



2003



ANNUALREPORT

# **BRANO GROUP**

## **ANNUAL REPORT 2003**

**BRANO** a.s.

**BRANO-ATESO** a.s.

**AFTERMARKET** s.r.o.

**BRANOROS** a.s.

**DELTACOL CZ** s.r.o.

# ABOUT US

## & FINANCIAL HIGHLIGHTS

### Mission of BRANO GROUP

We are a trustworthy, procedurally managed company that is a competitive developing partner in the spheres of industry (automotive industry, building industry and general engineering) in the third millennium.

### Our Vision

BRANO GROUP has a predatory, successful team with a tradition that attempts to be a step ahead of the competitors and a leap nearer to the customers.

### Our Slogan

BRANO GROUP locking systems, jacks and car equipment suitable for all continents.

### Our Merits

CREATIVE	Dynamics
	Innovation
	Quality
CONSERVATIVE	Effectiveness
	Professionalism
	Customer's satisfaction

### Our Strategy

We continue in the process of constant improvements, keeping with our proactive company policy with the effective use of sources, developing utility merits of our products to serve the current and emerging markets.

### FINANCIAL HIGHLIGHTS

#### BRANO a.s. Financial Highlights (in thousand CZK)

	2001	2002	2003
Net sales	1 001 175	1 079 955	1 181 894
- domestic	653 770	680 706	700 840
- foreign	347 405	399 249	481 054
Total assets	737 543	821 081	1 045 055
Equity	433 695	471 915	501 743
Registered capital	203 941	204 271	204 271
Value added	363 660	355 301	450 266
Profit after taxation	27 832	38 099	29 828
ROA %	3.77	4.64	2.85
ROE %	6.41	8.07	5.94
Number of employees	1 039	1 097	1 206

#### BRANO-ATESO a.s. Financial Highlights (in thousand CZK)

	2001	2002	2003
Net sales	1 360 570	1 779 910	1 794 970
- domestic	431 250	586 150	147 660
- foreign	929 320	1 193 760	1 647 310
Total assets	1 042 637	1 106 574	1 248 610
Equity	794 095	856 416	988 704
Registered capital	679 514	679 514	679 771
Value added	370 000	464 000	458 000
Profit after taxation	18 899	62 839	69 313
ROA %	1.81	5.68	5.55
ROE %	2.38	7.34	7.01
Number of employees	884	930	944



# FOREWORD

## OF THE CHAIRMAN OF THE BOARD AND GENERAL DIRECTOR

Dear customers and trading partners,

As you can see from the results of BRANO GROUP, the year 2003 was one of the most successful years in the history of our company. The whole group share their own strategy, manage to fulfil it and at the same time the group strengthen their position on the European market and extend their deliveries outside European markets - U.S.A., Mexico, Brasil, China etc. Together with this trend, we extend our deliveries of products to other new customers (OEMs).

In this sense BRANO GROUP has been awarded as the 5th fastest growing exporter in the Czech Republic for the year 2003. This trend shows that from the total non-consolidated sales of the group at the amount of 3.2 mld CZK more than 2.2 mld CZK were from export, which means the increase by more than 0.5 mld CZK in comparison with the previous year, i.e. the increase in export by 30 %. It is obvious that this is one of the most important ways of how to ensure the growth of the whole group.

Let me mention some other key events of the year 2003 which create further better conditions for the whole group. One of these steps was the extension of BRANO GROUP by a new tooling shop in Olomouc, which is mainly focused on the production of progressive machines with the weight of up to 7 tonnes, which are general trends of increasing productivity.

Thus we have also managed to secure further capacities for the extension of our innovating potential. Another significant acquisition of our company was the purchase of a chromizing plant in Litovel and its implementation into our daughter company DELTACOL. Within BRANO GROUP this company is responsible for surface treatment in the sphere of galvanization.



At the end of 2003 in connection with the automotive industry development in Slovakia a decision was made on building a new trading centre with warehouses in Branoslovakia in Bratislava with the possibility of further expansion.

By the end of 2003 BRANO and BRANO-ATESO successfully managed to achieve the certification TS 16 949 and reconfirm the certification ISO 14001.

To sum up, in the year 2004 the Czech Republic is entering the EU, and we consider this to be a cut-down of barriers in our access to foreign markets and a real matter for our business growth.

Ing. Pavel Juříček, Ph.D.  
Chief Executive Officer of BG

# TOP MANAGEMENT

## BRANO GROUP

### BRANO GROUP

Chief Executive Officer	Pavel JUŘÍČEK
Chief Financial Officer	Libor TOMAN
Purchasing Director	Ivo PASTOR
Quality Director	Dušan ŠPAČEK



Pavel JUŘÍČEK    Libor TOMAN    Ivo PASTOR    Dušan ŠPAČEK

### BRANO a.s.

#### Directors of SBU:

Door Systems	Marek RYŠAVÝ
Lifting Devices/Door Closers	Alena ŠIMEČKOVÁ
Foundry	Jiří BENDA
Tooling	Manfred GÖLTNER

### BRANO-ATESO a.s., a member of BRAND GROUP

#### Directors of SBU:

Cockpit systems	Michal ZECHOVSKÝ
Commercial vehicles	Jaroslav SÝKORA
Aftermarket Jičín	Miroslav VAŠÍČEK

### BRANOROS a.s.

Director	Miroslav ŠPIČÁK
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### BOARD OF DIRECTORS:

#### BRANO a.s.:

Chairman	Pavel JUŘÍČEK
Member	Libor TOMAN
Member	Karel BLAŽEK

#### BRANOROS a.s.:

Chairman	Pavel JUŘÍČEK
Member	Vasilij KURNEV
Member	Miroslav ŠPIČÁK

#### BRANO-ATESO a.s., a member of BRAND GROUP:

Chairman	Dušan ŠPAČEK
Member	Michal ZECHOVSKÝ
Member	Jaroslav SÝKORA

### SUPERVISORY BOARD:

#### BRANO a.s.:

Chairman	Břetislav WITTWER
Member	Manfred GÖLTNER
Member	František KAHOVEC

#### BRANOROS a.s.:

Chairman	Světlana KUZNIKOVÁ
Member	V. A. MALOFJEJEV
Member	Jan KURKA

#### BRANO-ATESO a.s., a member of BRAND GROUP:

Chairman	Pavel JUŘÍČEK
Member	Libor TOMAN
Member	Václav MAŠEK

# WHERE YOU CAN FIND US



# INFORMATION & CONTACTS

## Addresses and Information about Main Members of BRAND GROUP:

BRAND a.s.: Opavská 1000 • Hradec nad Moravicí,  
747 41 Czech Republic  
IČO: 45 19 33 63 • DIČ: 384 - 45 19 33 63  
Zapsáno u Obchodního rejstříku v Ostravě  
30.4.1992, oddíl B, vložka 387  
Tel.: +420 553 632 111  
Fax: +420 553 783 141  
E-mail: info@brano.cz  
www.brano.cz

BRAND - ATESO, a.s.: Náměstí B. Němcové, Jablonec n. Nisou,  
466 90 Czech Republic  
IČO: 44 56 96 02 • DIČ: 187 - 44 56 96 02  
Zapsáno u Krajského soudu v Ústí nad Labem  
1.5.1992, oddíl B, vložka 216  
Tel.: +420 483 352 111  
Fax: +420 483 352 405  
E-mail: info@brano.cz

BRANOROS, a.s.: Kstovo - 5, Nižnyj Novgorod, Russia  
Tel.: +007 83145 64001, 64005  
Fax: +007 8312 788725  
E-mail: branor@kis.ru

