Annual Report 2012

Penta Investments Limited

PENTA

ANNUAL REPORT **2012**

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DIRECTORS' STATEMENT — Annual Report

Dear Shareholders and Business Partners,

In the first half of 2012, Penta finalised the change of its holding structure. The new company, Penta Investments Limited (the "Fund") in Jersey was established on 13 December 2011 as a private limited liability company.

The Fund is not regulated by the Jersey Financial Services Commission.

The Fund was established to allow the Group to prepare financial statements under the fair value methodology, which is a recognised practice in the Private Equity Industry and best provides useful information to the users of the financial statements. Consolidated financial statments have not been prepared.

Before 1 January 2012, all portfolio investments of the Group were held by Penta Investments Limited of Cyprus either directly or indirectly through its subsidiaries incorporated in Cyprus or the Netherlands. With the establishment of the Fund, the investments in the selected portfolio companies were transferred to the Fund during 2012. The ultimate beneficial owners of the portfolio companies did not change.

Former Slovakian, Czech and Polish branches of Penta Investments Limited (Cyprus) operations were transferred to new limited liability companies that were set up under the General Partner structure.

The sole shareholder of the Fund, Penta Holding Limited, also finalised its migration process from Cyprus to Jersey on 11th January 2013 and changed its name to Penta Investments Group Limited.

Penta has continued to grow in 2012. The Group's asset value of its portfolio companies increased to EUR 5.9 billion from the prior year. This represents the Group's asset position of the portfolio companies without deductions.

In 2012 Penta changed its financial reporting process and now applies fair value accounting to record all of its investments and does not prepare consolidated accounts (refer page 09 for detailed explanation of changes to reporting process). Under this new approach the Fund's asset value is EUR 1.7 billion and its equity value is EUR 1.4 billion. Profits for the year were EUR 147 million.

In 2012, the Fund has completed seven transactions in its core markets, Poland, the Czech Republic, Slovakia and Germany, of which six were acquisitions and one exit. Investments into new projects and expansions within the existing portfolio amounted to EUR 370 million.

The new investment strategy has continued and will further focus on larger companies within Central Europe with EBITDA of EUR 30 million or more. The holding period is expected to increase to 7–10 years and the number of portfolio companies will be gradually reduced from the existing 17 to approximately 10 within a five-year horizon.

The ratio of the Fund's value between buy-outs and real estate projects should reach 70:30. The current ratio is 82:18. Penta is determined to expand its real estate activities on the Polish market, having already started to establish the local real estate team.

Penta's portfolio companies currently provide more than 33,000 jobs, of which more than 500 new jobs have been created in 2012.

Even in the very difficult year of 2012, Penta continued to grow and achieve its targets. It would not be possible without the employees' effort and loyalty to the Group and our principles.

For that I would like to thank the whole Penta team.

Radoslav Zuberec
Director

Changes to Penta Financial Reporting

CHANGES TO PENTA FINANCIAL REPORTING — Annual Report

The shareholders of the Fund have opted to apply fair value accounting in accordance with the requirements of IAS 39 and IFRS 7 to record all investments in subsidiaries, joint ventures, associates or other financial investments and not to consolidate investments. This is contrary to the requirements of the IFRSs but it best provides useful information to the users of the financial statements and is a recognised practice in the Private Equity Industry.

Under the new methodology the Fund is preparing financial statements in accordance with International Financial Reporting Standards (IFRS) with the exception of consolidation of subsidiary undertakings as required by IAS 27"Consolidated and Separate Financial Statements".

By opting to apply fair value accounting and there being no regulatory obligation to prepare consolidated financial statements in Jersey, no consolidated financial statements are available at the parent company level. As a consequence the financial statements reported under fair value accounting is not comparable to consolidated financial statements.

