

ANNUAL REPORT

2003

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Dear Shareholders and Business Partners,

I have the pleasure of making the introduction to the Penta Investment Group Annual Report for 2003. Penta is a privately owned private equity business with a transparent ownership and organizational structure. Penta and its predecessors have been in the private equity business for almost a decade and continued to perform well in 2003. This Annual Report provides financial data in accordance with International Financial Reporting Standards since the group is statutorily consolidated at the parent company level within the framework of Penta Holding, Cyprus. Although this valuation provides an optimistic picture of our 2003 performance, our own valuation, which reflects market conditions in Slovakia and the Czech Republic and better suits private-equity business transactions, results in even more encouraging figures.

As will be discussed in detail in the Annual Report section dedicated to the group investment vehicle, Penta Investments Ltd., Penta continued to operate in its traditional areas of business: buy-out projects, asset-stripping projects and the receivables management. In 2003 all projects were realized in either Slovakia or the Czech Republic. A dramatic rise in the amount invested can be seen in projects realized by our Czech team. Overall, I can only express a great deal of satisfaction with the development of our business in 2003. We started several new interesting projects in new industries and also managed several good exits. We are also proud to have retained our long-term co-investor, Credit Suisse First Boston, as our partner in several new projects in 2003.

With Penta's 10th anniversary in the business approaching, we spent most of 2003 on an active strategic management effort. With the assistance of external experts on specific topics, a team of the best minds among our employees focused on long-term global, societal and business trends in order to determine

the right direction for the company. By its very nature, the private equity business is opportunistic. However, we have succeeded in understanding our competitive advantages, key strengths and opportunities. In the future, we will focus on projects that will allow us to best take advantage of these. Following the project concerning business trends, we focused on improving our operations. At the end of last year, a team was formed and assigned the task of reviewing thoroughly our operations, benchmarking them against the best practices in the industry and implementing these best practices at Penta, unless there are good reasons for not doing so. Renowned management consulting firms, KPMG London and Boston Consulting Group, Prague, will assist us in the performance of this task and we are confident of a high return on this investment. Since the benchmarking has already provided several interesting inputs so far, we have included a chapter on our business model in this Annual Report to help the reader better understand the company and its business.

In both Slovakia and the Czech Republic, we continue our efforts to conduct ourselves as good corporate citizens and share some of our success with society through philanthropy projects. Our foundation, which was founded in Slovakia in 2002, established a branch in the Czech Republic in 2003 in order to be better able to fulfill its charitable mission in this country. A separate chapter of this Annual Report further discusses the activities of our foundation.

I would like to thank all of the people of Penta who contribute their talent and passion in executing a broadly shared vision for growing a great company. For the future I wish Penta continuing success in its business, and I take the opportunity to wish you an interesting reading.



Radoslav Zuberec
Director

Business Model

Penta conducts business in the field of private equity investments in both Slovakia and the Czech Republic. During the first several years of its existence, the company employed a more or less opportunistic approach with regard to business opportunities, but in recent years Penta has exhibited a clear orientation towards buy-out investments in undervalued companies and in distressed assets, and asset-stripping projects.

Unlike the typical private equity company, Penta has a more sophisticated corporate structure in which both the fund, represented by Penta Investments, and the management companies, Penta Group in Slovakia and Penta Finance in the Czech Republic, are owned by the same corporate parent, Penta Holding Ltd. The complete list of Penta Holding's equity participations together with a short narrative on their purpose within the corporate structure is provided on page 9.

Penta is organized as a limited liability company instead of the more typical limited partnership. The reasons for this are that the company has no investors at the "fund" level, other than its shareholders, and that Penta makes investments on a continual basis, rather than raising discrete funds with a definite life.

In 1994, Penta started its private equity business in Slovakia and has been active in the Czech market since

2001. Its management companies in both countries are 100% group-owned. Most of the services related to our projects are performed in-house. These include analytical work, legal services and a whole range of back-office operations, which are also used to perform due diligence or restructuring tasks.

Our projects do not have a specific industry focus. Projects usually take 2 - 5 years to complete with a sale to a strategic investor being the most frequent exit strategy. We apply a very hands-on approach to the management of companies in our portfolio. Our investment managers usually take an active role on the board of each portfolio company and very actively participate in the revitalization and restructuring process.

We are proud to say that since 2000 we have earned an average internal rate of return on Penta's equity of over 40% p.a. based on our internally developed market-value valuation methodology. We also take pride in the fact that even though we have no investors at the fund level, we have been able to attract several individual co-investors on a number of our projects, i.e., at the acquisition of portfolio company level of financing. Our fruitful and long-lasting co-investment relationship with Credit Suisse First Boston, London is a prime example of this.

Philanthropy

The Penta Foundation was registered with the Slovak Ministry of the Interior on 23 September 2002. A branch of the Penta Foundation with a registered office in Prague was established in the Czech Republic on 31 December 2003.

The foundation's objective is the development and protection of intellectual and cultural values, physical education, the school system, education and science, as well as health care, the social sphere, and human rights. The foundation's objectives also include the development of the business environment and international relations, enhancement of environment and the quality of life, as well as the provision of individually designated humanitarian assistance. The foundation fulfills its objective in particular through the provision of funds in the form of grants to individuals, non-governmental organizations, educational institutions, and other associations that provide useful public services, as well as through its own educational, advisory, information, and publication activities.

In 2003, the foundation organized the fifth year of the competition for the Penta Group, a. s. Award, which is annually awarded to five students of local universities for their academic excellence, and announced the first year of a similar competition in the Czech Republic called the "Penta Finance a. s. Academic Excellence Award". The primary goals of these activities are to motivate university students to achieve excellent academic results and to bring the worlds of academia and business practice closer together.

At the beginning of 2003, cooperation began between the Penta Foundation and Skola pre mimoriadne nadane deti a gymnazium (School for Exceptionally Gifted Children and High School) in Bratislava. The aim of the project is to support the development of education for exceptionally gifted children in order to allow them to develop their talents under adequate conditions.

Another long-term activity of the Penta Foundation in the area of education is a project involving cooperation with the Department of Journalism of the Faculty of Philosophy of Comenius University in Bratislava and the weekly business magazine Trend. The primary objectives of this cooperation are to familiarize students of the Department of Journalism with the basics of finance, economics and law for use in their future practice in the media and to provide students a sufficient opportunity to become acquainted with the above-mentioned fields with regard to the correct use of business terminology, orientation of students among issues of legislation that regulates the area of finance, securities trading, etc.

At the beginning of the 2003/2004 school year, the Penta Foundation announced an essay composition competition titled Vision 2020, by means of which it addressed the students of several universities in Slovakia and the Czech Republic. The objective of this competition was to provide a place for the development and presentation of creative and original student views of the specified topics.

Since the beginning of 2003, the foundation has also supported various other activities. In the area of education and schooling, the foundation helped Domov socialnych sluzieb pre postihnute deti (Social Services Center for Handicapped Children) in Bratislava and provided support to primary schools in Stara Lubovna, Nova Lubovna, and Vislanka for school reconstruction and the purchase of teaching aids. Recently, the foundation supported Slovenska asociacia logopedov (Slovak Association of Speech Therapists).

In the area of health services, the foundation made financial contributions to the parents of sick and handicapped children, the Hospital of the Ministry of the Interior of the Slovak Republic, and supported Zdruzenie na pomoc detskej onkologii pri DOO DFNSP (Association for the Support Children's Oncology at the Children's Oncology Ward of the Children's Teaching Hospital and Polyclinic).

In the field of sport, the Penta Foundation supported the projects of TJ Slavia Pravnik, Sportovy klub Helpa, HC Slovan – youth, FK Matador, and several activities of physically handicapped sportsmen. The foundation also contributed to the City of Kosice for the purchase of real estate and land of the unfinished Ice Hockey Stadium of L. Troják in Kosice in order to support the development of sport and physical education in the region of the city.

In order to support and preserve cultural and intellectual values of society, the foundation supported the organization of the Poviedka 2003 (Story 2003) literary competition and the benefit performance of Jan Tříska on the occasion of the 10th anniversary of Konto Bariery

(Barrier Account) in the Czech Republic. The foundation also financially contributed to churches in Dolna Trnavka, Durkova, and Puste Pole.

In the area of euro-integration, the Penta Foundation supported the project “Hearing from Europe” and the organization of the international conference “Readiness of the Candidate Countries for the EU Regional Policy”, organized by Slovenska spolocnost pre zahranicnu politiku (Slovak Foreign Policy Association).

Cumulatively, the foundation’s charitable expenses amounted to more than EUR 300,000 in 2003.

The companies of the Penta Holding group are organized in a holding structure. Individual companies of the group perform activities that represent functionally different steps.

This structure allows for their efficient management and contribution to the achievement of our targets.

ACTIVITIES OF INDIVIDUAL GROUP COMPANIES:

Penta Holding

Penta Holding Limited

Cyprus

the owner of the long-term interests in the group; performs holding of subsidiaries.

Penta Investments

Penta Investments Limited

Cyprus

the owner of the investment portfolio of the group, a private equity fund.

Penta Asset Management

Penta Asset Management Limited

Cyprus

the responsible for the asset management of the group of companies, in particular those of Penta Investments Ltd.

Penta Group

Penta Group, a. s.

Slovak Republic

the management company in the Slovak Republic.

Penta Finance

Penta Finance a. s.

Czech Republic

the management company in the Czech Republic.

Invest Brokers

Invest Brokers, o. c. p., a. s.

Slovak Republic

the securities trader and holder of a license for the provision of the services of a securities trader.

Penta REALITY

Penta REALITY, a. s.

Slovak Republic

the provider of real estate services and real estate management.

P67 value

P67 value, spoločnosť s ručením obmedzeným

Slovak Republic

the provider of investment research for the group.

| | |
|-----------------------------------|---|
| COMPANY NAME: | PENTA HOLDING LIMITED |
| LEGAL FORM: | Private Company Limited by Shares |
| SHARE CAPITAL: | CYP 93,000 |
| NUMBER AND CLASS OF SHARES: | 93,000 registered, documentary shares |
| NOMINAL VALUE PER SHARE: | CYP 1 |
| PRINCIPAL ACTIVITIES: | holding of subsidiaries |
| REGISTERED OFFICE: | 319, 28 th October Street Kanika Business Center, 2 nd floor Limassol 3105, Cyprus |
| DATE OF INCORPORATION: | 22 April 1999 |
| AUDITOR: | Deloitte & Touche 319, 28 th October Street Kanika Business Center, 2 nd floor Limassol 3105, Cyprus |
| DIRECTORS AS AT 31 DECEMBER 2003: | Maria Polycarpou-Potsou Radoslav Zuberec |

Report for the Year 2003

The consolidated financial statements of Penta Holding provide a look at the performance of the whole group. The consolidation of both regular group companies and companies in the portfolio of our fund company, Penta Investments, is based on the IAS 27 accounting principle, with all of its limitations and inadequacies with regard to the private equity industry. The more detailed discussion of the consolidated financials for 2003 is found in the following section.

At the individual level, Penta Holding continued in its operations as a holding company in 2003. There have been no changes with regard to new companies in the structure at the level of Penta Holding. However, in

comparison with the previous year, expenses related to corporate philanthropy have increased fivefold, which reflects an increase in the level of support for charitable projects that Penta Holding has pursued in countries in which it has business projects, i.e., Slovakia and the Czech Republic.

In 2004, Penta Holding would like to review its current opportunistic business strategy and consider whether it is time for greater focus. We hope to formulate a new vision for our group that will energize both our headquarters and management-company level employees, and reveal new challenges for us.

BALANCE SHEET

Consolidated Balance Sheet as at 31 December 2003 (expressed in Euro)

| | 2003 | 2002 |
|--|--------------------|--------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 25 176 737 | 17 336 459 |
| Investment property | 754 403 | 0 |
| Investment in associates | 28 286 823 | 25 152 516 |
| Intangible assets | 641 099 | 61 590 |
| Deferred tax asset | 0 | 178 700 |
| Long term loans to related parties | 4 442 305 | 0 |
| Long term receivables | 24 779 070 | 7 219 596 |
| Other non-current assets | 53 182 | 1 994 |
| Total non-current assets | 84 133 619 | 49 950 855 |
| Current assets | | |
| Inventories | 15 212 443 | 3 728 904 |
| Stock of shares and bonds | 1 833 503 | 4 929 679 |
| Investment in subsidiaries | 509 799 | 2 203 225 |
| Investment in associates | 0 | 555 719 |
| Trade and other receivables | 81 406 065 | 62 597 833 |
| Amount due from related parties | 1 950 479 | 1 611 875 |
| Cash and cash equivalents | 96 108 139 | 17 813 149 |
| Total current assets | 197 020 428 | 93 440 384 |
| TOTAL ASSETS | 281 154 047 | 143 391 239 |
| LIABILITIES AND EQUITY | | |
| Equity | | |
| Share capital | 161 022 | 161 022 |
| Share premium | 47 538 100 | 47 538 100 |
| Other reserves | (106 927) | 322 808 |
| Retained earnings | 21 149 698 | (6 290 320) |
| Total equity | 68 741 893 | 41 731 610 |
| Liabilities | | |
| Non-current liabilities | | |
| Goodwill on acquisition of subsidiaries & associates | 42 434 811 | 2 540 685 |
| Long term loans | 1 295 285 | 1 199 384 |
| Provisions | 65 549 768 | 0 |
| Deferred taxation | 1 281 037 | 0 |
| Finance lease | 0 | 28 208 |
| Other non-current liabilities | 1 420 569 | 0 |
| Total non-current liabilities | 111 981 470 | 3 768 277 |
| Current liabilities | | |
| Creditors and accruals | 70 960 531 | 27 071 708 |
| Amounts due to related parties | 5 657 484 | 61 597 732 |
| Short term portion of long term loans | 11 179 800 | 5 419 071 |
| Taxation | 912 001 | 314 086 |
| Total current liabilities | 88 709 816 | 94 402 597 |
| Minority Interest | 11 720 868 | 3 488 755 |
| TOTAL LIABILITIES AND EQUITY | 281 154 047 | 143 391 239 |