## Subsidiary and Daughter Companies of BRAND GROUP:

Aftermarket s.r.o.: Jičín: Poděbradova 134, Jičín,  
506 01 Czech Republic  
Phone: +420 493 546 121  
(Mr. Miroslav Vašíček)  
Fax: +420 493 546 199  
E-mail: icbchod@afm.cz

BRAND market s.r.o.: Tovární okruh 674, Hradec nad Moravicí,  
747 41 Czech Republic  
Phone: +420 553 632 403  
(Mr. Luděk Holuša)  
Fax: +420 553 632 404  
E-mail: info@brano.cz

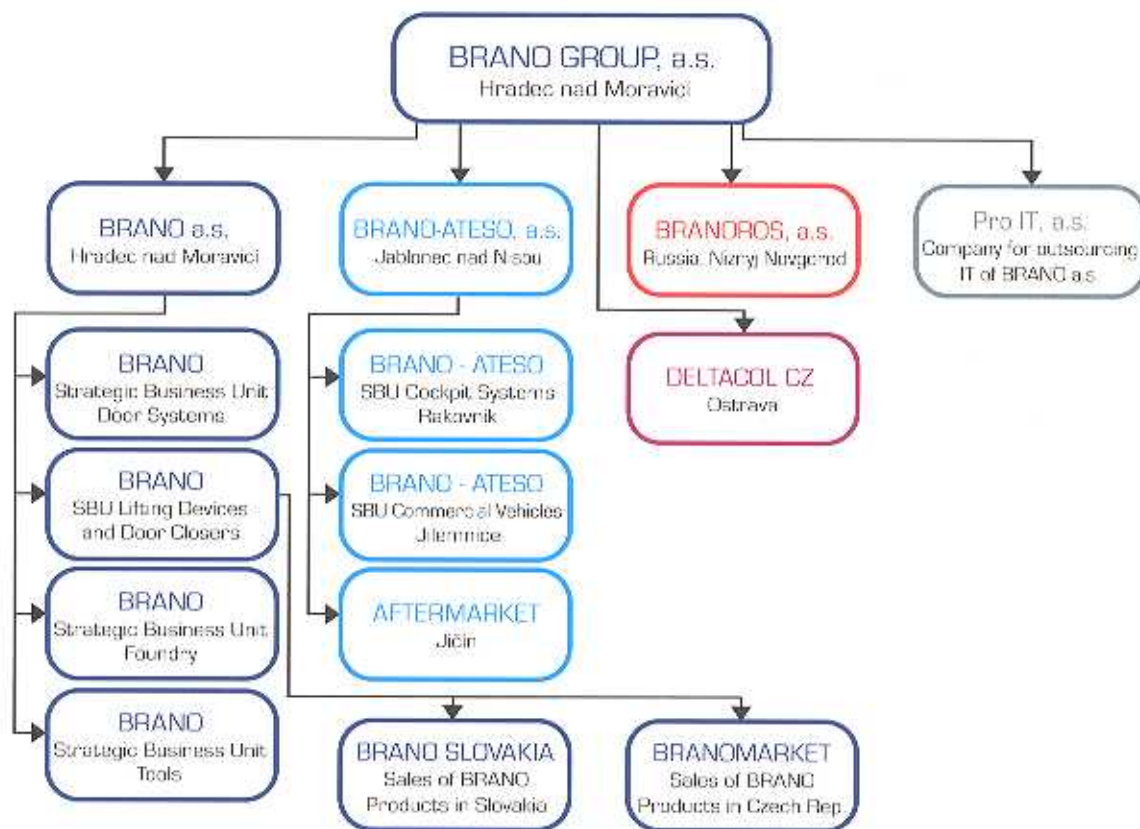
BRAND Slovakia s.r.o.: Rybníčná 40/a, Bratislava,  
831 07 Slovak Republic  
Phone: +421 2 448 833 62  
(Mr. Roman Broniš)  
Fax: +421 2 448 833 84  
E-mail: internet-sk@volny.sk

DELTACOL CZ s.r.o.: Oderská 687, Ostrava - Přívoz,  
702 00 Czech Republic  
Phone: +420 596 136 590  
(Mrs. Miloslava Večerková)  
Fax: +420 596 136 589  
E-mail: info@brano.cz

Pro It a.s.: Opavská 1000, Hradec nad Moravicí,  
747 41 Czech Republic  
Phone: +420 553 632 300  
(Mr. Vladimír Lazecký)  
Fax: +420 553 632 127  
E-mail: info@proit.cz  
www.proit.cz



# ORGANIZATIONAL STRUCTURE





BRAND a.s.

- |       |  |
|-------|--|
| 1992: | New Quality Management based on ISO 9000 Standards<br>Rank Xerox Supplier Audit                            |
| 1997: | VW Supplier Audit Category A<br>Authorization for welding  |
| 1998: | Re-certification ISO 9001<br>Certification QS 9000, VDA 6.1<br>Evaluation: GREEN by FORD, PASS by OPEL, GM |
| 2001: | Re-certification ISO 9001, QS9000<br>VDA 6.1, ISO 14001  |

BRAND - ATFSO a.s.:

- |       |  |
|-------|--|
| 1994: | ISO 9001 on ISO 9000 Standards   |
| 1995: | VW - VDA 6 - Category A  |
| 1996: | Supplier Audits - Mercedes, Audi, BMW, Lucas, Knorr, Ford                      |
| 1997: | Re-certification ISO 9001  |
| 1998: | ISO 14001  |
| 1999: | QS 9000, VDA 6.1   |
| 2001: | Re-certification ISO 9001, VDA 6.1<br>QS 9000, Supplier Audit - BPW Category A |

BRAND GROUP:

- |             |  |
|-------------|--|
| 2002:       | Re-certification ISO 9001, QS900, VDA 6.1, ISO 14001 |
| 2003, 2004: | TS 16949, 2002                                       |