Under consolidation the Group:

- combines like items of asset , liabilities, equity, income, expenses and cashflows of the parent with those of its subsidiaries
- offsets (eliminates) the carrying amount of the parent's investments in each subsidiary and the partent's portion of equity of each subsidiary
- eliminates in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group

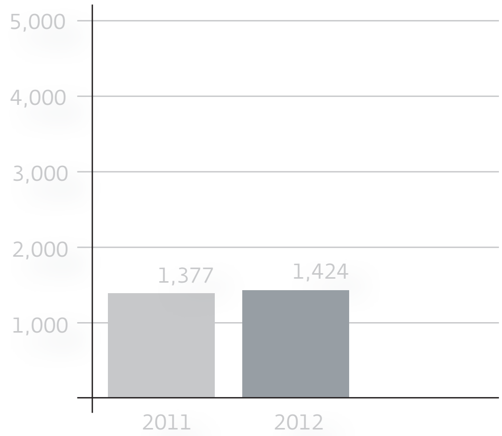
The Group is effectively looking through the structures to the assets & liabilities of the project companies. Whereas under fair value accounting the Fund values its assets and liabilities at fair value at the year-end date. The Fund's major asset class is its Investment in subsidiaries therefore the statement of financial position presents Financial Assets at fair value through profit and loss being the Fund's major asset and any movement on fair value being booked through the statement of comprehensive income.

Therefore when comparing total assets under consolidation to total assets under fair value accounting you will find significant differences.

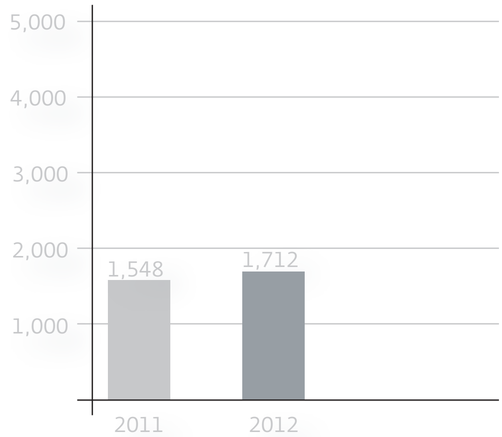
The first year to apply fair value accounting is 31 December 2012 with comparatives being the audited opening statement of financial position as of 31 December 2011 and audited statement of comprehensive income.

Financial Highlights

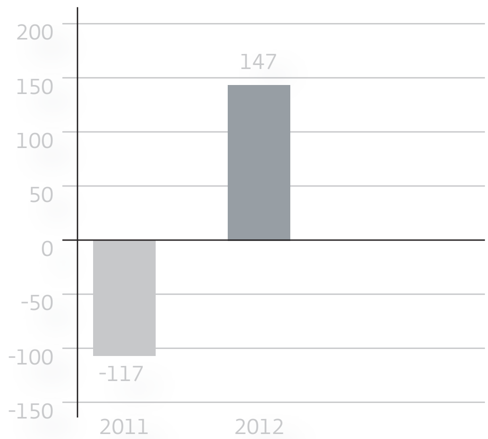
FINANCIAL HIGHLIGHTS — Annual Report



Equity Attributable to Shareholders *(in EUR million)*



Total Assets *(in EUR million)*



Profit Attributable to Shareholders *(in EUR million)*

2012 Activity

2012 ACTIVITY — Annual Report

Acquisitions

EMPIK MEDIA & FASHION GROUP (EM&F GROUP) is listed on the Warsaw Stock Exchange and is a leading distributor of media and entertainment products, clothing, shoes, toys and accessories for children, cosmetics, and language courses.

EM&F Group is composed of operating and retail companies with NFI Empik Media & Fashion S.A. as the holding company. The EM&F business model is based on four segments: the Empik Group, the Smyk Group, Language Schools, Fashion and Beauty. EM&F operates in Poland, Russia, Ukraine, Czech Republic, Slovakia, Germany, Romania, and Turkey.

Penta Investments has had joint majority control in EM&F Group together with Eastbridge since 2012.

GEHRING TECHNOLOGIES HOLDING GMBH is a German pioneer and is one of the two worldwide leading manufacturers of honing machines. The Gehring Group employs 630 people, 530 of them in Germany, and has a presence in Germany, France, Brazil, USA, India, and China.

Penta Investments acquired 75% of the mechanical engineering company Gehring Technologies Holding GmbH from Stargate Capital GmbH, which still holds 25% of the company's shares.

The Company has undergone a change of management and carried out an overall operational review. New management secured new financing to cover operational needs and is also looking into potential entry into new product segments.