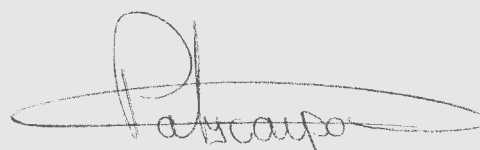
Consolidated Income Statement for the year ended 31 December 2003 (expressed in Euro)

| | Continuing operations | | Discontinued operations | | Total consolidated | |
|---|-----------------------|---------------------|-------------------------|------------------|--------------------|---------------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Operating revenue | 43 174 828 | 15 779 229 | 17 096 708 | 54 488 274 | 60 271 536 | 70 267 503 |
| Operating expenses | (31 307 601) | (16 368 937) | (15 032 312) | (47 922 060) | (46 339 913) | (64 290 997) |
| GROSS PROFIT | 11 867 227 | (589 708) | 2 064 396 | 6 566 214 | 13 931 623 | 5 976 506 |
| Administration expenses | (10 662 778) | (1 523 808) | (1 390 640) | (1 505 770) | (12 053 418) | (3 029 578) |
| OPERATING PROFIT | 1 204 449 | (2 113 516) | 673 756 | 5 060 444 | 1 878 205 | 2 946 928 |
| Negative goodwill immediately recognised on acquisition | 10 257 775 | 0 | 0 | 0 | 10 257 775 | 0 |
| Amortisation of goodwill | 2 997 426 | (30 791) | 0 | 0 | 2 997 426 | (30 791) |
| Financial (expense)/income, net | (2 121 124) | 2 262 665 | (329 889) | (893 328) | (2 451 013) | 1 369 337 |
| Profit on disposal of discontinuing operations | 0 | 0 | 5 795 016 | 0 | 5 795 016 | 0 |
| Share of operating profit/(loss) from associates | 10 944 270 | (11 080 400) | 0 | 0 | 10 944 270 | (11 080 400) |
| Goodwill written off | 0 | (2 508 917) | 0 | 328 666 | 0 | (2 180 251) |
| PROFIT/(LOSS) BEFORE TAXATION | 23 282 796 | (13 470 959) | 6 138 883 | 4 495 782 | 29 421 679 | (8 975 177) |
| Taxation | (1 273 524) | (134 705) | (126 511) | (717 292) | (1 400 035) | (851 997) |
| Share of tax of associate | (521 393) | (26 942) | 0 | 0 | (521 393) | (26 942) |
| PROFIT/(LOSS) AFTER TAXATION | 21 487 879 | (13 632 606) | 6 012 372 | 3 778 490 | 27 500 251 | (9 854 116) |
| Minority interest | 16 109 | 0 | (76 342) | (1 133 908) | (60 233) | (1 133 908) |
| PROFIT/(LOSS) ATTRIB. TO MEMB. | 21 503 988 | (13 632 606) | 5 936 030 | 2 644 582 | 27 440 018 | (10 988 024) |

The financial statements were approved by the Board of Directors
on 26 October 2004 and signed on its behalf by:



Radoslav Zuberec
Director



Maria Polycarpou - Potsou
Director



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

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

AUDITORS' REPORT TO THE MEMBERS OF PENTA HOLDING LIMITED

Report on the financial statements

- We have audited the consolidated financial statements of Penta Holding Limited (the Company) and its subsidiaries (the Group) and the Company's separate financial statements on pages 4 to 35 which comprise the balance sheets of the Group and the Company as at 31 December 2003 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.
- Except as discussed 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.
- The consolidated operating revenue includes an amount of Euro 3,658,366 derived from the sub-subsidiary company Vinaco Holdings Limited whose main activity is the acquisition and collection of debts. As it is often encountered in business operations of this nature, there was no effective system of control over the collection of debts and consequently over the income, of Vinaco Holdings Limited, on which we could rely for the purpose of our audit and, there were no satisfactory alternative audit procedures that we could adopt to confirm independently the completeness of income.
- ZSNP, a.s. an associated company of the group's subsidiary Penta Investments Limited prepared financial statements in accordance with International Financial Reporting Standards for the first time in 2003 and, consequently, an audited balance sheet was not available at 31 December 2002. Accordingly, the scope of work of the auditors of ZSNP, a.s. was not sufficient to enable them to express, and they did not express, an opinion on the income statement and cash flow statement for the year ended 31 December 2003. The directors conducted a fair value exercise at the date of acquisition and assigned fair values to the identifiable assets, liabilities and resulting goodwill of ZSNP, a.s., by taking into account its audited financial statements for the year 2003. Consequently, the limitation reported by the company's auditors may have an effect on the group's share of profit from the associated company and the recognition of goodwill as reported in note 8(a) of the financial statements.
- In our opinion, except for the effect on the consolidated financial statements of any adjustments that might have been shown to be necessary, had the scope of our work not been limited by the matters referred to in paragraphs 3 and 4, the consolidated and Company financial statements give a true and fair value of the financial position of the Group and the Company as of 31 December 2003 and of the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap.113.
- Without qualifying our opinion we draw attention to:
 - Note 19 to the consolidated financial statements. The consolidated financial statements of the sub-subsidiary company VSZ akciová spoločnosť Kosice (VSZ), include provisions amounting to Euro 47,262,360, relating to guarantees, contractual issues and litigations. These provisions represent the best estimate made by the directors of VSZ 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 2003. Any adjustment to these provisions would enter into the determination of the VSZ group's consolidated financial position, results of operations and cash flows. The consolidated income statement of the subsidiary company Penta Investments Limited for the year ended 31 December 2003 includes the group's share of income recognised in VSZ's financial statements amounting to Euro 11,570,949 arising from the reversal of such provisions, which were created in previous years.
 - Note 6 of the consolidated financial statements, where the investment of the sub-subsidiary company VSZ akciová spoločnosť Kosice (VSZ) in an iron processing plant, which is currently under construction in Ukraine, is discussed. This plant was provided to the Company free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 246.8 million (TSKK 10,159,018). From 1992 the VSZ Group has incurred additional expenditures on construction and maintenance of the plant in the amount of Euro 24.6 million (TSKK 1,010,829) which have been written off. This investment is not recognised in the consolidated financial statements as the management of VSZ Group is unable to determine reliably the degree of certainty attaching to the flow of economic benefits from this investment. Additionally, the status of the Group's legal title to these assets is uncertain. The Group is seeking to dispose of its interest in the construction but no solution has yet been finalised, with the Ukrainian and Slovak governments.
 - Note 23(vi) to the financial statements. The management of the associated company ZSNP, a.s. is in the process of assessing various environmental risks, particularly those relating to a former alumina plant at which production was discontinued in 1998. Future expenditures pertaining to corrective environmental measures are affected by a number of uncertainties including, but not limited to, the method, timing and extent of the corrective measures and are, therefore, currently not determinable, but management estimated that these might be substantial.

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 page 2 is consistent with the financial statements.

DELOITTE & TOUCHE
 Certified Public Accountants (Cyprus)

Limassol, 26 October 2004

Audit.Tax.Consulting.Financial Advisory.

Partners DJ Ioannides (Executive Chairman) CM Christoforou (Managing Partner) V Hadjiyiassiliou EN Philippou NS Kyriakides ND Papakyriacou A Chrysanthou C Georghadjis A Taliotis P Papadopoulos PM Markou N Charalambous N Spanoudis M Paschalis M Christoforou (Chairman Emeritus)
Associates Tasos Anastasiou Haris Constantinou
Nicosia STADYL Building, Corner Th. Derwis - Florinis Street, Nicosia, P.O.Box 21675, CY-1512 Nicosia, Cyprus, Tel: +357 22 36 03 00
Limassol Eftapatou Court, 256, Makarios Avenue, CY-3105 Limassol, P.O.Box 53180, CY-3301 Limassol, Cyprus, Tel: +357 25 85 77 00
Larnaca Zachariades Court, 15 Nicodemou Mylona Street, CY-6010 Larnaca, P.O.Box 40772, CY-6307 Larnaca, Cyprus, Tel: +357 24 65 12 33


A member firm of
Deloitte Touche Tohmatsu

Deloitte.

Deloitte & Touche
 Kanika Business Centre
 2nd Floor
 319, 28th October Street
 CY-3105 Limassol, Cyprus
 Mail: P.O.Box 58466
 CY-3734 Limassol, Cyprus
 Tel.: +357 25 86 86 86
 Fax: +357 25 86 86 00
 infolimassol@deloitte.com
 www.deloitte.com/cy

We hereby confirm that the figures presented on pages 12 and 13 and auditor's report of Penta Holding Limited on page 14 to the Annual Report of Penta Holding Limited, are consistent, in all material respects, with Penta Holding Limited audited financial statements.

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



DELOITTE & TOUCHE
 Certified Public Accountants

Limassol, 26 October 2004

Audit.Tax.Consulting.Financial Advisory.

Partners DJ Ioannides (Executive Chairman) CM Christoforou (Managing Partner) V Hadjivassiliou EN Philippou NS Kyriakides ND Papakyriacou A Chrysanthou C Georghadjis A Taliotis P Papadopoulos PM Markou N Charalambous N Spanoudis M Paschalis M Christoforou (Chairman Emeritus) Tasos Anastassiou Haris Constantinou
Associates STADYL Building, Corner Th. Dervis - Florinis Street, Nicosia, P.O.Box 21675, CY-1512 Nicosia, Cyprus, Tel: +357 22 36 03 00
Nicosia Eftapaton Court, 256, Makarios Avenue, CY-3105 Limassol, P.O.Box 53180, CY-3301 Limassol, Cyprus, Tel: +357 25 85 77 00
Limassol Zachariades Court, 15 Nicodemou Mylona Street, CY-6010 Larnaca, P.O.Box 40772, CY-6307 Larnaca, Cyprus, Tel: +357 24 65 12 33
Larnaca

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Management's Discussion and Analysis of the Consolidated Financial Statements for the year ended 31 December 2003

We intend for this discussion to provide you with information that will assist you in understanding our financial statements, changes in certain key items in the financial statements from year to year, and the primary factors that accounted for these changes, as well as how certain accounting principles affect our financial statements. The discussion also provides information about the financial results of the various companies of the group, in order to help you to better understand how these companies and their results affect the financial conditions and results of the group as a whole. This discussion should be read in conjunction with our financial statements for the year ended 31 December 2003.

The financial statements, which are expressed in EUR, have been prepared in accordance with the standards formulated by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention as modified by the fair value of land, buildings, trading and available-for-sale investments. The group financial statements consolidate the financial statements of Penta Holding Limited and those of its subsidiary companies, which together are referred to as "the group".

Income Statement

Operating Revenue (EUR 60,271,536)

This item primarily represents amounts invoiced for the sale of products and services, profit on the assignment of receivables, dividends received, interest received from debtors, as well as the net profit from sales of shares, bonds and investments. Major contributions to these revenues were provided by Penta Investments Limited,

which realized revenues from interest received from debtors and profits from sales of shares and investments (e.g., the sales of Sanitas SR, a. s., Drotovna Kor dy, a. s., Drotovna Droty, a. s., Slovenska Dunajska Konstrucna, a. s., E Building, a. s., Sanitas, a. s. Czech Republic, S Invest, s. r. o., VUB, a. s., etc.), Vinaco Holdings Limited, through a profit from recovery of receivables, and Adast, a. s. (a subsidiary of Lorea Investments Limited) together with Sanitas SR, a. s. and Drotovna Kor dy, a. s. from their operating turnovers. The decrease in the total operating revenues in comparison with 2002 was caused by the disposal of certain subsidiaries, which generated large amounts of revenue during the previous period. This is illustrated by the fact that revenue from discontinued operations decreased by more than EUR 37 million, while other revenues from continuing operations increased by more than EUR 27 million.

Operating and Administration Expenses (total of EUR 58,393,331)

Expenses consist mainly of the cost of sales (amounting to EUR 26.8 mil.), financial expenses, such as interest payable, etc. (amounting to EUR 10.7 million), as well as administration and other operating expenses (amounting to EUR 17.3 million).

After subtracting above-mentioned amounts, we have an operating profit of EUR 1,878,205. Although this amount is lower than in the previous year, it is worth mentioning that operating profit is highly dependent upon actual structure of the group (i.e., turnovers of portfolio companies) and actual completions and realizations of the projects that took place during the current accounting period. Because the activities of the group can hardly be considered to be strictly regular and predictable, such volatility should be treated as a natural feature of the kind of investment business conducted by our group.

Goodwill / Negative Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets, less liabilities acquired, and is amortized on a straight-line basis over a period of 10 years. The carrying amount of goodwill is revalued annually and written down for permanent impairment, where applicable. Negative goodwill arises, where the fair value of the identifiable assets, less liabilities acquired exceeds the cost of an acquisition and is amortized over their remaining useful life, which is estimated to be 8 to 10 years. Any amounts of negative goodwill in excess of the fair values of acquired non-monetary assets are immediately recognized in the income statement. During the year, negative goodwill arose primarily from the acquisitions of Adast, a. s., ZSNP, a. s., and VSZ akciová spoločnosť Kosice, and the amount of negative goodwill that was recognized immediately amounted to EUR 10,257,775. In addition, the net negative goodwill amortized during 2003 amounted to EUR 2,997,426.