## EMPLOYEES:

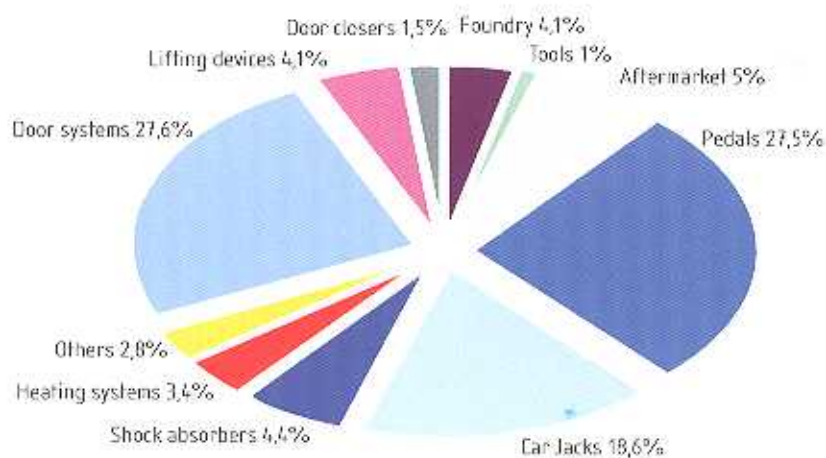
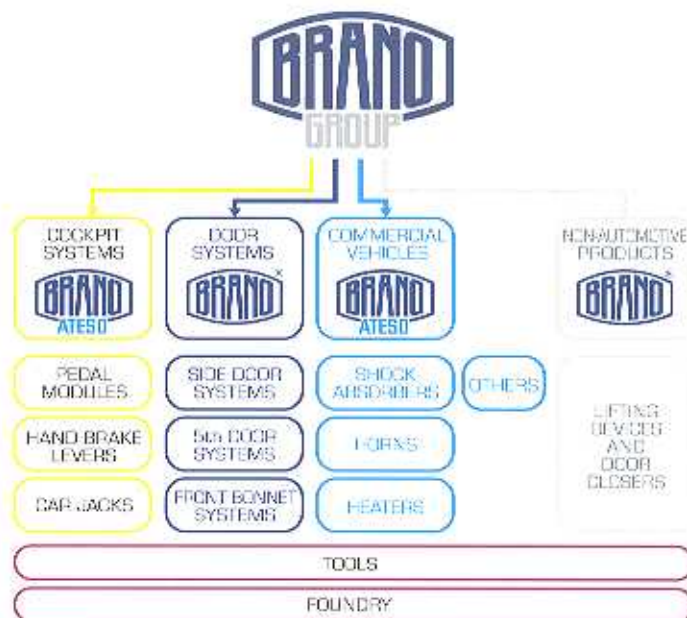
	Staff	R&D	Indirect Workers	Product Workers	Total
SBU ZZ	31	11	30	109	181
SBU DS	49	35	49	330	463
SBU FOUNDRY	22	4	36	160	222
SBU TOOLS	19	36	10	150	214
SBU CV	47	39	33	154	273
SBU CS	78	22	80	441	621
Administration BG*	65	-	-	-	65
Total	310	147	238	1344	2039

\* BRAND BRCP: Marketing, Purchasing, Quality, Finance, Dept

BRANO ROS	7	-	3	13	23
BRANO SLOVAKIA	4	-	-	-	4
BRANO Market	3	-	-	-	3
Pro fit	29	-	-	-	29
Aftermarket	9	-	4	-	13
Detracol CZ	5	-	8	17	30
Total	57	-	15	30	102
BRANO GROUP	367	147	253	1374	2141

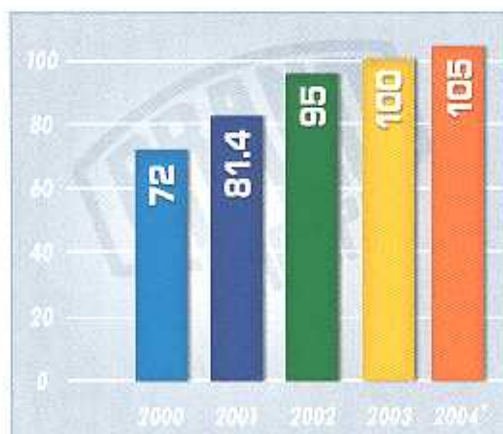
# STRUCTURE

BY PRODUCTION & PRODUCT PORTFOLIO

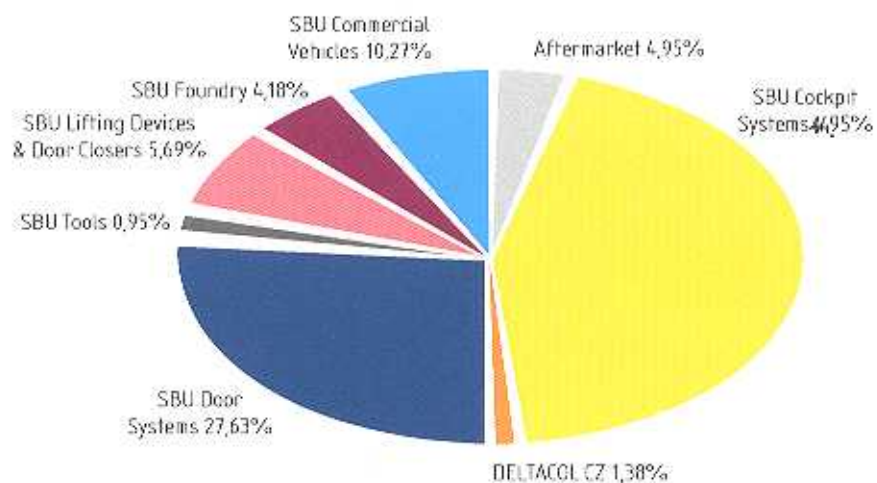


# SALES EVOLUTION & SHARE ON REVENUES

Sales evolution (in mio Eur):



Share on BRAND Group revenues:



# SBU

## DOOR SYSTEMS

Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic  
Tel. 553 632 314 • fax: 553 632 310 • e-mail: info@brano.cz • www.branco.cz



Director of SBU: Marek Ryšavý

### Commodities:

Side door latches	Failgate latches
Front bonnet latches	Seat latches
Soft touch opening	Heaters
Strikers	Front bonnet locking systems
Bonnet hinges	Tailgate hinges
Frame of headrests	Mechanism
	Others

### Sales (in mio CZK):



### We offer to our customers:

- Research, development, testing of car parts and car accessories for lorries, commercial vehicles and buses.
- Manufacturing of car parts and car accessories according to customer's requirements or car accessories developed and tested by our own development
- Moulding sheets on presses from 40 to 630 tonnes when using both simple and progressive tools including transfer feeding and technology of fine blanking on presses Schmid 250 and 350 tonnes.
- Assembling works on traditional and semi-automatic lines including testing on general-purpose and automatic devices.
- Warranty periods reaching world parameters.
- Quality of products in TS 16949 2022 system and assurance of ecological production according to ISO 14001 standards.





## SBU LIFTING DEVICES & DOOR CLOSERS

Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic  
Tel. 553 632 104 • fax: 553 632 407 • e-mail: info@brano.cz • www.brano.cz



Director of SBU: Alena Šimečková

### Commodities:

Rack jacks	Girder Clamps
Rope hoists	Pulley blocks & Pulleys
Hydraulic jacks	Single beam trolleys
Rack and lever jacks	Door Closers
Rope tackles	Others

### Sales (in mio CZK):



### We offer to our customers:

- machining on CNC machines (vertical and horizontal)
- milling on FCH63 CNC milling cutter
- cutting on CNC machines
- surface treatment of segments on Infrarot line (varnishing)
- heat treatment of material on Safed line
- hardening in chamber furnaces
- welding in CO2 and in mixed gas
- stamping on eccentric presses of 40 - 315 tonnes



# SBU FOUNDRY

Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic  
Tel: 553 632 236 • fax: 553 632 244 • e-mail: info@brano.cz • www.brano.cz

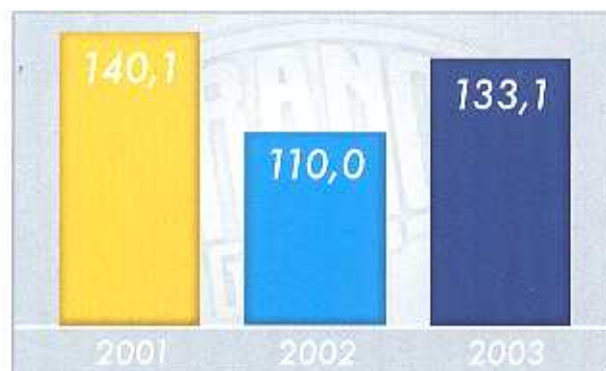


Director of SBU: Jifi Benda

## Commodities:

Castings for automotive industry  
Castings for agriculture  
Castings for electrotechnic industry  
Parts of scaffolds and formworks  
Others

## Sales (in mio CZK):



BRANO Foundry is equipped with the most modern device – an automatic frame moulder HWS, installed in the year 2002, which enables the cast production for automotive industry.