DR. MAX is one of the biggest pharmacy chains in Central Europe. It is a market leader in Czech Republic and Slovakia, and one of the biggest chains in Poland. It operates more than 500 pharmacies in the chain and serves more than 130,000 customers daily.

In 2012, Penta's pharmacy business grew by the acquisition of Czech pharmacy chain LLOYDS and Czech pharma distributor GEHE.

The holding company of DR. MAX successfully issued bonds with a total value of EUR 57 million.

CLAR SYSTEM S.A. is one of the leading cleaning service providers in Poland.

Penta entered the facility management sector in Central Europe by acquiring Czech AB Facility at the end of December 2010. Thus the acquisition of a 100% stake in Polish CLAR SYSTEM S.A. in April 2012 was further pursuing Penta's strategy to participate in the consolidation of the Central European facility management sector. Since the acquisition, the company has continued to grow organically.

SCHNEIDER GROUP has been active in the meat processing industry for 20 years. It is one of the biggest modern producers of smoked-meat products in Central Europe.

The acquisition of Schneider was another stepping stone in Penta's strategy to consolidate meat producers in Central Europe. The initial purchases of meat producers in Slovakia and Hungary started in 2007-2008, thus creating Carnibona group.

Schneider's new management focused on implementation of standard operational policies leading to growing synergies of the previously run family business with Penta's Carnibona meat business.

WALTROVKA is a brownfield area of a former aircraft engines factory in Prague – Jinonice. This is a new Penta real estate project in the Czech Republic which shows great development potential given its location.

Penta purchased this property from Red Group.

Plans are being prepared to develop the site into Prague's new residential and commercial district of 169,000 sq.m with an investment of over EUR 200 million.

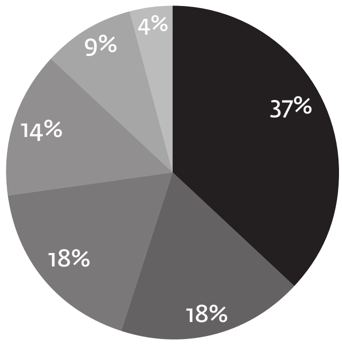
Exits

ALPHA MEDICAL is one of the largest providers of medical laboratory services in Slovakia, the Czech Republic and Poland. The company expanded, with a view to building one of the largest networks of medical laboratories on the Central European market.

Over the five years of Penta's presence, the acquisition-led growth strategy has seen revenues increase significantly. In this period, Alpha Medical has successfully entered two new countries and has established top five positions in all three markets, including market leadership in Slovakia and second position in the Czech Republic. The network reached significant efficiency improvement through central procurement, laboratory centralisation and personal cost driving.

At the end of 2012, Penta sold Alpha Medical to private equity fund Mid Europa Partners.

Individual Sectors Share in Penta's NAV



- Retail – 37% (including DR. MAX)
- Real estate – 18%
- Manufacturing – 18%
- Healthcare – 14% (excluding DR. MAX)
- Financial services – 9%
- Other sectors– 4%

Partners

PARTNERS — Annual Report

Marek Dospiva

Jaroslav Haščák

Martin Kúšik

Jozef Oravkin

Iain Child

Eduard Maták

Jozef Špirko

Financial Results

FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Corporate Data

Corporate data of Penta Investments Limited

Company name:
PENTA INVESTMENTS LIMITED

Registration number:
109645

Legal form:
Private Company

Share capital as at 31 December 2012:
EUR 2,000,000

Number and class of shares as at 31 December 2012:
1,000,000 Ordinary Shares;
1,000,000 Redeemable Shares

Nominal value per share:
EUR 1 per ordinary share
EUR 1 per redeemable share

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

Registered office:
17 The Esplanade,
St Helier,
Jersey,
JE2 3QA

Date of incorporation:
13 December 2011

Auditor:
Deloitte LLP, Jersey, Channel Islands

Board of Directors:
Radoslav Zuberec
Frederick John Deacon
Donovan Gijsbertus Wijsmuller