*Financial Expense / Income Net
(a net expense amounting to EUR 2,451,013)*

This amount primarily represents exchange rate losses incurred by the group, as well as bank interests and charges. The exchange rate loss was incurred mainly as a result of the fact that a significant proportion of group assets was denominated in SKK, which caused exchange rate losses when accounted for in EUR.

*Profit on the Disposal of Discontinued Operations
(EUR 5,795,016)*

The results of the disposed subsidiaries are included in the consolidated financial statements up to the date of their disposal. As already mentioned, the subsidiaries: Sanitas SR, a. s., Drotovna Kordy, a. s. and Slovenska

Dunajska Konstrucna, a. s. were disposed of. This generated a profit on the sales attributable to the group amounting to EUR 5,795,016.

Share of Operating Profit / Losses from Associated Companies (EUR 10,944,270)

In contrast with the loss of EUR 11,080,400 in 2002, which was primarily caused by a loss generated at an associated company, VSZ akciová spoločnosť Kosice, this same company contributed a significant amount to the share of operating profit from associated companies in 2003. This fluctuation was primarily caused by the creation of reserves and provisions at VSZ akciová spoločnosť Kosice during 2002 for the purpose of adjusting the book values of company assets and liabilities to fair value based on the best estimates of the directors of the company. Consequently, in 2003 after the settlement of several legal cases and the sales of assets of the company, parts of the provisions and reserves were released, which generated a profit in the accounts of the company and consequently, in the accounts of the group as a whole.

Taxation (EUR 1,400,035)

The tax charge for the year consists of the corporate tax charge in the amount of EUR 384,216 and the deferred tax charge amounting to EUR 1,015,819.

It is also worth mentioning that until 31 December 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 1 January 2003. According to this tax reform, there will be no longer any distinction between local companies and IBCs, and all Cypriot companies will be taxed at the rate of 10%. IBCs can elect to be taxed at 4.25% on their taxable income for

a transitional period (ending 31 December 2005), but lose certain exemptions offered by the new law, or elect to be taxed according to the new regime at the rate of 10%. The Directors of Penta Holding Limited, Penta Investments Limited and Lorea Investments Limited have elected for these companies to be taxed under the new rules at the rate of 10%. All other Cypriot companies in the group elected the transitional period and will be taxed at 4.25% until the end of 2005.

Balance Sheet

The total amount of assets of the group is EUR 281,154,047, as of 31 December 2003. We will discuss the most significant items of the balance sheet in more detail below.

Property, Plant and Equipment (EUR 25,176,737)

The increase in this item, in comparison with 2002, was primarily caused by the additions of VSZ akciova spolocnost Kosice and Adast, a. s. with all of their assets to the full consolidation of a group. The amount of the net book value of property, plant and equipment of these companies amounts to EUR 19,848,949 (VSZ: EUR 12,412,041, Adast: EUR 7,436,908). The amount of EUR 3,955,832 is attributable to Penta REALITY, a. s., which owns the administrative building in the center of Bratislava (Slovak Republic) that is rented to companies belonging to the group, as well as third parties. Property, plant and equipment are carried at cost or valuation less accumulated depreciation based on the straight-line method. Where the carrying amount of an asset is greater than its recoverable amount, it has been written down to its recoverable amount.

It is also worth mentioning that during 2003, due to sales of property, plant and equipment for proceeds in excess of their carrying values, the VSZ group released

provisions for impairment related to several parcels of land in the total amount of EUR 4,205,972. Additionally, the VSZ group released provisions for impairment to buildings and other tangible assets in a total amount of EUR 15,090,012.

Investment in Associated Companies (EUR 28,286,823)

The most important changes in this item were the reclassification of VSZ akciova spolocnost Kosice in the category of subsidiary companies, and the additions of ZSNP, a. s, LVD S2, a. s. and Newco, a. s. to the group of companies classified as investments in associated companies.

Long-Term Receivables (EUR 24,779,070)

Receivables are presented at the original amount granted, less an estimate for doubtful debts, based on all outstanding amounts at the end of the year. Once identified, bad debts are written off. Long-term trade receivables (primarily denominated in SKK and CZK) are payable within 2 to 5 years and bear interest at an effective rate of 5.89%. The majority of the receivables represent loans granted to various parties, while the financing is closely connected to the realization of projects of the group.

Inventories (EUR 15,212,443)

Inventories represent 3 main categories – raw materials, work-in-progress and finished products of the subsidiaries of Penta Holding Limited (mainly the companies: VSZ akciova spolocnost Kosice, Adast, a. s. and Slovenska Dunajska Financna, a. s.). Inventories are valued at the lower of cost or net realizable value, which is an estimate of the selling price in the ordinary course of business, less direct selling expenses.

Trade and Other Receivables (EUR 81,406,065)

This amount consists of trade debtors, less a provision for bad debts (EUR 74,358,059), short-term loans (EUR 1,668,905), value added tax (EUR 4,031,826) and other debtors (EUR 1,347,275). The most significant part (trade debtors) represents mainly the receivables of Penta Investments Limited (amounting to EUR 35 million), Vinaco Holdings Limited (non-performing loans amounting to EUR 20.6 million), VSZ akciová spoločnosť Kosice (EUR 14 million) and Adast, a. s. (EUR 2.7 million).

Cash and Cash Equivalents (EUR 96,108,139)

This amount represents the cash in hand and the cash in banks of all companies included in the consolidation of the group. Monetary assets denominated in foreign currencies are translated into EUR at the rates as of the balance sheet date. The resulting gains and losses are included in the income statement.

Total Equity (EUR 68,741,893)

This amount increased by more than EUR 27 million in comparison with 2002. The increase resulted from the profit earned by the group during 2003. The main contributions to the profit have already been discussed in a previous section of our analysis (Income Statement).

The total equity basically consists of share capital plus the share premium (amounting to a total of EUR 47,699,122), and retained earnings and other reserves, less accumulated losses since 1999 (amounting to EUR 21,042,771).

Goodwill on the Acquisitions of Subsidiaries & Associated Companies (EUR 42,434,811)

Significant additions of negative goodwill during 2003 were primarily connected with the acquisitions

of the companies: VSZ akciová spoločnosť Kosice (EUR 19,112,661), Adast, a. s. (EUR 6,542,775) and ZSNP, a. s. (EUR 17,564,643). The method for the recognition of goodwill has already been mentioned in a previous section of this discussion (see: Goodwill / Negative Goodwill).

Provisions (EUR 65,549,768)

Provisions were created in the accounts of the VSZ group and are classified into 3 main categories. Those resulting from Guarantees, contractual issues and litigation amount to EUR 47,262,360 and reflect the current involvement of VSZ group in various litigation and negotiations with creditors, which may lead to potential liabilities resulting from guarantees provided, legal claims and contractual defaults. The estimate has been made on the basis of the analysis of all such individual matters prepared by the legal counsel. The additional amount of the provisions, which amounts to EUR 12,311,096, represents the liability of VSZ group towards the Hungarian Government (seller of a 77.02% interest in DAM Diosgyor, a Hungarian steel production facility that entered bankruptcy proceedings in 2000). Should VSZ not continue to support the steel production facility for a period of 10 years, the Company is liable towards the Hungarian Government for certain payments and penalties. The case is the subject of arbitral proceedings being held in Vienna, and the issuance of the arbitral award is expected in the autumn of 2004. The last part of provisions, amounting to EUR 5,976,531, represents the liability of the VSZ group towards the Slovak Republic, which resulted from the fact that potential liabilities towards the state were not transferred together with certain assets and liabilities of VSZ Ocel, a. s. to U.S. Steel, spol. s r. o. Kosice. Instead, these have remained liabilities of VSZ Ocel, a. s., which has merged with VSZ akciová spoločnosť Kosice.

Creditors and Accruals (EUR 70,960,531)

This amount should be broken down as follows: trade creditors (EUR 62,794,717), payables to employees (EUR 3,595,199), accruals and deferred income (EUR 4,112,420) and taxes + VAT (EUR 458,195). The most significant part (trade creditors) primarily represents liabilities of Penta Investments Limited resulting from the external financing of its investment activities (for example a loan granted by CSFB) and its other liabilities from the realization of various projects, as well as the ordinary course of business.

Short-Term Portion of Long-Term Loans (EUR 11,179,800)

This amount represents the part of long-term loans that is payable within one year. The amount could be divided into bank loans (amounting to EUR 235,935) and other loans (EUR 10,943,865). Other loans represent borrowings provided by Credit Suisse First Boston (CSFB)

to the group under total return swap agreements, where the lender is entitled to a return over and above the repayment of the initial loans, depending on the performance of the project being financed.

Minority Interest (EUR 11,720,868)

Minority interest represents the part of the net results from operations and of net assets of a subsidiary attributable to interests, which are not, directly or indirectly through subsidiaries, owned by Penta Holding Limited. The majority of this amount is attributable to the minority shareholders of VSZ akciová spoločnosť Kosice.

The final part of our management discussion presents the history and development of the value of the total equity and total assets of the group (based on the audited consolidated financial statements of Penta Holding Limited) since the establishment of the holding structure in 1999 – see Chart (1) and Chart (2).

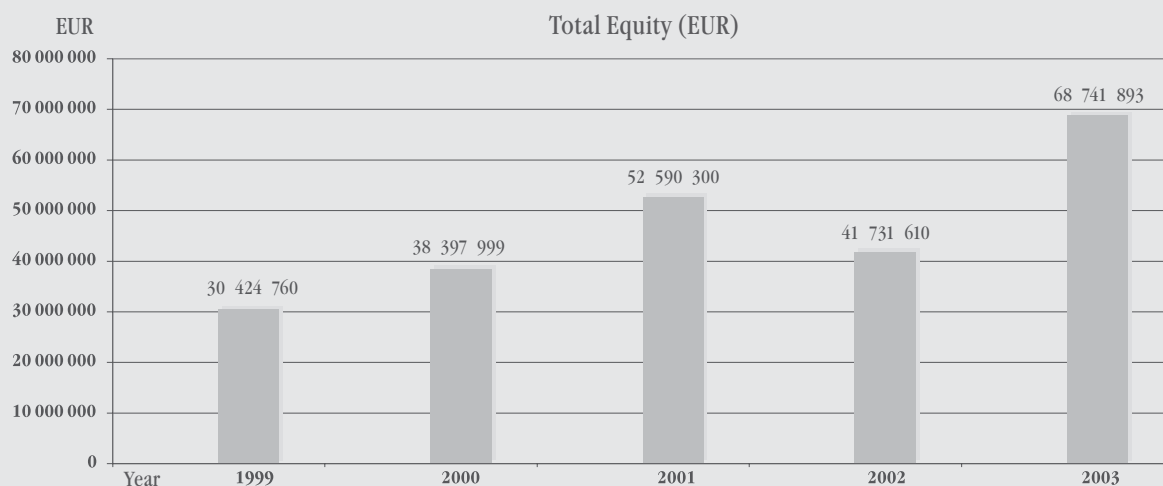


Chart (1)

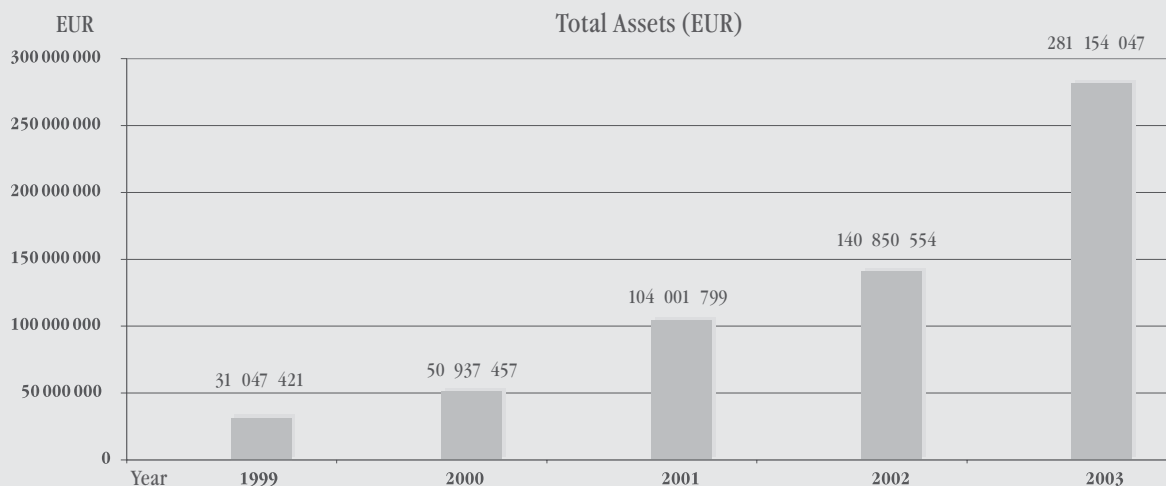


Chart (2)

Chart (3) presents the increase in the net asset value of the group, which is determined on the basis of the internal valuation procedure that has been conducted every year since 2000. The valuation is essentially based on the reassessment of the accounting values of sets of

assets and liabilities, which belong to a particular project, to the best estimate of the realization value of the project participation, stated in discounted future cash-flows related to the particular project.

