary on the grounds that it continues to have the power to govern the financial and operating policies of the subsidiary, with a view to obtain benefits from the subsidiary. As disclosed in Note 37(xiii), the Group's financial results, financial position and cash flows could possibly be affected depending on the outcome of the Arbitration proceedings and upon obtaining clarifications on implementation issues of the amended legislation of health insurance in Slovakia.

Report on other legal requirements

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

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

Other Matter

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

Deloitte Limited

DELOITTE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 7 August 2009

Deloitte.

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CONFIRMATION

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

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

For a better understanding, of the Penta Holding Limited Group financial position and results of its operations and cash flows, the consolidated Income Statement and Balance Sheet presented on pages 29 to 31 should be read in conjunction with the full set of the audited consolidated financial statements of Penta Holding Limited.

Deloitte Limited

DELOITTE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 7 August 2009

PENTA INVESTMENTS LIMITED

Penta Investments Limited | Annual Report

Corporate data of Penta Investments Limited

Company name:
PENTA INVESTMENTS LIMITED

Registration number:
HE 158996

Legal form:
Private Company Limited by Shares

Share capital:
EUR 182,868

Number and class of shares:
182,868 ordinary shares

Nominal value per share:
EUR 1,71

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

Registered office as at December 31st, 2008:
44 Griva Digeni Avenue
Salamis House, 3rd Floor
8020 Paphos, Cyprus

Registered office from January 19th, 2009:
Agias Fylaxeos & Polygnostou, 212
C & I CENTER, 2nd floor
P.C. 3803, Limassol, Cyprus

Date of incorporation:
March 28th, 2005

Auditor:
Deloitte Limited, Limassol, Cyprus

Board of Directors:
Radoslav Zuberec
Nicos-Alecos Nicolaou

PENTA INVESTMENTS LIMITED

Penta Investments Limited | Annual Report

Consolidated Income Statement

for the Year Ended 31 December 2008 (expressed in Euro)

	2008 Euro	RESTATED 2007 Euro
CONTINUING OPERATIONS		
Operating revenue	**1,859,280,150**	**1,107,717,949**
Interest income from banking and other clients	23,455,841	10,932,475
Total operating revenue	**1,882,735,991**	**1,118,650,424**
Change in inventories of finished goods and work in progress	(1,542,700)	(5,524,666)
Work performed by enterprise and capitalized	2,425,516	293,927
Raw materials, consumables used, goods for resale and direct costs	(1,379,373,577)	(818,151,900)
Interest expense from banking and other related operations	(16,513,025)	(5,843,760)
Other gains and losses	74,558,735	40,247,266
Share of profit from associates	35,172,986	39,978,573
Share of profit from joint ventures	–	2,843,103
Salaries and benefits	(185,919,480)	(110,603,338)
Depreciation and amortisation expense	(54,850,065)	(35,722,667)
Finance expenses, net	(62,288,289)	(6,896,407)
Rental expense	(47,954,287)	(23,771,324)
Impairment of goodwill	(10,563,371)	(697,777)
Other Operating Expenses	(171,606,879)	(124,687,574)
Other (expenses)/income, net	(78,626,740)	(15,154,526)
Excess of acquirer's interest in the net fair value of acquirers identifiable assets, liabilities and contingent liabilities over acquisition cost	919,255	47,465,903
(Loss) / Profit before taxation	**(13,425,930)**	**102,425,257**
Taxation	(24,800,322)	(4,008,012)
(Loss) / Profit for the year from continuing operations	**(38,226,252)**	**98,417,245**
Discontinued operations		
Profit for the year from discontinued operations	106,109,967	12,483,087
Profit for the year	**67,883,715**	**110,900,332**
Attributable to:		
Equity holders of the parent	69,012,920	108,243,953
Minority interest	(1,129,205)	2,656,379
	67,883,715	**110,900,332**

Consolidated Balance Sheet

as at 31 December 2008 (expressed in Euro)

	2008 Euro	RESTATED 2007 Euro
ASSETS		
Non-current assets		
Goodwill	340,411,082	230,960,888
Property, plant and equipment	472,496,826	284,565,492
Investment property	107,985,226	91,740,235
Investments in associates	134,251,666	114,698,777
Available for sale investments	93,780,556	16,357,855
Investments at fair value through profit or loss	14,862,146	15,391,900
Held to maturity investments	111,296	–
Intangible assets	93,765,458	63,011,998
Derivative financial instruments	30,561,106	1,635,898
Inventories	–	6,962,236
Trade and other receivables	6,702,349	3,238,611
Loans and advances to banking and other customers	47,693,746	49,393,839
Total non-current assets	**1,342,621,457**	**877,957,729**
Current assets		
Inventories	177,793,374	93,456,200
Investments carried at fair value through profit or loss	7,603,166	17,190,237
Other investments	1,167,207	520,908
Available for sale investments	27,817,195	9,113,264
Derivative financial instruments	27,095,428	3,655,062
Non-current assets held for sale	128,792	54,018,175
Trade and other receivables	281,687,560	200,130,864
Loans and advances to banking and other customers	184,758,635	220,366,828
Assets of disposal Group classified as held for sale	4,551,284	26,023,488
Cash and cash equivalents	341,037,024	247,857,028
Total current assets	**1,053,639,665**	**872,332,054**
Total assets	**2,396,261,122**	**1,750,289,783**

Consolidated Balance Sheet (continued)

as at 31 December 2008 (expressed in Euro)