According to the customer's requirements and details (drawing, CAD data) we process a design of the cast, which conforms to the production technology, in our new designing department. On the basis of the design we ensure the processing of the necessary production documentation and from 3D data we ensure the manufacturing of a mould, samples or model modification up to the approval for series production. We use Catia and PRO/Engineer systems for processing 3D data.

BRANO Foundry guarantees to keep the chemical and physical properties of the cast materials and provides certificates upon customer's requests.

In the year 2003 a recertification audit and an expanding audit of the quality management system according to ES ISO 9001: 2000 and ISO ITS 16949:2002 took place in BRANO Foundry.

We manufacture a wide range of castings for automotive industry.





Director of SBU: Manfred Göltnier

The activities of SBU Tools are focused on the construction and production of top quality progressive shearing machines and other types of tools including single purpose machines, mainly in the area of automotive industry, where it has a long-term tradition. The construction of the above mentioned tools is performed with the help of modern graphic workplaces, the existing equipment of which enables to process the documentation of demanding orders.

## Commodities:

Manufacture of tools, single purpose devices and machines for BRANO a.s.

Manufacture of tools for external customers

Repair of tools and single purpose devices for BRANO a.s.

Sales (in mio CZK):



Production of new tools and single purpose machines for both internal and external customers including services and repairs is provided by means of CNC machines. Individual workplaces equipped with CNC measuring machines ensure the quality control. We are able to test the manufactured tools and consequently produce samples on appropriate presses. In the year 2003 the capacity of SBU Tools was extended by a plant in Olomouc with the aim to satisfy demanding requirements of both domestic and foreign customers.

## Assortment of produced tools

- Maximum dimensions 1200x2400 – maximum weight 8t
- Combined progressive shearing machines for moulding including transfer feeding
- Block and progressive tools for fine blanking
- Bending and pulling tools for small and large segments
- Preparations for machining, welding, assembly, measuring
- Single purpose machines for moulding, assembly and measuring test devices
- For the above mentioned tools we are able to provide construction including complete drawing documentation and CAD data with the help of:
  - 19 graphic workplaces with AUTOCAD 2000 and I-DEAS software for designing in 2D
  - 7 graphic workplaces with UNIGRAPHICS and I-DEAS software for designing in 3D
  - 3 workplaces with POWER MILL and I-DEAS software for programming CNC machines.





# SBU

## COCKPIT SYSTEMS

Kušťova 757, 269 44 Rakovník, Czech Republic  
Tel: 313 282 325 • fax: 313 517 439 • e-mail: info@brano.cz • www.brano.cz



Director of SBU: Michal Zechovský

### Commodities:

Mechanisms / Pedal systems  
Hand brake levers  
Car jacks  
Others

### Sales (in mio CZK):



### We offer to our customers:

- complete research, development and testing in the area of mechanisms (pedals, hand brake levers, gear components) for passenger and commercial vehicles.
- development, construction and production of pressing tools - shearing machines - in the internal toolshed. Wire cutting, sinking device, CNC milling cutter etc. are available
- moulding sheets by pressing on presses from 40-630 tonnes with the help of simple and progressive tools including transfer feeding
- degreasing line
- resistance welding and welding with the help of welding automatic machines
- varnishing lines EKOL and KTL (electrocataphoresis)
- final assembly including testing and verification in the measuring centre (3D)
- complete quality assured by TS 16949:2002 and ISO 14001 systems





# SBU

## COMMERCIAL VEHICLES

Na Račanech 100, 514 01 Jilemnice, Czech Republic  
Tel: 481 561 290 • Fax: 481 543 035 • e-mail: info@brano.cz • www.branco.cz



Director of SBU: Jaroslav Šýkora

### Commodities:

Telescopic shock absorbers	Segments of hydraulic brakes
Independent heating systems	Segments of air brakes
Impulse fuel pumps	Electromagnetic and
Dependent warm water heating	Air horns
Pedal systems	Machined segments and groups

### Sales (in mio CZK):



### We offer to our customers:

- research, development, testing of components and car accessories for trucks and utility vehicles and buses
- manufacture of car parts and car accessories according to the customers' requests or developed and tested by our own development. In the production process we use modern CNC technologies of machining, especially turning and milling, and traditional methods of machining in its entirety, technology of high-frequency hardening, MIG/MAG welding and surface treatment by varnishing using water dilutable colours with minimum effect on the environment
- Assembling works on traditional and semi-automatic lines including testing on general-purpose and automatic devices
- Warranty periods reaching world parameters
- Quality of products att. TS 16949:2002 system



# AFTERMARKET s.r.o.

## SALES OF SPARES PARTS

Poděbradova 134, 506 01 Jičín, Czech Republic

Tel: 493 546 111 • fax: 493 546 121 • e-mail: info@brano.cz • www.brano.cz



Director of SBU: Miroslav Vašíček

### Commodities:

Absorbers for passenger cars  
Absorbers for commercial vehicles (CV)  
Segments of absorbers  
Heating systems – dependent  
Heating systems – independent  
Heating segments  
Horns  
Contact breakers  
Ventilation fans  
Hydraulic devices for CV

Filtration  
Car locks  
Strikers  
Bonnet lock systems  
Bonnet and 5th door  
Hinges  
Door closers  
Lifting devices  
Air devices for CV

### Sales (in mio CZK):



Aftermarket s.r.o. is a trading company that provides the deliveries of spare parts produced by a parent company BRANO GROUP, which can be used in the sphere of replacement consumption both for passenger cars and for trucks, lorries and utility vehicles. The company has its own large warehouse and logistics system that enables immediate deliveries of the whole assortment of goods for customers' needs and for the company's production plants.

The distribution of goods in the Czech Republic and in Europe is realized through wholesale partners who dispose of the system of spare part deliveries directly to the consumers – car services.

Service for sold goods is ensured through 160 spots of the service network. Our customers can find the sales and service activities not only in the Czech Republic, Slovakia, Poland, Hungary, Bulgaria, Ukraine, but also in France, Denmark and Germany.



# BRANOROS a.s.

## PRODUCTION-ASSEMBLING COMPANY

Russian Federation, Nizhegorod region, Kstovo, Lomonosova 38  
Tel. 007/8312/788725, 007/83145/64005  
Tel./fax: 007/83145/64001  
e-mail: branor@kls.ru



Director of SBU: Miroslav Špičák

### Commodities:

Door locks for vehicles with strikers A-120 GP  
Door locks for vehicles with strikers A-120 GP with CEJ  
Door locks for vehicles with strikers A-160 (integrated locks)  
Independent heaters

### Sales (in mio RBL):



BRANOROS joint stock company is a production-assembling company which provides production of car lock systems from the components supplied by the parent company BRANO GROUP for the car market in Russia.

The company has its own manufacturing premises with a warehouse enabling further expansion of BRANO GROUP on the Russian market and on the markets of the former republics of the Soviet Union.

The company is certificated within BRANO GROUP in ISO/TS 16949 system.