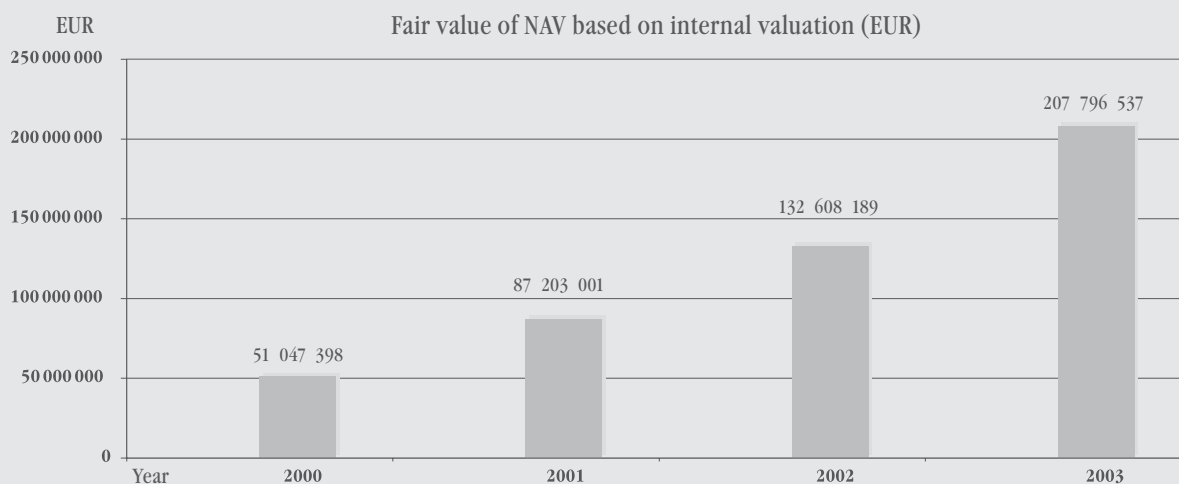


Chart (3)

Plans for the Year 2004

From the strategic planning perspective, in 2003 we successfully completed the search for a perspective business, which would provide Penta with a long-term investment opportunity. The objective was to identify a global trend that was within the financial means of Penta and could be caught early and utilized by Penta in its traditional private equity business. We identified healthcare as a sector that will grow dynamically during the next decade in Central Europe with Slovakia as the leader in healthcare reform.

The strategic planning project "The trends" was the first step in the comprehensive strategic planning in which we want to invest our efforts. Penta has grown into a medium-size private equity group, which we feel cannot sustain its enviable rate of growth at this stage without carefully thinking through its strategic steps. A working group was established at the end of the year to work on corporate strategic issues in the course of 2004. The group should provide answers to key strategic questions such as: What business are we in? Where do we want to be in five years? What geographic markets will we focus on? What projects shall we prefer? Under which corporate structure will the group function? Shall we try to raise a fund? and many other questions crucial to our future success. The working group will work with the private equity section of KPMG London, and Boston Consulting Group, Prague, in order to do our homework as well as possible.

Our management companies in the Slovak Republic and the Czech Republic are in a different phase of the life cycle, so to say, with Penta Finance, the Czech manager of the group, only in the business since 2001. In 2004, we

plan to examine the internal processes within Penta Group, which could use some fine-tuning after several years of substantial growth in its headcount and in the functions that it serves. Penta Finance will probably continue to grow, especially in the front office, where we plan to double the number of investment managers. After achieving the critical headcount, we plan to reorganize its corporate governance and the relationships with Penta Group.

At the operational level, there are many interesting projects, in the pipeline for 2004. There is a natural shift towards medium-sized projects as opposed to the smaller projects, in which the group regularly invested in the past. We expect around ten projects with an investment limit of over EUR 10 million invested by the group by the end of 2004. These medium-size projects place the task before us of continuing to improve our relationships with co-investors. We have good co-investors relationships at the portfolio-company level with local Slovak and Czech banks. However, we would like to build relationships with future potential partners, which would be able to invest together with us on a project-by-project basis in the same way as Credit Suisse First Boston, London has done over the past several years.

There are no specific constraints on the sectors in which Penta plans to invest in 2004. Historically, Penta takes investment opportunities as they come, provided that the numbers indicate sufficient unrealized value. After several years in the market and having gained knowledge in different industries, we will naturally tend to somewhat specialize on a sector in order to leverage our know-how.

| | |
|-----------------------------------|---|
| COMPANY NAME: | PENTA INVESTMENTS LIMITED |
| LEGAL FORM: | Private Company Limited by Shares |
| SHARE CAPITAL: | CYP 155,000 |
| NUMBER AND CLASS OF SHARES: | 155,000 registered, documentary shares |
| NOMINAL VALUE PER SHARE: | CYP 1 |
| PRINCIPAL ACTIVITIES: | - short and medium term private equity investments in the territory of Slovakia and the Czech Republic, - receivables management. |
| REGISTERED OFFICE: | 319, 28 th October Street Kanika Business Center, 2 nd floor Limassol 3105, Cyprus |
| DATE OF INCORPORATION: | 22 April 1999 |
| AUDITOR: | Deloitte and Touche 319, 28 th October Street Kanika Business Center, 2 nd floor Limassol 3105, Cyprus |
| DIRECTORS AS AT 31 DECEMBER 2003: | Radoslav Zuberec Maria Polycarpou-Potsou |

Penta Investments is the owner of the investment portfolio of the Penta group. The investment portfolio is not limited by sector, however, it is obviously oriented towards restructuring projects and the attenuation of arbitrage investments. Through its subsidiary Vinaco Holdings Ltd., Penta Investments also continued operations in the areas of receivables administration and collection.

Investment Exits

Slovak Republic

Sanitas SR (EUR 6 million)

This Slovak pharmaceutical distributor entered the Penta Investments' portfolio at the end of 2000 from the American biochemical concern Monsanto. Penta brought the company back to health in 2001 - 2003 with the preservation of its core business. Restructuring efforts were focused on the improvement of a company's market position and financial stabilization. In 2001, the company's turnover increased by 25%, which represented growth three times higher than the average until that moment. Throughout the Penta's presence at the company, with the exception of the financial manager, the previous management remained in place.

In April 2003, Penta sold its stake in SANITAS SR, a. s. to a strategic investor and thus, successfully completed the restructuring project of this company.

SDK (EUR 4.2 million)

In February 2002, Penta purchased 80% of assets required for the production of ships from a bankruptcy administrator of the bankrupt Slovenske Lodnice Komarno, the only producer of ships in Slovakia. Although the original plan to purchase the remaining assets was not realized, the project was successfully completed in another manner in 2003. The acquired assets were divided into core and non-core assets with regard to the production of ships, legal and economic issues were resolved and the restructured company with an improved composition of assets was sold to an Austrian strategic investor after a year and a half.

Tento (EUR 7.2 million)

In the middle of 2003, Penta purchased almost 20% stake in the paper-mill, Tento, a. s. from a bankruptcy administrator of a bankrupt bank. The project business plan contained versions based on possible scenarios. If the company succeeded and purchased position from the majority owner, the plan would involve restructuring. However, the version of the plan based on the purchase of Penta's position by the majority owner at the end of the year was implemented.

Czech Republic

Sanitas CR (EUR 6.9 million)

We started the acquisition of the Czech pharmaceutical distributor owned by the American biochemical concern Monsanto in October of 2001. The restructuring of the company consisted of the sale of a core business to a strategic investor at the beginning of 2002 and the consolidation of residual assets. 2002 was in particular dedicated to this. A restructuring team focused on the operation of new principal activities - shipping services for international companies in the field of pharmaceutical production. The team also successfully resolved complicated property and legal relationships that went back to the delimitation of the former state enterprise at the beginning of the nineties. However, the improvement of the economic situation of SANITAS was the most significant success of the restructuring process. Already in the course of 2003, the company began to show a positive economic result. Therefore, an ambitious plan of repairs and investments, which would return SANITAS' warehouse complex back among the best in the warehouse segment, could commence.

Negotiations with the strategic investor Mayfield were conducted and successfully completed with the sale of assets in December of 2003. Mayfield is a part of the reputable UK based real estate group Fordgate.

New Acquisitions

Slovak Republic

Ozeta

Ozeta is a traditional Slovak producer of men's and ladies wear, which produces clothing for famous foreign brands. Penta acquired the company at the end of 2003 from a bankruptcy estate in the form of a set of assets. Since then, it has been undergoing a restructuring process under the new company name Ozeta Neo. Our plan is to financially stabilize the company, keep it competitive in the region, change its focus from the B-to-B marketing segment to its own clothing fashions and the final customer, and prepare the company completely for its sale to a strategic investor. From the standpoint of Penta Investments, this is a medium-term restructuring investment.

VSZ

Penta Investments entered its largest project to date in 2002 with the purchase of the first 7% of VSZ, a. s. At that time, VSZ, a. s. was a group of companies that remained after the sale of the core business, a steelworks, to an American strategic investor being USSAC, INC.

In October 2002 Penta purchased from USSAC, INC another 24.5% share in VSZ and also acquired some small block of shares from the minority shareholders. At the end of 2002, the interest of Penta in VSZ was nearly 33%.

In December 2003, Penta purchased another approximately 35% share from a principal institutional owner so its total interest in VSZ has increased to 67.76%. In the second half of 2003, Penta established control over a further 21.32% interest in VSZ which control resulted from a purchase made by VSZ of 23.94% of its own shares. Pursuant to the relevant provisions of the Slovak Commercial Code, VSZ was not entitled to exercise the voting rights with respect to the acquired shares, so the quorum was reduced from 100% to 76.06% and by the year end, Penta's share of the VSZ's voting rights reached pro tempore (until the shares held by VSZ are not sold to a third party) almost 92%.

Restructuring of the company made significant progress in 2003, when almost all subsidiaries of the holding were sold to strategic investors. Work continues on the lawsuits, the resolutions of which also represent an important contribution to the project's success.

VVK III

Penta Investments, through its subsidiary Vinaco Holdings Ltd., which it owns together with Credit Suisse First Boston, is the strongest player in the area of the administration and collection of receivables in Slovakia. In 2003, another block of bad debts designated as VVK III was added to the two blocks administered at that time.

Czech Republic

Adast Adamov

In January 2003, the Penta investment group purchased ADAST a. s., which was in bankruptcy. Penta offered the highest purchase price and submitted the best-prepared business plan in a public tender for the purchase of the bankrupt enterprise.

Penta's primary goal is to lead ADAST out of the bankruptcy, which it was in at the time of its takeover, continue the production of press printing machines, and return the ADAST brand back among the best companies operating in the area of offset printing on a global scale.

In 2003, Penta changed the system of management at ADAST and commenced a comprehensive restructuring of the company. In the medium-term time horizon, its goal is to significantly increase the efficiency of the company and the subsequent sale of the company to a strategic investor.

SmVaK

At the end of 2003, Penta in cooperation with Credit Suisse First Boston purchased a 54.3% stake in Severomoravske vodovody a kanalizace Ostrava, a. s. "SmVaK" from Anglian Water for a price of CZK 1.75 billion. Anglian Water announced the international tender for the sale of its stake in SmVaK after making a strategic decision to leave the Czech market and sell its significant interests in three domestic waterworks companies. In the case of SmVaK, Penta offered the highest purchase price and the best purchase conditions.

The acquisition of the majority stake in SmVaK is Penta's initial investment in establishing itself on the waterworks market. Together with SmVaK's management, Penta wishes to establish a model waterworks company in Central and Eastern Europe through expanding the business through Moravia, to Slovakia, and Poland. For Penta Investments, this is a long-term investment.

CKA

In July 2003, Penta together with our strategic partner CSFB, via Vinaco Holdings Ltd., successfully joined forces with Czech investment group PPF in the public commercial tender for the purchase of the historically biggest block of non-performing loans from the Czech Consolidation Agency (CKA) portfolio.

For a block including almost three thousands claims against 1,605 debtors in bankruptcy proceedings, Penta with PPF bid to pay the amount of slightly over 2% of their nominal value. The receivables, involved in this transaction, were claims of a very low recoverability from firms in bankruptcy proceedings where the yield is usually very low.

Recovery of these loans was entrusted to one of the PPF subsidiaries. We expected the portfolio to be recovered within no more than five years. Nevertheless, due to the successful receivables management, the recovery proved to be higher than originally estimated and the fair value of the portfolio increased for more than 100%. Therefore, in March 2004 Penta accepted PPF's offer to buy our interest in the deal. The consideration paid by PPF for assigning our part was approximately EUR 30 million.