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

(EUR '000)	31-Dec-12	31-Dec-11
ASSETS		
Non-current assets		
Financial assets at fair value through profit or loss	1,446,225	1,009,627
Property and equipment	245	268
Intangible assets	594	921
Other receivables and prepayments	170	-
Other assets	37,245	264,542
	1,484,479	**1,275,358**
Current assets		
Financial assets at fair value through profit or loss	-	100,735
Other assets	-	178
Carried interest clawback	776	-
Other receivables and prepayments	2,226	3,170
Cash and cash equivalents	225,399	168,841
	228,401	**272,924**
Total assets	**1,712,880**	**1,548,282**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	2,000	1,000
Share premium	803,286	-
Retained earnings and other reserves	619,229	1,376,757
Total equity	**1,424,515**	**1,377,757**
Non-current liabilities		
Carried interest	25,861	6,352
Borrowings	120,789	71,013
Other liabilities	-	19,000
	146,650	**96,365**
Current liabilities		
Carried interest	-	17,596
Borrowings	119,486	53,883
Other liabilities	19,000	-
Other payables and accrued expenses	3,229	2,681
	141,715	**74,160**
Total liabilities	**288,365**	**170,525**
TOTAL EQUITY AND LIABILITIES	**1,712,880**	**1,548,282**

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

(EUR '000)	31-Dec-12	31-Dec-11
Gain or loss on sale of financial investments	15,290	12,053
Other net changes in fair value of financial assets through profit or loss	234,590	(37,521)
Unrealised loss on other assets	(32,577)	(44,216)
Total net income	**217,303**	**(69,684)**
Management fee	(22,278)	(25,625)
Transactions costs	(6,896)	(13,704)
Carried interest charge	(18,866)	-
Other operating expenses	(13,113)	(6,750)
Total operating expenses	**(61,153)**	**(46,079)**
Operating gain/(loss)	**156,150**	**(115,763)**
Interest expense	(9,965)	(9,872)
Other income, net	973	8,135
Total other loss, net	**(8,992)**	**(1,737)**
Profit/(loss) before tax	**147,158**	**(117,500)**
Income tax	-	-
Profit/(loss) after tax	**147,158**	**(117,500)**
Other comprehensive income		
Other comprehensive income	-	-
Net comprehensive gain/(loss)	**147,158**	**(117,500)**

Financial Statements Basis of Preparation

FINANCIAL STATEMENTS BASIS OF PREPARATION — Annual Report

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) with the exception of consolidation of subsidiary undertakings as required by IAS 27"Consolidated and Separate Financial Statements". The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The shareholders of the Fund have opted to apply fair value accounting in accordance with the requirements of IAS 39 and IFRS 7 to record all investments in subsidiaries, joint ventures, associates or other financial investments and not to consolidate investments. This is contrary to the requirements of the IFRS but it best provides useful information to the users of the financial statements.

The comparative Statement of Financial Position is as at 31 December 2011.

Statement of Financial Position and Statement of Comprehensive Income has been prepared as if the Fund had been incorporated and the assets and liabilities of PIL Cyprus had been transferred to the Fund on 31 December 2010. Management believes that the comparatives include all adjustments necessary for the fair presentation of the financial position and performance in accordance with accounting principles of the Fund.

Independent Auditor's Statement

INDEPENDENT AUDITOR'S STATEMENT — Annual Report

Deloitte.

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF PENTA INVESTMENTS LIMITED

We have examined the summary financial statements on pages 21 and 23 for the year ended 31 December 2012 which comprises the Statement of Financial Position and Statement of Comprehensive Income of Penta Investments Limited prepared in accordance with International Financial Reporting Standards with the exception of consolidation of subsidiary undertakings as required by IAS 27 "Consolidated and Separate Financial Statements".

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 auditors' 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, for our audit report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the summary financial statements.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual non-statutory financial statements and the Directors' Report of Penta Investments Limited for the year ended 31 December 2012.