# DELTACOL CZ

## SURFACE TREATMENTS

Oděská 687, 702 00 Ostrava - Přívoz, Czech Republic

Plant: Palackého 34, 784 01 Litovel, Czech Republic

Tel: 585 153 511 • fax: 585 153 515 • e-mail: info@brano.cz • www.branco.cz



Director of SBU. Miloslava Večerková

### Commodities:

In the plant in Ostrava:

- special surface treatment in a form of soaking in Delta coll varnish

In the plant in Litovel:

- chromizing
- nickel coating (hinge and drum)
- copper coating
- zinc coating
- anodizing of aluminium (natural and black)

Sales (in mio CZK):



DELTACOL CZ further offers to their customers:

- passivation of segment surfaces
- rubberizing of preparatives (hinges) for galvanic process
- measuring of galvanic layers by FISCHERSCOPE X-Ray XDL - B XYmZ device with V 6.1 system software
- quality system is being prepared for certification in the year 2004

DELTACOL CZ as a daughter company of BRANO a.s. and GALVAN CZ s.r.o. was established in the year 2000, in 2003 it extended its activities into the premises in Litovel and at present it provides surface treatment of metals by galvanic process and also a special treatment – soaking in Delta coll varnish – transparent and black colour.

The treatment is performed on zinc-coated goods, it warrants high corrosion resistance of such surface-treated segments and it is required especially for parts for automotive industry, because the coating does not contain hexavalent chromium (Cr6+).







# FINANCIAL PART

## ANNUAL REPORT 2003

# CONSOLIDATED BALANCE SHEET

## BRAND GROUP

Consolidated Profit and Loss Statement as at 31st December 2003 (in thousands CZK)

	2002	2003
Revenues from merchandise	236 275	181 819
Revenues on sold goods	215 684	151 468
<b>Sale margin</b>	<b>20 591</b>	<b>30 351</b>
Revenues from own products and services	2 580 206	2 853 829
Changes in inventory of own products	26 928	9 476
Capitalisation	21 800	61 332
<b>Production (own products)</b>	<b>2 628 934</b>	<b>2 924 637</b>
Consumption of energy and material	1 397 831	1 631 193
Services	546 426	534 641
<b>Production consumption</b>	<b>1 944 257</b>	<b>2 165 834</b>
<b>Added value</b>	<b>705 268</b>	<b>789 154</b>
Personal costs	452 274	479 979
Taxes and fees	2 318	1 464
Depreciations of intangible and tangible assets	137 331	122 334
Revenues from sale of fixed assets and material	33 145	49 254
Net book value of sold fixed assets and material	24 569	26 840
Accounting of reserves and accruals	40 383	
Addition of reserves and accruals to operating expenses	39 930	20 089
Accounting of adjustments to operating revenues	42 779	
Accounting of adjustments to operating expenses	27 934	- 30 113
Other operating revenues	6 788	3 834
Other operating expenses	10 801	25 339
<b>Operating income</b>	<b>133 206</b>	<b>196 310</b>
Income from financial operations	1 222	- 31 355
Extraordinary income	- 15 404	- 9 460
Accounting of passive consolidated margin	67 625	105 076
<b>Profit (loss) of current accounting period before taxation</b>	<b>186 649</b>	<b>260 571</b>
<b>Profit (loss) of current accounting period</b>	<b>168 366</b>	<b>209 997</b>

# CONSOLIDATED BALANCE SHEET

## BRANO GROUP

Consolidated Balance Sheet as at 31st December 2003 (in thousands CZK)

	2002	2003
<b>Assets</b>	<b>1 794 512</b>	<b>2 258 410</b>
<b>Fixed assets</b>	<b>792 170</b>	<b>799 867</b>
Long-term intangible assets	7 823	9 340
Long-term tangible assets	775 618	783 845
Long-term financial assets	8 729	6 682
<b>Current assets</b>	<b>969 468</b>	<b>1 440 071</b>
Inventory	293 366	302 555
Long-term receivables	0	1 698
Short-term receivables	432 308	664 077
Financial assets	243 794	471 741
<b>Other assets</b>	<b>30 874</b>	<b>18 472</b>
<b>Liabilities</b>	<b>1 792 512</b>	<b>2 258 410</b>
<b>Equity</b>	<b>856 269</b>	<b>1 177 272</b>
Registered capital	204 271	204 271
Capital funds	0	-1 636
Funds created from net profit	40 854	141 946
Profit (loss) of previous years	388 837	561 478
Profit (loss) of current accounting period without minor shares	144 449	207 953
Passive consolidated margin	77 858	63 260
<b>Non-own liabilities</b>	<b>561 266</b>	<b>1 041 426</b>
Reserves	84 876	128 809
Long-term payables	0	23 836
Short-term payables	476 390	888 781
Bank loans	0	0
<b>Other liabilities</b>	<b>48 828</b>	<b>12 443</b>
<b>Minor equity</b>	<b>326 149</b>	<b>27 269</b>
Minor registered capital	258 623	20 047
Minor capital funds	31 491	4 073
Minor capital funds including retained profit of previous years	12 118	1 105
Minor profit (loss) of current accounting period	23 917	2 044
<b>Profit (loss) of current accounting period</b>	<b>168 366</b>	<b>209 997</b>

# 1. DETERMINATION

## of the consolidated entity

### a) Subjects of the consolidated entity.

The parent company of this consolidated entity is BRANO a.s., situated in Hradec nad Moravicí, Opavská street.

The daughter companies of BRANO a.s. are – ATESO a.s., situated in Jablonec nad Nisou – established on 28th September 1999  
– BRANOROS a.s., situated in Křtovo –Russia – established on 28th July 1999.

Name of the company / ID No.	Date of establishing	Amount of the registered capital In thousands CZK	Share of the registered capital In thousands CZK	In %	Rate of the influence
BRANO a.s. / 45193363	30th April 1992	204 271			
ATESO a.s. / 44569602	1st May 1992	679 514	659 511	97,06	dominant
BRANOROS a.s.	28th July 1999	10 493,3 (In thous. RBL)	10 468,1 (In thous. RBL)	99,76	dominant

BRANO a.s. has the registered capital, that is recorded in the Commercial Register, at the amount of 204 271 thousand CZK.

While preparing the consolidated report the full consolidated method was used because the parent company BRANO a.s. applies dominant effect in both companies, BRANO-ATESO, a.s. and BRANOROS a.s.

Main activities of BRANO a.s. are as follows:

- R & D, production and sale of casts from grey and malleable cast iron, tools, fittings and locks, lifting devices and their parts, assemblies, subassemblies and components for cars and utility vehicles and functional modifications
- purchase of goods for further sale

Main activities of BRANO-ATESO, a.s.: R & D, production and sale of car accessories

Main activities of BRANOROS a.s.: production and sale of car accessories

**b) Dates of financial statements:** While preparing this consolidated balance sheet it has been proceeded from the financial statements compiled on 31st December 2003.

### c) Companies excluded from the consolidated entity

The following companies are not included in the consolidated entity:

1. ProIT a.s. Hradec nad Moravicí: BRANO a.s. invested 340 000 CZK in this company and its share on the registered capital of 1 000 000 CZK makes 34%.
2. DELTACOL CZ s.r.o. Ostrava-Přívov: BRANO a.s. invested 51 000 CZK in this company and its share in the registered capital of 100 000 CZK makes 51%.

These companies are not included in the consolidated entity on the decision of the parent company because their share in net turnover of the consolidated entity is insignificant.

### d) Consolidation system

The consolidation was effected by the system of full consolidation.



## 2. GENERAL DATA

2.1 Review of data transformation from the individual financial statements into items of the consolidated balance sheet

Ties between the subjects of the consolidated entity:

Mutual relations between BRANO a.s., BRANO - ATESO a.s. and BRANOROS a.s.:

As at 31st December 2003 BRANO a.s. owns 615 pieces of shares of BRANO - ATESO a.s. with the nominal value of 1 million CZK / 1 share, and 44 511 pieces of shares with the nominal value of 1 000 CZK / 1 share, which makes 659 511 000 CZK in total. These shares are embodied in the accounting of BRANO a.s. at the purchase price of 226 715 000 CZK. These stocks and shares constitute the share of 97.06 % in the registered capital of BRANO-ATESO a.s..