BALANCE SHEET

Consolidated Balance Sheet as at 31 December 2003 (expressed in Euro)

| | 2003 | 2002 |
|--|--------------------|--------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 20 356 126 | 14 567 951 |
| Investment property | 754 403 | 0 |
| Investment in associates | 28 286 823 | 25 152 516 |
| Intangible assets | 583 239 | 21 565 |
| Deferred tax asset | 0 | 102 138 |
| Long term receivables | 24 751 636 | 8 607 403 |
| Long term loans to related parties | 4 644 469 | 0 |
| Other non current assets | 51 379 | 0 |
| Total non-current assets | 79 428 075 | 48 451 573 |
| Current assets | | |
| Inventories | 15 212 443 | 3 728 904 |
| Stock of shares and bonds | 1 522 723 | 4 769 852 |
| Investment in subsidiaries | 509 799 | 2 203 225 |
| Investment in associates | 0 | 555 719 |
| Trade and other receivables | 79 951 872 | 54 193 641 |
| Amounts due from related parties | 3 674 601 | 3 320 777 |
| Cash and cash equivalents | 94 335 195 | 16 079 653 |
| Total current assets | 195 206 633 | 84 851 771 |
| TOTAL ASSETS | 274 634 708 | 133 303 344 |
| LIABILITIES AND EQUITY | | |
| Equity | | |
| Share capital | 268 926 | 268 926 |
| Share premium | 37 297 263 | 37 297 263 |
| Other reserves | (1 792 276) | 139 437 |
| Retained earnings | 20 541 704 | (6 907 473) |
| Total equity | 56 315 617 | 30 798 153 |
| Liabilities | | |
| Non-current liabilities | | |
| Goodwill on acquisition of subsidiaries & associates | 43 185 648 | 3 477 139 |
| Long term loans | 1 280 052 | 1 180 932 |
| Provisions | 65 549 768 | 0 |
| Deferred taxation | 961 577 | 0 |
| Finance lease | 0 | 28 208 |
| Other non-current liabilities | 1 420 568 | 0 |
| Total non-current liabilities | 112 397 613 | 4 656 279 |
| Current liabilities | | |
| Creditors and accruals | 69 250 813 | 26 451 706 |
| Amounts due to related parties | 12 966 435 | 62 189 348 |
| Short term portion of long term loan | 11 179 800 | 5 419 071 |
| Taxation | 803 559 | 300 032 |
| Total current liabilities | 94 200 607 | 94 360 157 |
| Minority Interest | 11 720 871 | 3 488 755 |
| TOTAL LIABILITIES AND EQUITY | 274 634 708 | 133 303 344 |

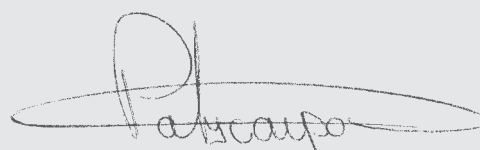
Consolidated Income Statement for the year ended 31 December 2003 (expressed in Euro)

| | Continuing operations | | Discontinued operations | | Total consolidated | |
|---|-----------------------|---------------------|-------------------------|------------------|--------------------|---------------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Operating revenue | 39 106 517 | 13 555 754 | 17 096 708 | 54 488 274 | 56 203 225 | 68 044 028 |
| Operating expenses | (26 187 575) | (12 950 821) | (15 032 312) | (47 922 060) | (41 219 887) | (60 872 881) |
| GROSS PROFIT | 12 918 942 | 604 933 | 2 064 396 | 6 566 214 | 14 983 338 | 7 171 147 |
| Administration expenses | (12 270 698) | (3 087 560) | (1 390 640) | (1 505 770) | (13 661 338) | (4 593 330) |
| OPERATING PROFIT/(LOSS) | 648 244 | (2 482 627) | 673 756 | 5 060 444 | 1 322 000 | 2 577 817 |
| Negative goodwill immediately recognised on acquisition | 10 257 775 | 0 | 0 | 0 | 10 257 775 | 0 |
| Amortisation of goodwill | 3 153 043 | 144 126 | 0 | 0 | 3 153 043 | 144 126 |
| Financial (expense)/income, net | (1 922 861) | 2 406 748 | (329 889) | (893 328) | (2 252 750) | 1 513 420 |
| Profit on disposal of discontinuing operations | 0 | 0 | 5 795 016 | 0 | 5 795 016 | 0 |
| Share of profit/ (loss) from associates | 10 944 270 | (11 080 400) | 0 | 0 | 10 944 270 | (11 080 400) |
| Goodwill written off | 0 | (2 335 203) | 0 | 328 666 | 0 | (2 006 537) |
| PROFIT/(LOSS) BEFORE TAXATION | 23 080 471 | (13 347 356) | 6 138 883 | 4 495 782 | 29 219 354 | (8 851 574) |
| Taxation | (1 062 041) | (184 854) | (126 511) | (717 292) | (1 188 552) | (902 146) |
| Share of tax of associates | (521 392) | (26 942) | 0 | 0 | (521 392) | (26 942) |
| PROFIT/(LOSS) AFTER TAXATION | 21 497 038 | (13 559 152) | 6 012 372 | 3 778 490 | 27 509 410 | (9 780 662) |
| Minority interest | 16 109 | 0 | (76 342) | (1 133 908) | (60 233) | (1 133 908) |
| PROFIT/(LOSS) ATTRIB. TO MEMB. | 21 513 147 | (13 559 152) | 5 936 030 | 2 644 582 | 27 449 177 | (10 914 570) |

The financial statements were approved by the Board of Directors
on 26 October 2004 and signed on its behalf by:



Radoslav Zuberec
Director



Maria Polycarpou - Potsou
Director



Deloitte & Touche
 Kanika Business Centre
 2nd Floor
 319, 28th October Street
 CY-3105 Limassol, Cyprus
 Mail: P.O.Box 58466
 CY-3734 Limassol, Cyprus
 Tel.: +357 25 86 86 86
 Fax: +357 25 86 86 00
 info@limassol.deloitte.com
 www.deloitte.com/cy

AUDITORS' REPORT TO THE MEMBERS OF PENTA INVESTMENTS LIMITED

Report on the financial statements

- We have audited the consolidated financial statements of Penta Investments Limited (the Company) and its subsidiaries (the Group) and the Company's separate financial statements on pages 4 to 40 which comprise the balance sheets of the Group and the Company as at 31 December 2003 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.
- Except as discussed 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.
- The consolidated operating revenue includes an amount of Euro 3,658,366 derived from the subsidiary company Vinaco Holdings Limited whose main activity is the acquisition and collection of debts. As it is often encountered in business operations of this nature, there was no effective system of control over the collection of debts and consequently over the income, of Vinaco Holdings Limited, on which we could rely for the purpose of our audit and, there were no satisfactory alternative audit procedures that we could adopt to confirm independently the completeness of income.
- The associated company ZSNP, a.s. prepared financial statements in accordance with International Financial Reporting Standards for the first time in 2003 and, consequently, an audited balance sheet was not available at 31 December 2002. Accordingly, the scope of work of the auditors of ZSNP, a.s. was not sufficient to enable them to express, and they did not express, an opinion on the income statement and cash flow statement for the year ended 31 December 2003. The directors conducted a fair value exercise at the date of acquisition and assigned fair values to the identifiable assets, liabilities and resulting goodwill of ZSNP, a.s., by taking into account its audited financial statements for the year 2003. Consequently, the limitation reported by the company's auditors may have an effect on the group's share of profit from the associated company and the recognition of goodwill as reported in note 8(a) of the financial statements.
- In our opinion, except for the effect on the consolidated financial statements of any adjustments that might have been shown to be necessary, had the scope of our work not been limited by the matters referred to in paragraphs 3 and 4, the consolidated and Company financial statements give a true and fair value of the financial position of the Group and the Company as of 31 December 2003 and of the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap.113.
- Without qualifying our opinion we draw attention to:
 - Note 19 to the consolidated financial statements. The consolidated financial statements of the subsidiary company VSZ akciova spolocnost Kosice (VSZ), include provisions amounting to Euro 47,262,360, relating to guarantees, contractual issues and litigations. These provisions represent the best estimate made by the directors of VSZ 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 2003. Any adjustment to these provisions would enter into the determination of the VSZ group's consolidated financial position, results of operations and cash flows. The consolidated income statement of Penta Investments Limited for the year ended 31 December 2003 includes the group's share of income recognised in VSZ's financial statements amounting to Euro 11,570,949 arising from the reversal of such provisions, which were created in previous years.
 - Note 6 of the consolidated financial statements, where the investment of the subsidiary company VSZ akciova spolocnost Kosice (VSZ) in an iron processing plant, which is currently under construction in Ukraine, is discussed. This plant was provided to the Company free of charge by the government of the Czech and Slovak Federal Republic in 1992 when its value was estimated at Euro 246.8 million (TSKK 10,159,018). From 1992 the VSZ Group has incurred additional expenditures on construction and maintenance of the plant in the amount of Euro 24.6 million (TSKK 1,010,829) which have been written off. This investment is not recognised in the consolidated financial statements as the management of VSZ Group is unable to determine reliably the degree of certainty attaching to the flow of economic benefits from this investment. Additionally, the status of the Group's legal title to these assets is uncertain. The Group is seeking to dispose of its interest in the construction but no solution has yet been finalised, with the Ukrainian and Slovak governments.
 - Note 23(vi) to the financial statements. The management of the associated company ZSNP, a.s. is in the process of assessing various environmental risks, particularly those relating to a former alumina plant at which production was discontinued in 1998. Future expenditures pertaining to corrective environmental measures are affected by a number of uncertainties including, but not limited to, the method, timing and extent of the corrective measures and are, therefore, currently not determinable, but management estimated that these might be substantial.

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 page 2 is consistent with the financial statements.

DELOITTE & TOUCHE
 Certified Public Accountants (Cyprus)

Limassol, 26 October 2004

Audit.Tax.Consulting.Financial Advisory.

Partners DJ Ioannides (Executive Chairman) CM Christoforou (Managing Partner) V Hadjivassiliou EN Philippou NS Kyriakides ND Papakiriaco
 A Chrysanthou C Georghadjis A Taliotis P Papadopoulos PM Markou N Charalambous N Spanoudis M Paschalis M Christoforou (Chairman Emeritus)

Associates Tasos Anastassiou Haris Constantinou

Nicosia STADYL Building, Corner Th. Dervis - Florinis Street, Nicosia, P.O.Box 21675, CY-1512 Nicosia, Cyprus, Tel: +357 22 36 03 00

Limassol Eftapaton Court, 256, Makarios Avenue, CY-3105 Limassol, P.O.Box 53180, CY-3301 Limassol, Cyprus, Tel: +357 25 85 77 00

Larnaca Zachariades Court, 15 Nicodemou Mylona Street, CY-6010 Larnaca, P.O.Box 40772, CY-6307 Larnaca, Cyprus, Tel: +357 24 65 12 33

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 Deloitte Touche Tohmatsu


Deloitte.

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

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

We hereby confirm that the figures presented on pages 26 and 27 and auditor's report of Penta Investments Limited on page 28 to the Annual Report of Penta Investments Limited, are consistent, in all material respects, with Penta Investments Limited audited financial statements.

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



DELOITTE & TOUCHE
Certified Public Accountants

Limassol, 26 October 2004

Audit.Tax.Consulting.Financial Advisory.

Partners DJ Ioannides (Executive Chairman) CM Christoforou (Managing Partner) V Hadjivassiliou EN Philippou NS Kyriakides ND Papakyriacou A Chrysanthou C Georghadjis A Taliotis P Papadopoulos PM Markou N Charalambous N Spanoudis M Paschalis M Christoforou (Chairman Emeritus)
Associates Tassos Anastassiou Haris Constantinou
Nicosia STADYL Building, Corner Th. Dervis - Florinis Street, Nicosia, P.O.Box 21675, CY-1512 Nicosia, Cyprus, Tel: +357 22 36 03 00
Limassol Eftapaton Court, 256, Makarios Avenue, CY-3105 Limassol, P.O.Box 53180, CY-3301 Limassol, Cyprus, Tel: +357 25 85 77 00
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| | |
|-----------------------------------|---|
| COMPANY NAME: | PENTA ASSET MANAGEMENT LIMITED |
| LEGAL FORM: | Private Company Limited by Shares |
| SHARE CAPITAL: | CYP 10,000 |
| NUMBER AND CLASS OF SHARES: | 10,000 registered, documentary shares |
| NOMINAL VALUE PER SHARE: | CYP 1 |
| PRINCIPAL ACTIVITIES: | asset management |
| REGISTERED OFFICE: | 319, 28 th October Street Kanika Business Center, 2 nd floor Limassol 3105, Cyprus |
| DATE OF INCORPORATION: | 23 April 1999 |
| AUDITOR: | Deloitte & Touche 319, 28 th October Street Kanika Business Center, 2 nd floor Limassol 3105, Cyprus |
| DIRECTORS AS AT 31 DECEMBER 2003: | Radoslav Zuberec Panayiotis Anastasiou Nicos - Alecos Nicolaou |

Report for the Year 2003

Penta Assets Management Limited (“PAM”) is a general advisor of Penta Investments for investing its funds into various assets, in line with Penta Investments’ investment strategy. PAM gathers financial and legal advice on potential projects in the territories with Penta presence, currently the Slovak Republic and the Czech Republic. In 2003, PAM enhanced its services to Penta Investments beyond the scope of only investment consulting, but started to collect also public relations advice relevant for building and managing Penta brand. PAM’s sales in 2003 reached EUR 3,558,634, outperforming the previous year slightly. Penta Investments remained the main client of PAM, however, other group companies joined the portfolio of

PAM’s clients during the year, such as Vinaco Holdings Limited, a vehicle used by the group for the receivables management business. In addition to Penta Investments as the main client, PAM has several clients outside the Penta group.

Penta Group and Penta Finance continued to provide substantial part of the advice gathered by PAM for their clients. As envisaged in our previous Annual Report, with the shifting focus of the group towards projects in the Czech Republic, PAM subcontracted yet a higher portion of its purchases from Penta Finance in 2003 than in the previous year.