Opinion

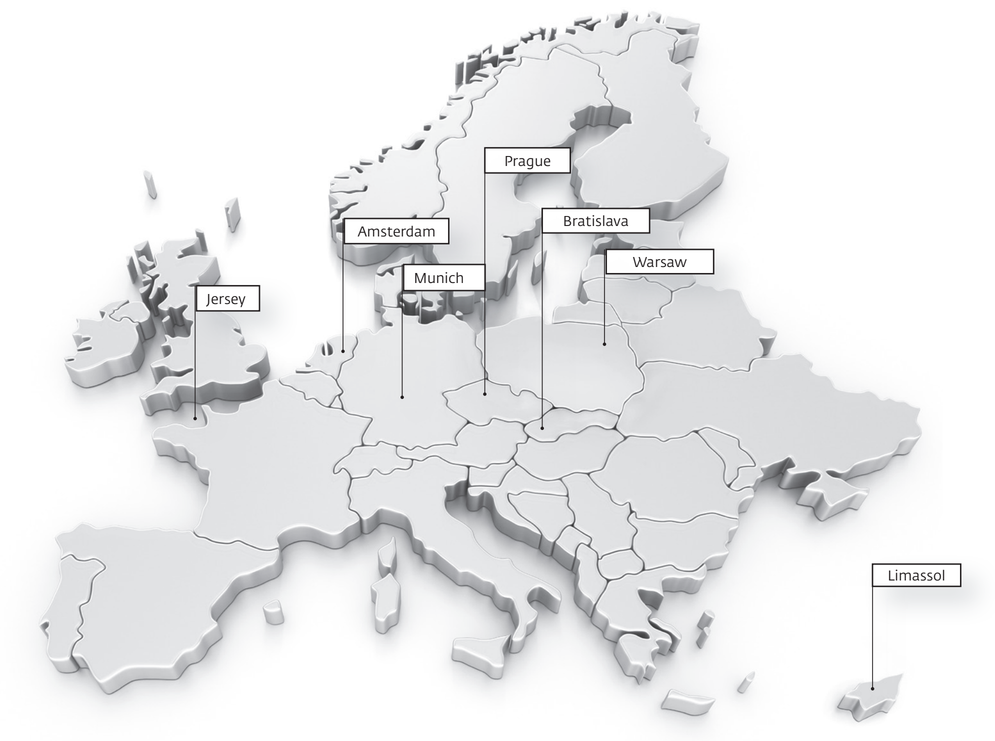
In our opinion, the summary financial statements are consistent with the full annual non-statutory financial statements and the Directors' Report of Penta Investments Limited for the year ended 31 December 2012.

We have not considered the effects of any events between the date on which we signed our report on the full annual non-statutory financial statements (19 April 2013) and the date of this statement.

Deloitte LLP

Deloitte LLP
St. Helier, Jersey
Date: 25 July 2013

Contacts


Prague
Amsterdam
Bratislava
Warsaw
Munich
Jersey
Limassol

CZECH REPUBLIC

Penta Investments, s.r.o.
Na Příkopě 6
110 00 Prague 1

Phone +420 225 101 110
Fax +420 225 101 160
prague@pentainvestments.com

SLOVAK REPUBLIC

Penta Investments, s. r. o.
Digital Park II
Einsteinova 25
851 01 Bratislava

Phone +421 2 57788 111
Fax +421 2 57788 050
bratislava@pentainvestments.com

POLAND

Penta Investments sp. z o.o.
Nowogrodzka 21
00-511 Warsaw

Phone +48 22 502 32 22
Fax +48 22 502 32 23
warsaw@pentainvestments.com

GERMANY

Penta Investments GmbH
Herzog-Heinrich-Strasse 22
80336 Munich

Phone + 49 89 35 000 2300
munich@pentainvestments.com

CYPRUS

Penta Investments Limited
Agias Fylaxeos & Polygnostou
212 C&I CENTER, 2nd floor
3082 Limassol

Phone +357 25733104
Fax +357 25733135
limassol@pentainvestments.com

NETHERLANDS

Penta Investments, B.V.
Strawinskylaan 1223
World Trade Center, Tower A /Level 12
1077 XX Amsterdam

Phone +31 2 03 33 11 66
Fax +31 2 03 33 11 60
amsterdam@pentainvestments.com

JERSEY

Penta Investments Limited
17 Esplanade
St. Helier
JE2 3QA

Phone +44 1534 828717
Fax +44 1534 828716
sthelier@pentainvestments.com