As at 31st December 2003 BRANO a.s. owns 104 681 pieces of shares of BRANOROS a.s. The nominal value of one share is 100 RUR. These shares are embodied in the accounting of BRANO a.s. at the purchase price of 633 772 CZK. These stocks and shares constitute the share of 99.76% in the registered capital of BRANOROS a.s..

The minor equity of the consolidated entity amounts to 27 269 000 CZK and it consists of the following:

- minor registered capital	20 047 thousand CZK
- minor profit funds including retained profit of previous years	5 178 thousand CZK
- minor profit (loss) of the current accounting period	2 044 thousand CZK

## 3. ADDITIONAL INFORMATION

to the financial statements and to the profit and loss account

a) Equity investments and securities and capital participation of BRANO a.s.

Kind of securities	Issuer	No. of shares (in pieces)	Value of 1 piece	Nom. value (in thous. CZK)	Purchase price (in thous. CZK)	Financial revenues (in thous. CZK)
Shares	Stroexport a.s.	9	100 000 CZK	900	900	-
Shares	ProIT a.s.	340	1 000 CZK	340	340	-
Shares	BRANOROS a.s.	104 681	100 RUR	10 468,1 RUR	634	-
Shares	BRANO-ATESO a.s.	44 511	1 000 CZK	44 511		-
		615	1 000 000 CZK	615 000	226 715	
Capital participation	DELTACOL CZ	-	-	51	51	-

**Report of the Independent Auditor**  
on Consolidated Financial Statements Verification as at 31 December 2003 of a parent company  
BRANO a.s., Hradec n/Moravici

I performed the audit of the consolidated financial statements of BRANO a.s., Hradec n/Moravici, as at 31 December 2003. The statutory body of the company is responsible for the financial statements preparation. The auditor's duty is to issue the statement to this financial statements on the basis of the audit performed. The report is destined for the board of directors and the shareholders of the company.

The verification was carried out in accordance with the Act No. 254/2000 Sb. on Auditors and with auditorial regulations issued by the Chamber of Auditors of the Czech Republic. Pursuant to these regulations the audit must be planned and performed in such a way that the auditor can achieve an adequate certainty of the fact that the consolidated financial statements do not include any misleading information.

The audit includes the verification of completeness and correctness of the amounts and information presented in the consolidated financial statements on a test basis, the assessment of accounting procedures used for the preparation of the consolidated financial statements and the evaluation of the whole consolidated financial statements presentation. The findings presented in the auditor's folder certify that the consolidated financial statements were drawn up on the basis of the individual financial statements verified by the auditor, excluding mutual relations between the consolidated companies on condition of keeping balance continuity.

On the basis of the evaluation of the auditorial procedures used it is possible to state that the performed audit provides an adequate basis to issue the statement on the consolidated financial statements.

**In my opinion the consolidated financial statements present fairly, in all material respects, the assets, liabilities, equity and the financial situation of the parent company  
BRANO a.s. Hradec n/Moravici  
as at 31 December 2003 and the economic result for the year 2003 in accordance with the Act on Accounting and relevant legislation of the Czech Republic.**

The accounting entity is a controlling entity in BRANO GROUP for which the annual report was also drawn up including the information about the individual companies of the consolidated entity. I verified the conformity of information on the consolidated accounting entity presented in the annual report with the consolidated financial statements. In my opinion this information is in all significant respects in compliance with this financial statements from which it was assumed.

The responsible employees of the company acknowledge that the auditor's verification of the consolidated financial statements does not indemnify them for the completeness and correctness of the presented data.

Ostrava, 30 March 2004



Ing. Leo Drozdek, Auditor  
Certificate No. 419  
R. Prchalý 274, 708 00 Ostrava-Poruba

# Profit and Loss Statement

as at 31st December 2003 (in thousands CZK)

**BRANO a.s.**

	2001	2002	2003
Revenues from merchandise	8 798	2 498	353
Revenues on sold goods	8 469	2 067	368
<b>Sale margin</b>	<b>329</b>	<b>431</b>	<b>- 15</b>
Revenues from own products and services	992 377	1 029 215	1 181 540
Changes in inventory of own products	- 4 237	28 340	19 616
Capitalisation	21 356	19 902	56 893
<b>Production (own products)</b>	<b>1 009 496</b>	<b>1 077 457</b>	<b>1 258 049</b>
Consumption of energy and material	447 494	488 454	564 369
Services	265 427	306 425	339 156
<b>Production consumption</b>	<b>712 921</b>	<b>794 879</b>	<b>903 525</b>
<b>Added value</b>	<b>296 904</b>	<b>283 009</b>	<b>354 509</b>
Personal costs	210 125	235 505	253 901
Taxes and fees	- 54	657	394
Depreciations of intangible and tangible assets	41 640	51 931	45 712
Revenues from sale of fixed assets and material	9 150	4 716	7 017
Net book value of sold fixed assets and material	7 912	3 729	2 350
Accounting of reserves and accruals	23 900	30 000	0
Addition of reserves and accruals to operating expenses	10 675	0	- 16 960
Accounting of adjustments to operating revenues	18 861	30 192	0
Accounting of adjustments to operating expenses	29 992	800	- 1 226
Other operating revenues	9 878	3 784	4 633
Other operating expenses	13 111	4 781	6 877
<b>Operating income</b>	<b>45 292</b>	<b>54 298</b>	<b>75 911</b>
Income from financial operations	- 6 488	- 15 199	- 34 822
Extraordinary income	4 014	17	- 1 301
<b>Profit (loss) of current accounting period before taxation</b>	<b>45 385</b>	<b>39 116</b>	<b>39 788</b>
<b>Profit (loss) of current accounting period</b>	<b>27 832</b>	<b>38 099</b>	<b>29 828</b>



# Balance sheet

**BRANO a.s.**

as at 31 st December 2003 (in thousands CZK)

	2001	2002	2003
<b>Assets</b>	<b>737 543</b>	<b>821 081</b>	<b>1 045 055</b>
<b>Fixed assets</b>	<b>395 318</b>	<b>363 704</b>	<b>480 110</b>
Long-term intangible assets	1 864	4 676	6 079
Long-term tangible assets	165 782	206 456	242 204
Long-term financial assets	227 672	152 572	231 827
<b>Current assets</b>	<b>332 954</b>	<b>455 496</b>	<b>564 762</b>
Inventory	95 914	121 942	155 004
Long-term receivables	-	-	-
Short-term receivables	158 276	221 003	246 218
Receivables from enterprises with controlling interest	13 687	-	13 687
Financial assets	65 077	112 551	163 540
<b>Other assets</b>	<b>9 271</b>	<b>1 881</b>	<b>183</b>
<b>Liabilities</b>	<b>737 543</b>	<b>821 081</b>	<b>1 045 055</b>
<b>Equity</b>	<b>433 695</b>	<b>471 915</b>	<b>501 743</b>
Registered capital	203 941	204 271	204 271
Capital funds	-	-	-
Funds created from net profit	40 854	40 854	40 854
Statutory and other funds	-	-	-
Retained profit (loss) of previous years	161 068	188 691	226 790
Profit (loss)	27 832	38 099	29 828
<b>Non-own liabilities</b>	<b>295 232</b>	<b>326 222</b>	<b>543 087</b>
Reserves	55 290	21 371	3 940
Long-term payables	-	-	5 445
Short-term payables	206 649	203 238	331 420
Payables to enterprises with controlling interest	33 293	101 613	202 282
Bank loans	-	-	-
<b>Other liabilities</b>	<b>8 616</b>	<b>22 944</b>	<b>225</b>

## I. Information

BRANO a.s.

on applied accounting methods, general accounting principles  
and methods of evaluation

1. Method of making depreciation plans for long-term assets and depreciation methods used when determining book depreciations:

- a) Even depreciation has been applied for long-term assets. The beginning of depreciation has been determined as of the month following the month of enlistment.
- b) Moulds, models and software are depreciated evenly according to their usability from 2 to 5 years.