BALANCE SHEET

Balance Sheet as at 31 December 2003 (expressed in Euro)

| | 2003 | 2002 |
|-------------------------------------|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Debtors and prepayments | 15 058 | 0 |
| Fellow subsidiary companies | 215 561 | 187 558 |
| Related companies | 500 000 | 0 |
| Cash at bank and in hand | 20 413 | 1 848 |
| TOTAL ASSETS | 751 032 | 189 406 |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Current liabilities | | |
| Fellow subsidiary companies | 370 410 | 5 068 |
| Other creditors and accruals | 87 630 | 31 605 |
| Corporation tax payable | 6 957 | 5 878 |
| Total current liabilities | 464 997 | 42 551 |
| Equity | | |
| Share capital | 17 300 | 17 300 |
| Reserves | 268 735 | 129 555 |
| Total equity | 286 035 | 146 855 |
| TOTAL LIABILITIES AND EQUITY | 751 032 | 189 406 |

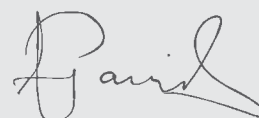
Income Statement for the year ended 31 December 2003 (expressed in Euro)

| | 2003 | 2002 |
|-----------------------------------|----------------|----------------|
| Revenue | | |
| Management fees received | 3 558 634 | 3 409 826 |
| Direct operations expenses | | |
| Management fees paid | (2 990 460) | (3 094 758) |
| | 568 174 | 315 068 |
| Administrative expenses | (266 461) | (92 358) |
| OPERATING PROFIT | 301 713 | 222 710 |
| Financial expense, net | (155 701) | (96 355) |
| PROFIT BEFORE TAXATION | 146 012 | 126 355 |
| Corporation tax | (6 832) | (5 905) |
| PROFIT AFTER TAXATION | 139 180 | 120 450 |

The financial statements were approved by the Board of Directors
on 30 September 2004 and signed on its behalf by:



Radoslav Zuberec
Director



Panayiotis Anastasiou
Director

Deloitte.

Deloitte & Touche
 Kanika Business Centre
 2nd Floor
 319, 28th October Street
 CY-3105 Limassol, Cyprus
 Mail: P.O.Box 58466
 CY-3734 Limassol, Cyprus
 Tel.: +357 25 86 86 86
 Fax: +357 25 86 86 00
 infolimassol@deloitte.com
 www.deloitte.com/cy

AUDITORS' REPORT TO THE MEMBERS OF PENTA ASSET MANAGEMENT


Report on the financial statements

- 1 We have audited the financial statements of Penta Asset Management Limited on pages 4 to 11, which comprise the balance sheet as at 31 December 2003 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and the related notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.
- 2 We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 In our opinion, the financial statements give a true and fair view of the financial position of Penta Asset Management Limited as of 31 December 2003 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Cyprus Companies Law, Cap. 113.

Report on other legal requirements

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

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



DELOITTE & TOUCHE
Certified Public Accountants (Cyprus)

Limassol, 30 September 2004

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Partners DJ Ioannides (Executive Chairman) CM Christoforou (Managing Partner) V Hadjivassiliou EN Philippou NS Kyriakides ND Papakyriacou
 A Chrysanthou C Georghadjis A Taliotis P Papadopoulos PM Markou N Charalambous N Spanoudis M Paschalis M Christoforou (Chairman Emeritus)
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Mail: P.O.Box 58466
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Tel.: +357 25 86 86 86
Fax: +357 25 86 86 00
info@limassol.deloitte.com
www.deloitte.com/cy

We hereby confirm that the figures presented on pages 32 and 33 and auditor's report of Penta Asset Management Limited on page 34 to the Annual Report of Penta Asset Management Limited, are consistent, in all material respects, with Penta Asset Management Limited audited financial statements.

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



DELOITTE & TOUCHE
Certified Public Accountants

Limassol, 26 October 2004

Audit•Tax•Consulting•Financial Advisory•

Partners DJ Ioannides (Executive Chairman) CM Christoforou (Managing Partner) V Hadjivassiliou EN Philippou NS Kyriakides ND Papakyriacou
A Chrysanthou C Georghadjis A Taliotis P Papadopoulos PM Markou N Charalambous N Spanoudis M Paschalis M Christoforou (Chairman Emeritus)
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| | |
|--|--|
| COMPANY NAME: | PENTA GROUP, A. S. |
| LEGAL FORM: | Joint-Stock Company |
| SHARE CAPITAL: | SKK 30,300,000 |
| NUMBER AND CLASS OF SHARES: | 1,200 registered, documentary shares |
| NOMINAL VALUE PER SHARE: | SKK 25,250 |
| PRINCIPAL ACTIVITIES: | <ul style="list-style-type: none">- provision of advisory and consultancy services:<ul style="list-style-type: none">- in the areas of business, finance, market research, marketing,- in the field of electronic data processing devices and information technology,- operation in the areas of leasing and intermediary services, retail and wholesale trade, and the leasing of real estate, machines, equipment and goods. |
| REGISTERED OFFICE: | Križkova 9 811 04 Bratislava Slovak Republic |
| DATE OF INCORPORATION: | 17 March 1998 |
| AUDITOR: | KPMG Slovensko, spol. s r. o. Mostová 2 811 02 Bratislava |
| COMPANY'S BODIES AS OF 31 DECEMBER 2003: | |
| BOARD OF DIRECTORS: | Marek Dospiva, Chairman Jaroslav Haščák Jozef Oravkin Martin Kúšik Jozef Špirko Richard Schultz |
| SUPERVISORY BOARD: | Ingrid Hoferová, Chairwoman Dušan Krahulec Ladislav Janyík |

PENTA GROUP, a. s. and NADÁCIA PENTA

Consolidated Balance Sheet as of 31 December 2003 (TSKK)

| | 2003 | 2002 |
|-------------------------------------|---------------|---------------|
| ASSETS | | |
| Tangible assets | 20 440 | 18 075 |
| Intangible assets | 1 984 | 1 494 |
| Deferred tax | 751 | 2 376 |
| Non-current assets total | 23 175 | 21 945 |
| Trade and other receivables | 2 645 | 4 108 |
| Tax receivables | 3 918 | 919 |
| Bank balances and cash | 16 281 | 24 241 |
| Other current assets | 5 748 | 3 888 |
| Current assets total | 28 592 | 33 156 |
| ASSETS TOTAL | 51 767 | 55 101 |
| EQUITY AND LIABILITIES | | |
| Share capital | 30 300 | 30 300 |
| Retained earnings | 7 279 | 638 |
| Net profit/(loss) for the year | (10 199) | 6 641 |
| Equity total | 27 380 | 37 579 |
| Trade and other payables | 13 004 | 11 449 |
| Income tax payable | 0 | 1 952 |
| Short-term loans and borrowings | 11 383 | 4 121 |
| Current liabilities total | 24 387 | 17 522 |
| Liabilities total | 24 387 | 17 522 |
| EQUITY AND LIABILITIES TOTAL | 51 767 | 55 101 |

PENTA GROUP, a. s. and NADÁCIA PENTA

Consolidated Profit and Loss Statement for the year ended 31 December 2003 (TSKK)

| | 2003 | 2002 |
|---------------------------------------|-----------------|--------------|
| Revenue from services | 127 286 | 144 797 |
| Other revenue | 18 622 | 4 914 |
| Operating revenue | 145 908 | 149 711 |
| Material and energy consumption | (7 699) | (5 489) |
| Other services | (59 279) | (51 357) |
| Personnel expenses | (66 455) | (72 905) |
| Depreciation and amortisation | (8 614) | (8 875) |
| Other operating expenses/revenue, net | (12 191) | (2 848) |
| Operating expenses total | (154 238) | (141 474) |
| OPERATING PROFIT/(LOSS) | (8 330) | 8 237 |
| Financial expenses/revenue, net | (207) | (237) |
| FINANCIAL PROFIT/(LOSS) | (207) | (237) |
| PROFIT/(LOSS) before taxation | (8 537) | 8 000 |
| Income tax | 38 | 1 953 |
| Deferred tax | 1 624 | (594) |
| NET PROFIT/(LOSS) for the year | (10 199) | 6 641 |

The financial statements were approved by the Board of Directors
on 20 April 2004 and signed on its behalf by:



Jaroslav Haščák
Member of the Board of Directors

Report for the Year 2003

Penta Group is the management company for Penta in the Slovak Republic. At year-end, the company employed 25 investment professionals and had a total of 94 employees, including all in-house services. At the beginning of 2003, a spin-off of several internal legal professionals together with some junior staff members took place. However, Penta continues to make use of their services. There are no further plans for outsourcing in the foreseeable future, because we are convinced we would not be able to reach a comparable quality among external professional services providers available on the market.

In its main areas of business related to buy-out projects, Penta Group's performance was in line with expectations. Revenue from this line of business accounted for 65% of total revenues in 2003, while revenues related to receivables management, our second major line of business, accounted for almost 20%. Remuneration of our receivables management business is based on the

percentage of the amounts recovered for our group and non-group clients. The operating loss of approximately EUR 2 million, which Penta Group incurred in 2003, is the result of a decline in the amount recovered from several substantial receivables. It is expected that the fees related to these receivables will be recovered in 2004 after recoveries are made to the clients' accounts.

The overall loss incurred by Penta Group in 2003 will not have any negative impact on the company's stability or performance. After accounting for the 2003 loss, the net worth of Penta Group still remains slightly in excess of EUR 650,000.

The projects in which Penta Group was involved in 2003 are presented in the chapter of this report devoted to Penta Investments.



KPMG Slovensko spol. s r.o.

P. O. Box 7
820 04 Bratislava 24
Slovakia

Mostová 2
811 02 Bratislava
Slovakia

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

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheet of Penta Group, a.s. and its wholly-owned foundation ("the Group") as at 31 December 2003 and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Group's management. 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 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 audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2003 and the results of its operations, its cash flows and changes in shareholder's equity for the year then ended in accordance with International Financial Reporting Standards.

20 April 2004
Bratislava, Slovak Republic

KPMG Slovensko spol. s r.o.

KPMG Slovensko spol. s r.o.



KPMG Slovensko spol. s r.o., a company
incorporated under the Slovak Commercial Code,
is the Slovak member firm of KPMG International,
a Swiss corporation.

Evidenčné číslo licencie auditora: 96

IČO/Registration number: 31 348 238
Obchodný register: Okresný súd Bratislava I, oddiel Sro, vložka č. 4864/B

| | |
|--|---|
| COMPANY NAME: | PENTA FINANCE A. S. |
| LEGAL FORM: | Joint-Stock Company |
| SHARE CAPITAL: | CZK 5,000,000 |
| NUMBER AND CLASS OF SHARES: | 50 registered, documentary shares |
| NOMINAL VALUE PER SHARE: | CZK 100,000 |
| PRINCIPAL ACTIVITIES: | <ul style="list-style-type: none">- provision of entrepreneurial, financial and economic advisory services,- real estate, administration and maintenance of real estate,- mediation and marketing activities. |
| REGISTERED OFFICE: | Na Příkopě 15 110 00 Prague 1 Czech Republic |
| DATE OF INCORPORATION: | 21 March 2001 |
| AUDITOR: | KPMG, Česká republika, s. r. o. Pobřežní 1a 186 00 Prague 8 Czech Republic |
| COMPANY'S BODIES AS OF 31 DECEMBER 2003: | |
| BOARD OF DIRECTORS: | Marek Dospiva, Chairman Martin Kúšik Zdeněk Kubát |
| SUPERVISORY BOARD: | Jaroslav Haščák, Chairman Jozef Oravkin Vladimír Pelán |

BALANCE SHEET

Balance Sheet prepared as of 31 December 2003 (TCZK)

| | 2003 | 2002 |
|--|---------------|---------------|
| ASSETS | | |
| Tangible assets | 11 347 | 3 444 |
| Deferred tax | 195 | 617 |
| Long-term deposits | 890 | 847 |
| Non-current assets total | 12 432 | 4 908 |
| Trade and other receivables | 5 493 | 1 008 |
| Bank balances and cash | 2 933 | 4 531 |
| Current assets total | 8 426 | 5 539 |
| ASSETS TOTAL | 20 858 | 10 447 |
| EQUITY AND LIABILITIES | | |
| Share capital | 5 000 | 5 000 |
| Retained earnings/(accumulated losses) | (2 280) | (3 517) |
| Net profit/(loss) for the year | (89) | 1 237 |
| Equity total | 2 631 | 2 720 |
| Trade accounts payable | 653 | 894 |
| Interest-bearing loan | 14 461 | 5 365 |
| Other accounts payable | 3 113 | 1 468 |
| Current liabilities total | 18 227 | 7 727 |
| Liabilities total | 18 227 | 7 727 |
| EQUITY AND LIABILITIES TOTAL | 20 858 | 10 447 |

Profit and Loss Statement for the year ended 31 December 2003 (TCZK)

| | | |
|---------------------------------------|--------------|--------------|
| | 2003 | 2002 |
| Operating revenue | 29 649 | 16 889 |
| Marketing and selling expenses | (13 639) | (10 398) |
| Personnel expenses | (10 658) | (4 042) |
| Depreciation and amortisation | (2 753) | (718) |
| Other services | (1 569) | (542) |
| Operating expenses total | (28 619) | (15 700) |
| OPERATING PROFIT/(LOSS) | 1 030 | 1 189 |
| Financial expenses, net | (696) | (569) |
| FINANCIAL PROFIT/(LOSS) | (696) | (569) |
| PROFIT/(LOSS) before taxation | 334 | 620 |
| Deferred tax | (423) | 617 |
| NET PROFIT/(LOSS) for the year | (89) | 1 237 |

The financial statements were approved by the Board of Directors
on 31 March 2004 and signed on its behalf by:



Marek Dospiva
Chairman of the Board of Directors

Report for the Year 2003

Penta Finance is the management company for Penta in the Czech Republic. 2003 was another important year for Penta Finance. Building upon its growth in 2002, Penta Finance achieved record revenues, broadened its principal activities and received national recognition as one of the Czech Republic's most valued financial companies.

At the beginning of 2003, two partners of Penta, members of the Board of Directors, joined the team of company executives fulltime. Consequently, Penta Finance has become involved in more projects, which has led to the need to hire new employees. In December 2003, Penta Finance had 21 employees, which was an increase of 200% from only 7 in 2002. Penta Finance is fully aware of the fact that its future success will be determined by the quality of its human resources. For this reason, all new candidates were required to go through difficult and demanding recruitment procedures. Penta Finance also provides its employees with ongoing education both inside and outside of the company.