	2008 Euro	RESTATED 2007 Euro
EQUITY AND LIABILITIES		
Equity		
Share capital	312,704	316,180
Share premium	72,301,786	72,301,786
Retained earnings and other reserves	585,455,520	507,844,049
Equity attributable to equity holders of the parent	**658,070,010**	**580,462,015**
Minority interest	13,960,604	10,637,493
Total equity	**672,030,614**	**591,099,508**
Non-current liabilities		
Borrowings	602,996,605	237,826,627
Deposits from banking customers	4,069,176	4,648,156
Provisions	51,042,485	46,751,726
Derivative financial instruments	1,414,444	319,909
Deferred taxation	21,067,994	8,177,583
Creditors and accruals	28,155,790	28,802,049
Total non-current liabilities	**708,746,494**	**326,526,050**
Current liabilities		
Borrowings	325,302,401	339,861,009
Deposits from other banks	12,335,591	5,269,262
Deposits from banking customers	136,567,081	142,925,632
Provisions	38,460,865	23,307,044
Derivative financial instruments	3,056,303	–
Creditors and accruals	482,876,347	301,052,299
Taxation	12,402,123	2,383,362
Liabilities directly associated with assets of disposal Group classified as held for sale	4,483,303	17,865,617
Total current liabilities	**1,015,484,014**	**832,664,225**
Total liabilities	**1,724,230,508**	**1,159,190,275**
Total equity and liabilities	**2,396,261,122**	**1,750,289,783**

The financial statements were approved by the Board on 7 August 2009 and signed on its behalf by:

Radoslav Zuberec
DIRECTOR

Nicos Alecos Nicolaou
DIRECTOR

Deloitte.

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Independent Auditors' Report

To the Members of PENTA INVESTMENTS LIMITED

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of **PENTA INVESTMENTS LIMITED (the "Company")** and its subsidiaries **(the "Group")** on pages 7 to 152, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Deloitte.

Opinion

The consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of matters

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

As stated in Note 32 the consolidated financial statements include provisions amounting to Euro 5.603.167 which relates to guarantees, contractual issues and litigations in which the SIH Group, a subsidiary of the Company, is involved. 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 amounts provided for by the directors as at 31 December 2008. Any adjustments to these provisions would have an impact on the Group's consolidated financial position, results of operations and cash flows.

In Note 14 (c) of the consolidated financial statements, the investment of a subsidiary company of SIH Group in an iron processing plant, which is under construction in Ukraine, is discussed. This plant was provided to SIH, free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 337.217.619 (SKK 10.159.018 thousand). Since 1993 the SIH Group has incurred additional expenditure on construction and maintenance of the plant in the amount of Euro 35.291.542 (SKK 1.067.907 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 to dispose of its interest in the construction and is involved in negotiations with the Ukrainian and Slovak governments. As of today, no solution has yet been reached.

As stated in Notes 32, 37(iii) and 37(iv) to the consolidated financial statements, the subsidiaries SIH Group and ZSNP, a.s. Group have recognised provisions as of the balance sheet date amounting to Euro 10.521.111 and Euro 22.935.239 respectively 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, further probable contamination of the area and the availability and application of technology. Such costs could materially affect the results of the operations in the future years.

Deloitte.

Independent Auditors' Report (Continued)

To the Members of PENTA INVESTMENTS LIMITED (Continued)

Emphasis of matters (Continued)
In Note 37(xiii) to the financial statements, the contingencies and uncertainties relating to the Group's operations in health insurance sector are discussed. The Group holds a 100% subsidiary (thereafter the subsidiary) which is engaged in the provision of compulsory health insurance services in the Slovak Republic. As explained in Note 37(xiii) there were recently various amendments with respect to the Legislation governing the provision of health insurance services in Slovakia. The most significant amendment to Health Insurance Law which came into effect on 1 January 2008, is governed by Act 530/2007("Non-Profit Amendment Act") which amends and supplements Act No.581/2004 on health insurance companies. Among other things the amendment restricts health insurance companies to distribute any profits of the year 2008 and onwards to its shareholders. During 2008 the subsidiary of the Group which provides health insurance services in Slovakia produced profits of Euro 15.350.625. The Group is currently assessing the accounting effect which the "Non-Profit Amendment Act" and the other recent amendments in legislation of health insurance in Slovakia might have on the Consolidated Financial statements. At the same time HICEE B.V. initiated Arbitration proceedings whereby as claimant requested that it be placed back in the position it would have been prior to the date the "Non-profit Amendment Act" came into force and to be compensated for the harm it suffered during the time the violation has been in force or alternatively to be compensated for any damages it suffered and will suffer as a result of the "Non-profit Amendment Act". Despite the uncertainties relating to the accounting implications of the "Non-Profit Amendment Act" and the other recently adopted legal amendments, the Group having considered legal advice fully consolidates the financial results and position of its subsidiary on the grounds that it continues to have the power to govern the financial and operating policies of the subsidiary, with a view to obtain benefits from the subsidiary. As disclosed in Note 37(xiii), the Group's financial results, financial position and cash flows could possibly be affected depending on the outcome of the Arbitration proceedings and upon obtaining clarifications on implementation issues of the amended legislation of health insurance in Slovakia.

Report on other legal requirements
Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

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

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

Deloitte Limited

DELOITTE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 7 August 2009

Deloitte.

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CONFIRMATION

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

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

For a better understanding, of the Penta Investments Limited Group financial position and results of its operations and cash flows, the consolidated Income Statement and Balance Sheet presented on pages 39 to 41 should be read in conjunction with the full set of the audited consolidated financial statements of Penta Investments Limited.

Deloitte Limited

DELOITTE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 7 August 2009

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