2. Valuation methods

- a) The purchased stock has been valued by predetermined prices which include the purchase price, costs connected with the purchase and the price variance versus actual purchase costs. Stock made at our own cost has been valued by direct costs and by manufacturing overhead rate on direct wages. Production and products in process have been evaluated by direct costs without manufacturing overheads and without administrative expenses.
- b) Tangible and intangible fixed assets made at our own cost have been valued on the level of direct costs and manufacturing overhead rate.
- c) Securities have been valued by their purchase price.

3. Instalments of financial / operational lease

Instalments of financial / operational lease are charged in full amount within the current period costs. During the year 2003 all the financial lease expired and as at 31 December 2003 in the company there were no items that would be subjects of financial lease.

## II. Receivables

	31/12/2002	31/12/2003
Trade receivables total	186 036	222 082
- thereof: receivables from customers	177 161	216 527
- thereof: after maturity date	69 100	75 235
Receivables after maturity date over 180 days	33 258	4 289
Receivables from group companies	34 009	22 513

In the year 2003 the following provisions applicable for tax reasons were made:

- a) for non-statute-barred receivables which were due after 31 December 1994 if more than 6 months passed from the end of the contracted maturity date
  - at the amount of 20% of the value which makes 570 thousand CZK
- b) for non-statute-barred receivables which were due after 31 December 1994 if more than 12 months passed from the end of the contracted maturity date
  - at the amount of 33% of the value which makes 88 thousand CZK

### III. STATUTORY and other reserves

	State as at 01/01/2003	Creation	Utilization	State as at 31/12/2003
Reserve for tangible fixed assets adjustments	20 900	3 940	20 900	3 940

### IV. PAYABLES

	State as at 31/12/2002	State as at 31/12/2003
Total trade payables	160 148	307 432
- thereof: payables to suppliers	147 154	281 215
- thereof: payables after maturity date	49 283	141 077
a) payables after maturity date over 180 days	8 050	66 281
b) payables to group companies	44 270	109 427

### V. REPORT ON RELATIONS

between interlocked entities - BRANO

BRANO GROUP a.s. with place of business in Hradec nad Moravicí, Opavská str. is the company's controlling entity.



The following interlocked entities are known to the company:

- BRANDMARKET, s.r.o. with place of business in Hradec nad Moravicí, Tovární okruh 674,
- BRANOSLOVAKIA, s.r.o. with place of business in Bratislava, Na Pasekách 22,
- BRAND-ATESO a.s. with place of business in Jablonec nad Nisou, B.Němcové 1.

In the year 2003 the Company had with BRANO GROUP a.s. company the following relations:

1. Continuation of the contract on commercial representation between BRANO GROUP, a.s. and BRANO a.s. concerning commercial representation of BRANO when negotiating business transactions. The contract has been concluded on common terms and conditions.
2. Mandate contract on performing managing activities between BRANO GROUP, a.s. and BRANO a.s. concerning the management of BRANO special units. The contract has been concluded on common terms and conditions.
3. Contract for work done in the area of car accessories product manufacture between BRANO GROUP, a.s. and BRANO a.s. at the amount of cca. 1.2 mil. CZK, consisting in activities of assembling character mainly. The contract has been concluded on common terms and conditions.



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4. Lease contracts (premises, DHM, DLHM) between BRANO a.s. and BRANO GROUP, a.s. at the amount of cca. 174,000.- CZK, concluded on common terms and conditions.
  5. Contract on leased premises cleaning between BRANO a.s. and BRANO GROUP, a.s. at the amount of cca. 77,300.- CZK, concluded on common terms and conditions.
  6. Contract on dinner-sale between BRANO a.s. and BRANO GROUP, a.s. at the amount of cca. 119,000.- CZK, concluded on common terms and conditions equal for all diners.
  7. Invoicing of private mileage bonus to BRANO GROUP, a.s. employees using BRANO a.s. cars according to the contract between the companies at the amount of cca 7,000.- CZK to cover the costs under common terms and conditions equal for all employees.
  8. Re invoicing of amounts without concluding the basic contract, supported by continuous tax documents according to actual observance, profitably neutral for either of the re-invoiced party. Re invoicing applies to phone calls, travelling expenses, small material, training, advertising and exhibition activities, repairs, transport, accommodation, cooperation.
    - Re invoicing from BRANO GROUP, a.s. on BRANO a.s. amounted to 1,253,000.- CZK.
    - Re invoicing from BRANO a.s. on BRANO GROUP, a.s. amounted to 163,000.- CZK.

In the year 2003 the Company had with BRANOMARKET, s.r.o. company the following relations:

1. Agreement on permission to use BRANO business name (logo) between BRANO a.s. and BRANOMARKET, s.r.o. at the amount of 500,000.- CZK concluded on common terms and conditions.
2. Lease contracts (premises, DHM, DLHM) between BRANO a.s. and BRANOMARKET, s.r.o. at the amount of cca 71,000.- CZK, concluded on common terms and conditions.
3. Contract on leased premises cleaning between BRANO a.s. and BRANOMARKET, s.r.o. at the amount of cca. 14,000.- CZK, concluded on common terms and conditions.
4. Contract on dinner-sale between BRANO a.s. and BRANOMARKET, s.r.o. at the amount of cca. 16,000.- CZK, concluded on common terms and conditions equal for all diners.
5. Sale of products from BRANO a.s. on BRANOMARKET, s.r.o. at the amount of cca. 14,008,000.- CZK (common commercial relation) on customers' standard conditions.
6. Re invoicing from BRANO a.s. on BRANOMARKET, s.r.o. amounted to 19,000.- CZK.

In the year 2003 the Company had with BRANOSLOVAKIA, s.r.o. company the following relations:

1. Agreement on permission to use BRANO business name (logo) between BRANO a.s. and BRANOSLOVAKIA, s.r.o. at the amount of 700,000.- CZK, concluded on common terms and conditions.
2. Sale of products from BRANO a.s. on BRANOSLOVAKIA, s.r.o. at the amount of cca 16,092,000.- CZK (common commercial relation) on customers' standard conditions.

Conclusion:

In view of the Company's board of directors the cooperation with BRANO GROUP, a.s. and their controlled entities was in the year 2003 beneficial for the Company and it did not cause any detriment to the Company.

**Report of the Independent Auditor**  
on Financial Statements Verification BRANO a.s., Hradec n/Moravici  
as at 31 December 2003

I performed the audit of the financial statements of BRANO a.s., Hradec n/Moravici, as at 31 December 2003. The statutory body of the company is responsible for the financial statements preparation. The auditor's duty is to issue the statement to this financial statements on the basis of the audit performed. The report is destined for the board of directors and the shareholders of the company.