The four members of the company's executive management team, who have a combined total of over 50 years of financial and investment services experience, make decisions that are focused on the highest possible expected return at an acceptable level of risk.

The total revenues of CZK 29.649 million in 2003 represent an almost 85% increase from the 2002 result of CZK 16.889 million. However, the operating profit declined slightly from CZK 1.189 million in 2002 to CZK 1.030 million in 2003, mainly due to the major expansion that Penta Finance experienced in 2003.

The total revenues in 2003 primarily consisted of revenues earned through the provision of consultancy services to other companies in the group. Nevertheless, revenues from consultancy services provided to external companies accounted for nearly 15% of total revenues in 2003.



KPMG Česká republika, s.r.o.

Pobřežní 648/1a
186 00 Praha 8
Česká republika

Tel.: +420 222 123 111
Fax: +420 222 123 100
www.kpmg.cz

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

We have audited the financial statements of Penta Finance, a.s. ('the Company') for the year ended 31 December 2003, from which the balance sheet and income statement set out in this annual report were derived, in accordance with International Standards on Auditing. The full financial statements were prepared in accordance with International Financial Reporting Standards. In our report on these financial statements, dated 31 March 2004, we outlined the responsibility of management for the financial statements, our responsibility as auditors and we described the scope of the audit. Our report expressed an unqualified opinion on the full financial statements.

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

For a better understanding of the Company's financial position as at 31 December 2003 and the results of its operations for the year then ended, the balance sheet and income statement should be read in conjunction with the full financial statements.

15 September 2004

KPMG Česká republika
KPMG Česká republika



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

IČO 00563115
DIČ 006-00563115

Obchodní rejstřík
vedený Městským
soudem v Praze
oddíl C, vložka 328

Živnostenská banka
Praha 1
č.ú./account no.
CZK 400409040400
USD 3463-63040400
EUR 3400-10690400

| | |
|--|---|
| COMPANY NAME: | INVEST BROKERS, O. C. P., A. S. |
| LEGAL FORM: | Joint-Stock Company |
| SHARE CAPITAL: | SKK 35,000,000 |
| NUMBER AND CLASS OF SHARES: | 350 registered, book-entered shares |
| NOMINAL VALUE PER SHARE: | SKK 100,000 |
| PRINCIPAL ACTIVITIES: | - provision of basic and ancillary investment services pursuant to the Securities Act and consultancy activities in matters related to investing in investment instruments. |
| REGISTERED OFFICE: | Križkova 9 811 04 Bratislava Slovak Republic |
| DATE OF INCORPORATION: | 12 January 1996 |
| AUDITOR: | BMB Partners Bratislava, s. r. o. Kapucínska 7 811 03 Bratislava |
| COMPANY'S BODIES AS OF 31 DECEMBER 2003: | |
| BOARD OF DIRECTORS: | Miron Zelina, Chairman (recalled on 7 April 2004) Jozef Oravkin, Chairman (appointed on 7 April 2004) Alena Vyskočilová Ladislav Janyík (recalled on 7 April 2004) Lucia Toperczerová (appointed on 7 April 2004) |
| SUPERVISORY BOARD: | Valéria Trebišovská, Chairwoman (recalled on 26 July 2004) Denisa Schultzová, Chairwoman (since 26 July 2004) Iveta Kuglerová (appointed on 26 July 2004) Peter Benedikt |

BALANCE SHEET

Balance Sheet prepared as of 31 December 2003 (TSKK)

| | 2003 | 2002 |
|-------------------------------------|---------------|---------------|
| ASSETS | | |
| Financial investments | 3 | 1 |
| Non-current assets total | 3 | 1 |
| Trade and other receivables | 37 591 | 4 211 |
| Marketable securities | 12 792 | 7 624 |
| Bank balances and cash | 790 | 35 496 |
| Other current assets | 133 | 340 |
| Current assets total | 51 306 | 47 671 |
| ASSETS TOTAL | 51 309 | 47 672 |
| EQUITY AND LIABILITIES | | |
| Share capital | 35 000 | 35 000 |
| Capital funds | 23 | 23 |
| Reserves | 1 179 | 370 |
| Retained earnings | 8 311 | 12 770 |
| Net profit/(loss) for the year | 1 870 | (3 650) |
| Equity total | 46 383 | 44 513 |
| Long-term loans and borrowings | 627 | 768 |
| Deferred tax liability | 587 | 0 |
| Non-current liabilities total | 1 214 | 768 |
| Trade and other payables | 2 136 | 2 091 |
| Tax payables | 735 | 24 |
| Other current liabilities | 841 | 276 |
| Current liabilities total | 3 712 | 2 391 |
| Liabilities total | 4 926 | 3 159 |
| EQUITY AND LIABILITIES TOTAL | 51 309 | 47 672 |

Profit and Loss Statement for the year ended 31 December 2003 (TSKK)

| | 2003 | 2002 |
|--|----------------|----------------|
| Operating revenue | 4 394 | 6 450 |
| Material and energy consumption | 0 | (27) |
| Other services | (5 696) | (3 603) |
| Personnel expenses | (3 528) | (2 456) |
| Variation in operating provisions | 13 303 | 0 |
| Other operating expenses/revenue, net | (878) | 241 |
| Operating expenses total | 3 201 | (5 845) |
| OPERATING PROFIT/(LOSS) | 7 595 | 605 |
| Sale and revaluation of securities, net | 1 399 | (10 969) |
| Variation in financial investment provisions | 0 | (10) |
| Interest revenue | 3 869 | 2 772 |
| Interest expense | (72) | (5 699) |
| Exchange gains | 2 | 365 |
| Exchange losses | (5) | 0 |
| Revenue from financial assets | 220 | 9 490 |
| Other financial expenses/revenue, net | (9 749) | (3 252) |
| FINANCIAL PROFIT/(LOSS) | (4 336) | (7 303) |
| PROFIT/(LOSS) before taxation | 3 259 | (6 698) |
| Income tax | (802) | (1 026) |
| Deferred tax | (587) | 4 074 |
| NET PROFIT/(LOSS) for the year | 1 870 | (3 650) |

The financial statements were approved by the Board of Directors
on 7 April 2004 and signed on its behalf by:



Lucia Toperczerová
Member of the Board of Directors



Alena Vyskočilová
Member of the Board of Directors

Report for the Year 2003

For INVEST BROKERS, o. c. p., a. s. (the "Company"), 2003 was a year dominated by the completion of the re-licensing process. On 12 August 2003, the license, which the Company was granted by the Financial Market Authority and on the basis of which the Company may provide a limited range of investment services, became valid and effective. Thereby, the Company fulfilled one of the principal tasks that the Company faced at the beginning of 2003. The Financial Market Authority only granted the Company permission to provide some of the requested investment services, however, the scope of permitted services is the same as that of services actually performed in the past.

The Company's principal activities in the course of the given year included the brokering of purchases and sales of securities (especially for group companies) and trading on Company's own account. The total turnover of securities transactions reached nearly SKK 1.8 billion of which transactions on the Company's own account represented approximately SKK 51 million. Compared to 2002, when the total turnover reached SKK 13.6 billion and 2001 (SKK 8.9 billion), this

represents a sharp decline that was caused by a reduction of activities of the Penta group on the Slovak capital market. According to the volume of stocks traded in 2003, the Company took seventh place among all members of Burza cennych papierov v Bratislave, a. s. (Bratislava Stock Exchange). Once again, Penta Investments with a volume of transactions amounting to approximately SKK 678 million was the Company's largest client in 2003.

As of 31 December 2003, the Company's equity amounted to SKK 46.4 million. Compared to 2002 and 2001, when it reached SKK 43.5 million and SKK 35.9 million respectively, the Company recorded a slight increase. Because of the high amount of internal company resources and almost zero level of debt, its capital adequacy indicator exceeded 76% at the end of 2003. During the course of the monitored period, capital adequacy did not fall below 24%, while the minimum value of the given indicator prescribed by law is 8%.

The Company is a member of the Association of Securities Traders.

INDEPENDENT AUDITOR'S REPORT

**To the shareholders and management of
INVEST BROKERS, o.c.p., a.s.:**

We have audited the financial statements of the company INVEST BROKERS, o.c.p., a.s. for the year ended December 31, 2003, from which the summarised financial statements set out in this annual report were derived, in accordance with International Standards on Auditing. The full financial statements were prepared in accordance with International Financial Reporting Standards. In our report dated January 29, 2004 we expressed an opinion that the financial statements from which the summarised financial statements were derived gave a true and fair view in all material respects except for the possible adjustments if any, that could be required had we known the outcome of the fact, that the current tax legislation applicable in Slovakia could be interpreted differently. This could give rise to contingent liabilities which could not be objectively quantified at the date of that report.

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

For a better understanding of the Company's financial position at December 31, 2003 and the results of its operations for the year then ended and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.



BMB Partners Bratislava, s.r.o.
Kapucínska 7, 811 03 Bratislava, Slovakia

January 29, 2004

| | |
|--|--|
| COMPANY NAME: | PENTA REALITY, A. S. |
| LEGAL FORM: | Joint-Stock Company |
| SHARE CAPITAL: | SKK 40,000,000 |
| NUMBER AND CLASS OF SHARES: | 539 registered, documentary shares 1,061 registered, documentary shares |
| NOMINAL VALUE PER SHARE: | SKK 25,000 |
| PRINCIPAL ACTIVITIES: | - real estate brokerage and leasing, - real estate lease, procurement services and real estate management, - intermediary activities and geodetic and cartographic work. |
| REGISTERED OFFICE: | Križkova 9 811 04 Bratislava Slovak Republic |
| DATE OF INCORPORATION: | 1 May 1992 |
| AUDITOR: | D. P. F., spol. s r. o. Uhrová 18 831 01 Bratislava |
| COMPANY'S BODIES AS OF 31 DECEMBER 2003: | |
| BOARD OF DIRECTORS: | Lucia Toperczerová, Chairwoman Josef Karbula (recalled on 17 May 2004) Pavol Bachar (appointed on 17 May 2004) Dušan Krahulec |
| SUPERVISORY BOARD: | Richard Schultz, Chairman Martin Kúšik Vladimír Škrovan |

BALANCE SHEET

Balance Sheet prepared as of 31 December 2003 (TSKK)

| | 2003 | 2002 |
|--|----------------|----------------|
| ASSETS | | |
| Tangible assets | 162 826 | 149 470 |
| Other assets | 396 | 521 |
| Non-current assets total | 163 222 | 149 991 |
| Trade and other receivables | 2 559 | 3 684 |
| Bank balances and cash | 44 733 | 3 766 |
| Other current assets | 210 | 211 |
| Current assets total | 47 502 | 7 661 |
| ASSETS TOTAL | 210 724 | 157 652 |
| EQUITY AND LIABILITIES | | |
| Share capital | 40 000 | 40 000 |
| Capital funds | 529 | 529 |
| Revaluation reserve | 58 475 | 43 369 |
| Retained earnings/(accumulated losses) | (2 525) | (4 060) |
| Net profit/(loss) for the year | (209) | 309 |
| Equity total | 96 270 | 80 147 |
| Long-term loans and borrowings | 54 733 | 58 798 |
| Deferred tax liability | 13 561 | 14 462 |
| Non-current liabilities total | 68 294 | 73 260 |
| Trade and other payables | 43 068 | 2 202 |
| Tax payables | 795 | 173 |
| Other current liabilities | 2 297 | 1 870 |
| Current liabilities total | 46 160 | 4 245 |
| Liabilities total | 46 160 | 4 245 |
| EQUITY AND LIABILITIES TOTAL | 210 724 | 157 652 |

Profit and Loss Statement for the years ended 31 December 2003 (TSKK)

| | 2003 | 2002 |
|---------------------------------------|----------------|----------------|
| Operating revenue | 27 743 | 25 231 |
| Material and energy consumption | (1 756) | (1 192) |
| Other services | (8 598) | (9 147) |
| Personnel expenses | (3 567) | (2 920) |
| Depreciation and amortisation | (6 170) | (3 324) |
| Variation in operating provisions | 0 | 29 |
| Other operating expenses/revenue, net | (614) | (308) |
| Operating expenses total | (20 705) | (16 862) |
| OPERATING PROFIT/(LOSS) | 7 038 | 8 369 |
| Interest revenue | 609 | 189 |
| Interest expense | (7 454) | (8 216) |
| Other financial expenses, net | (3) | 0 |
| FINANCIAL PROFIT/(LOSS) | (6 848) | (8 027) |
| PROFIT/(LOSS) before taxation | 190 | 342 |
| Income tax | (424) | (38) |
| Deferred tax | 25 | 5 |
| NET PROFIT/(LOSS) for the year | (209) | 309 |

The financial statements were approved by the Board of Directors
on 14 April 2004 and signed on its behalf by:



Dušan Krahulec
Member of the Board
of Directors



Lucia Toperczerová
Chairwoman of the Board
of Directors

Report for the Year 2003

Within the framework of the holding group, Penta REALITY, a. s. holds the position of the service and consulting company in the area of real estate.

In 2003, the company focused on improving the quality of its primary services – the comprehensive services of a real estate company. This year, one of its main sources of income remained the leasing of administrative premises and provision of services related to the lease at its registered offices in Krizkova Street in Bratislava.

Penta Group, a. s. has remained the main client of Penta REALITY, a. s. in the areas of consultancy and services. Penta REALITY, a. s. cooperated on the implementation of more than twenty projects and

successfully assisted in the sale of real estate generated in the projects.

The company entered the Slovak real estate market as a full-service real estate agency and a regular member of Narodna asociacia realitnych kancelarii (National Association of Real Estate Agencies) and began to develop its own independent activities. During 2003, Penta REALITY, a. s. realized five projects for third parties.

The company has become strongly established on the Slovak real estate market. This is documented by the quality of the professional relationships that the company has developed with renowned real estate companies.



INDEPENDENT AUDITORS' REPORT

To Shareholders of Penta REALITY, a.s.

We have audited the financial statements of Penta REALITY, a.s. (the "Company") for the year ended 31 December 2003, from which the financial statements set out in this report were derived. We conducted our audit in accordance with the International Standards on Auditing ISA.

The financial statements were prepared in accordance with the International Financial Reporting Standards IFRS issued by the International Accounting Standards Board IASB. In our report on these financial statements dated 22 April 2004 we outlined the responsibility of management for the financial statements, our responsibility as auditors, and we described the scope of the audit.

In our report we expressed an unqualified opinion on the financial statements.

In our opinion, the financial statements set out in this report are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Company's financial position as at 31 December 2003 and the results of its operations for the year then ended, the financial statements set out in this report should be read in conjunction with the financial statements accompanying the original auditors' report.

Bratislava, 22 April 2004

D. P. F., spol. s r. o.
Uhrova 18, 831 01 Bratislava
Trade and Business Register
Part Sro, ref. 23006/B
Licence SKAU 140



Ing. Jana Paulenová
Statutory Auditor
Licence SKAU 442

| | |
|--|--|
| COMPANY NAME: | P67 VALUE, SPOLOČNOSŤ S RUČENÍM OBMEDZENÝM |
| LEGAL FORM: | Limited Liability Company |
| REGISTERED CAPITAL: | SKK 300,000 |
| PRINCIPAL ACTIVITIES: | - consultancy services, - economic analysis of companies, macro-economic analysis, - publishing of periodical and non-periodical publications, - automated data processing. |
| REGISTERED OFFICE: | Križkova 9 811 04 Bratislava Slovak Republic |
| DATE OF INCORPORATION: | 4 August 1994 |
| AUDITOR: | D. P. F., spol. s r. o. Uhrová 18 831 01 Bratislava |
| COMPANY'S BODIES AS OF 31 DECEMBER 2003: | |
| EXECUTIVES: | Juraj Kováčik Ingrid Hoferová |

BALANCE SHEET

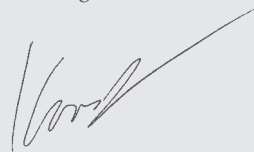
Balance Sheet prepared as of 31 December 2003 (TSKK)
prepared on the basis of Slovak Accounting Rules

| | 2003 | 2002 |
|-------------------------------------|--------------|--------------|
| ASSETS | | |
| Tangible assets | 113 | 274 |
| Non-current assets total | 113 | 274 |
| Trade and other receivables | 276 | 379 |
| Bank balances and cash | 901 | 1 172 |
| Other current assets | 13 | 26 |
| Current assets total | 1 190 | 1 577 |
| ASSETS TOTAL | 1 303 | 1 851 |
| EQUITY AND LIABILITIES | | |
| Share capital | 300 | 300 |
| Capital funds | 17 | 17 |
| Funds from net profit | 9 | 0 |
| Reserves | 416 | 265 |
| Retained earnings | 165 | 85 |
| Net profit/(loss) for the year | (429) | 89 |
| Equity total | 478 | 756 |
| Long-term loans and borrowings | 0 | 500 |
| Other liabilities | 12 | 21 |
| Non-current liabilities total | 12 | 521 |
| Trade and other payables | 660 | 405 |
| Tax payables | 153 | 169 |
| Current liabilities total | 813 | 574 |
| Liabilities total | 825 | 1 095 |
| EQUITY AND LIABILITIES TOTAL | 1 303 | 1 851 |

Profit and Loss Statement for the year ended 31 December 2003 (TSKK)
prepared on the basis of Slovak Accounting Rules

| | 2003 | 2002 |
|---------------------------------------|--------------|--------------|
| Operating revenue | 15 061 | 12 060 |
| Material and energy consumption | (382) | (273) |
| Other services | (6 057) | (4 849) |
| Personnel expenses | (8 713) | (6 681) |
| Depreciation and amortisation | (111) | (270) |
| Variation in operating provisions | 23 | 174 |
| Other operating expenses/revenue, net | (242) | 63 |
| Operating expenses total | (15 482) | (11 836) |
| OPERATING PROFIT/(LOSS) | (421) | 224 |
| Financial revenue | 127 | 16 |
| Financial expenses | (129) | (136) |
| FINANCIAL PROFIT/(LOSS) | (2) | (120) |
| Extraordinary expenses | 0 | (5) |
| PROFIT/(LOSS) before taxation | (423) | 99 |
| Income tax | (6) | (10) |
| NET PROFIT/(LOSS) for the year | (429) | 89 |

The financial statements were approved by the Statutory Body
on 3 March 2004 and signed on its behalf by:



Juraj Kováčik
Member of the Statutory Body

Report for the Year 2003

Our company provides analytical services to the project teams at the management companies. In saying this, it should be highlighted that since 2003, we have also been providing our services to the Czech management company, Penta Finance. It was decided that analytical services should be shared within the holding and provided from one location – P67 value. Following this decision, we extended our macroeconomic analyses coverage to include the Czech Republic. Currently, we publish a comprehensive bi-weekly publication for our internal customers in both countries.

The focus of our services is on the analysis of business opportunities. Our services are utilized prior to investment, before the exit, and as has become a good practice in 2003, also during the life of some complex projects. In order to speed up the analytical process as much as possible in a demanding environment, we have improved and standardized the data mining function this year.

In 2003, Penta entered several new industries, such as textiles, energy and healthcare. This placed both

professional and capacity pressures on our current analytical resources and more often than ever before, we cooperated with external experts. We recognize their contribution as a valuable and enriching exercise, which we will continue.

With the growth of our business we devoted substantial resources to the development of our professional team. The number of professional staff members almost doubled in the course of the year. However, with the outlook for growth of Penta's business over the next several years, our efforts to enhance our professional team are far from an end.

In addition to standard investment opportunity valuations and investment exit valuations, we were also invited to participate in ad hoc projects, which the Director of Penta Holding mentioned in his introduction to this report. We participated in the project concerning business trends, and at the end of the year, two of our leading analysts joined the team devoted to making improvements in Penta's business operations.

**INDEPENDENT AUDITORS' REPORT****To Shareholders of P67 value, s.r.o.**

We have audited the financial statements of P67 value, s.r.o. (the "Company") for the year ended 31 December 2003, from which the financial statements set out in this report were derived. We conducted our audit in accordance with the Act on Auditors and Slovak Chamber of Auditors and Slovak Standards on Auditing recommended by the Slovak Chamber of Auditors.

The financial statements were prepared in accordance with the Act on Accounting No. 431/2002 Coll., and relevant legal regulations issued by the Ministry of Finance of the Slovak Republic. In our report on these financial statements dated 22 March 2004 we outlined the responsibility of management for the financial statements, our responsibility as auditors, and we described the scope of the audit.

In our report we expressed an unqualified opinion on the financial statements.

In our opinion, the financial statements set out in this report are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Company's financial position as at 31 December 2003 and the results of its operations for the year then ended, the financial statements set out in this report should be read in conjunction with the financial statements accompanying the original auditors' report.

Bratislava, 22 March 2004

D. P. F., spol. s r. o.
Uhrova 18, 831 01 Bratislava
Trade and Business Register
Part Sro, ref. 23006/B
Licence SKAU 140



Ing. Jana Paulenová
Statutory Auditor
Licence SKAU 442



SLOVENSKÁ KONSOLIDAČNÁ, a. s.

VVK II

NON-PERFORMING LOANS

EUR 13,200,000

2002 – 2004

Acquisition and Collection of Non-Performing Loans together with CSFB; nominal value of NPLs EUR 69.5 mil.; Acquisition 2002; Collection 2002 – 2004




ZSNP, a.s.

RESTRUCTURING

EUR 12,300,000

from 2002

Metallurgical and Engineering Industries; share in the registered capital: 49.85%




Slovnaft, a.s.

ARBITRAGE

EUR 10,900,000

2001 – 2002

Petrochemical Industry; share in the registered capital: 13.54%



Drôtovňa Hlohovec, a. s.

RESTRUCTURING

EUR 10,800,000

1998 – 2003

Engineering Industry; share in the registered capital: 50%

SLOVENSKÁ KONSOLIDAČNÁ, a. s.

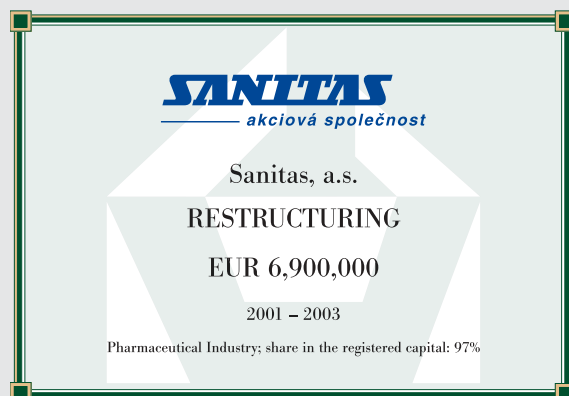
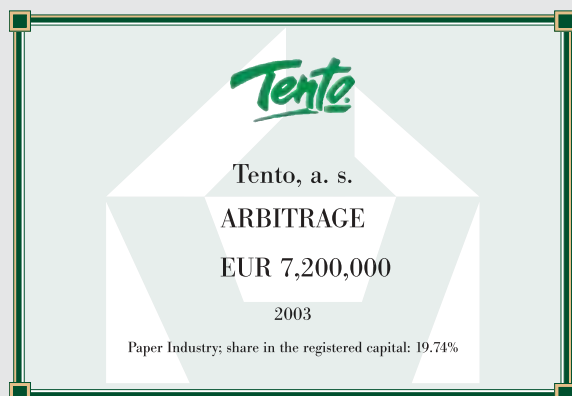
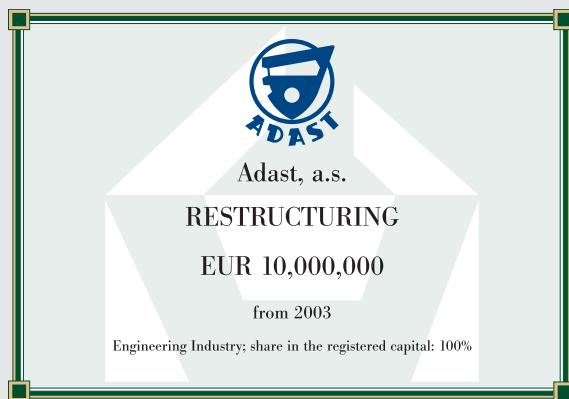
VVK I

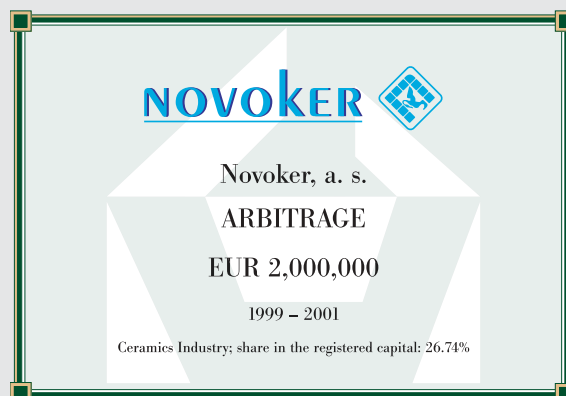
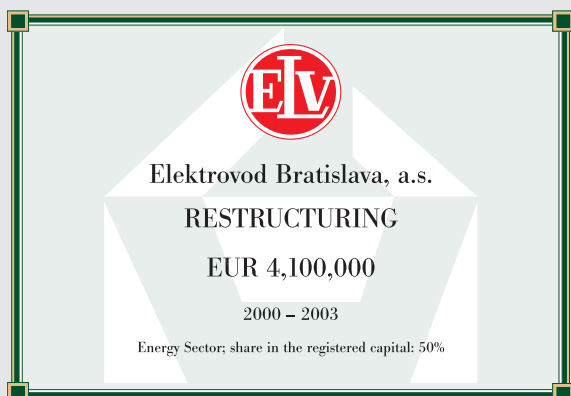
NON-PERFORMING LOANS


EUR 10,400,000

from 2001

Acquisition and Collection of Non-Performing Loans together with CSFB; nominal value of NPLs EUR 304 mil.; Acquisition 2001; Collection 2001 – 2005 (expected)







AGRO – Movino, s. r. o.
RESTRUCTURING
EUR 1,165,000
 from 2002
 Wine Industry; share in the registered capital: 82%

SLOVENSKÁ KONSOLIDAČNÁ, a. s.


VVK III
NON-PERFORMING LOANS
EUR 325,000
 from 2002

Acquisition and Collection of Non-Performing Loans together with CSFB; nominal value of NPLs EUR 2.7 mil.; Acquisition 2002; Collection 2002 – 2005 (expected)



Českomoravský len, a. s.
ARBITRAGE
51 %
 1998 – 2002


Arbitration; share in the registered capital: 51%; project implementation: 1998 – 2000



DESTA

Destá Děčín, a. s.
RESTRUCTURING
51 %
 1997 – 1999

Restructuring; share in the registered capital: 51 %



Chemolak

Chemolak, a. s.
ARBITRAGE
35 %
 1998 – 1999

Chemical Industry; share in the registered capital: 35%

PUBLISHER **PENTA HOLDING LTD.**
DESIGN & PRODUCTION **REPRO SOVA, S.R.O.**