The verification was carried out in accordance with the Act on Auditors and with auditorial regulations issued by the Chamber of Auditors of the Czech Republic. Pursuant to these regulations the audit must be planned and performed in such a way that the auditor can achieve an adequate certainty of the fact that the financial statements do not include any misleading information.

The audit includes the verification of completeness and correctness of the amounts and information presented in the financial statements on a test basis, the assessment of the correctness of the accounting procedures and significant estimations made by the company and the evaluation of the whole financial statements presentation.

On the basis of the evaluation of the used auditorial procedures it is possible to state that the performed audit provides an adequate basis to issue the statement on the financial statements.

**In my opinion the financial statements present fairly, in all material respects, the assets, liabilities, equity and the financial situation of BRANO a.s. company Hradec n/Moravici as at 31 December 2003 and the economic result for the year 2003 in accordance with the Act on Accounting and relevant legislation of the Czech Republic.**

The accounting entity is part of BRAND GROUP for which the consolidated financial statements was prepared and the annual report was drawn up including the information on the financial statements of BRANO a.s. In my opinion this information is in all significant respects in compliance with this financial statements from which it was assumed.

The annual report also includes a report on relations between the interlocked entities, whereas the statutory body of the company is responsible for the completeness and correctness of this report. I verified the material correctness of the information presented in this report and I did not find any misleading information.

The responsible employees of the company acknowledge that the auditor's verification of the financial statements does not indemnify them for the completeness and correctness of the presented data.

Ostrava, 30 March 2004



Ing. Leo Drozdek, Auditor  
Certificate No. 419  
R. Prchalý 274, 708 00 Ostrava-Poruba

# PROFIT AND LOSS BRANO-ATESO a.s.

Statement as at 31st December 2003 (in thousand CZK)

	2001	2002	2003
Revenues from goods sold	38 830	61 431	20 569
Cost of goods sold	37 861	64 630	17 348
<b>Sales margin</b>	<b>969</b>	<b>-3 199</b>	<b>3 221</b>
Revenues from finished products and services	1 332 633	1 712 370	1 774 647
Change in inventory	- 10 653	- 1 274	- 10 408
Capitalization	15 978	1 898	4 439
<b>Operation (production)</b>	<b>1 337 958</b>	<b>1 712 994</b>	<b>1 768 678</b>
Consumption of material and energy	819 534	1 078 251	1 177 285
Services	181 571	223 087	178 042
<b>Consumption from operation</b>	<b>1 001 105</b>	<b>1 301 338</b>	<b>1 355 327</b>
<b>Value added</b>	<b>337 822</b>	<b>408 457</b>	<b>416 572</b>
Personnel expenses	197 256	210 409	218 761
Taxes and fees	963	725	731
Depreciation of intangible and tangible assets	94 416	83 689	74 918
Revenues from fixed assets and material sold	24 690	28 429	41 437
Net book value of fixed assets and material sold	12 491	20 840	24 490
Reversal of reserves and accruals	6 839	10 383	0
Creation of reserves and prepaid expenses	13 330	39 930	45 239
Accounting of adjustments to operating revenues	5 912	12 587	0
Accounting of adjustments to operating expenses	18 480	23 173	- 32 378
Other operating revenues	4 012	2 288	6 374
Other operating expenses	7 249	5 890	18 144
<b>Operating income</b>	<b>35 290</b>	<b>77 488</b>	<b>114 478</b>
<b>Result from financial activities</b>	<b>- 5 399</b>	<b>18 239</b>	<b>1 861</b>
<b>Result from extraordinary activities</b>	<b>- 10 992</b>	<b>- 15 421</b>	<b>- 8 099</b>
<b>Profit (loss) for the accounting period before tax</b>	<b>18 899</b>	<b>80 306</b>	<b>108 240</b>
<b>Profit (loss) for the accounting period</b>	<b>18 899</b>	<b>62 839</b>	<b>69 316</b>



# BALANCE SHEET      BRANO-ATESO a.s.

as at 31st December 2003 (in thousand CZK)

	2001	2002	2003
<b>Assets</b>	<b>1 027 071</b>	<b>1 130 768</b>	<b>1 280 659</b>
Fixed assets	633 440	564 338	537 207
Long-term intangible assets	8 655	3 147	3 261
Long-term tangible assets	623 785	560 191	532 946
Long-term financial assets	1 000	1 000	1000
<b>Current assets</b>	<b>359 946</b>	<b>537 989</b>	<b>725 377</b>
Inventory	134 065	119 913	107 919
Long-term receivables	-	-	-
Short-term receivables	210 725	287 560	310 004
Financial assets	15 156	130 516	307 454
<b>Other assets</b>	<b>33 685</b>	<b>28 441</b>	<b>18 075</b>
<b>Equity &amp; Liabilities</b>	<b>1 027 071</b>	<b>1 130 868</b>	<b>1 280 659</b>
<b>Equity</b>	<b>793 705</b>	<b>856 933</b>	<b>924 357</b>
Registered capital	679 123	679 514	679 514
Capital funds	257	257	- 1 636
Legal reserve fund	78 007	78 952	135 903
Statutory and other funds	3 788	3 788	3 788
Retained profit (loss) of previous years	13 631	31 583	37 472
Profit (loss)	18 899	62 839	69 316
<b>Liabilities</b>	<b>220 137</b>	<b>249 204</b>	<b>344 179</b>
Reserves	27 678	64 590	124 869
Long-term payables	-	-	18 391
Short-term payables	185 322	184 614	200 919
Bank loans	7 137	-	-
<b>Other liabilities</b>	<b>13 299</b>	<b>24 631</b>	<b>12 123</b>

## I. Information

## BRANO-ATESO a.s.

on applied accounting methods, general accounting principles  
and methods of evaluation

1. Method of making depreciation plans for long-term assets and depreciation methods used when determining book depreciations :  
Straight-line depreciation has been applied for tangible and intangible fixed assets. Time of depreciation for the individual groups of assets is set as follows:

Appreciable rights	5 years
Software	4
Buildings	15 - 33
Machines and devices	6 - 12
Tools and moulds	2 - 4
Computer technique	4 - 5

### 2. Valuation methods

- a) Material and goods are charged in purchase prices. The purchase price covers the cost of acquisition, customs duties, storage charges during transport and transport charges for the delivery to the production (selling) area. Material and goods have been valued by fixed stock prices. Production and products in process have been valued by prices which include material and labour costs and a proportional part of manufacturing overheads according to the state of processing.
- b) Intangible and tangible fixed assets are registered in purchase prices. Valuation of fixed assets of own production covers direct material costs, direct labour costs and overhead costs connected directly with their production up to the time of their capitalization.

### 3. Currency conversion

The currency conversion is performed on the basis of the current daily exchange rate. Assets and liabilities in foreign currency as at the balancing day were recalculated according to the ČNB bank exchange rate. Non-realized exchange rate profits and losses are part of the profit or loss for the accounting period.

## II. Supplementary data concerning assets

Acquisition of long-term assets purchased by financial lease:

The company paid off, according to the instalment schedule, all instalments related to the previously concluded lease contracts. New lease contracts have not been made.

Assets not stated in the balance:

The company does not record any significant assets not included in this balance

Deferred tax

The company settled its tax obligation deferred at the amount of 924 000,- CZK resulting from temporary taxable and deductible differences applicable for tax reasons in the following periods.

### III. Receivables

	31/12/2003	31/12/2002
Trade receivables	166 360	241 632
- thereof: receivables from customers	162 136	236 646
- thereof: after maturity date	29 520	72 564
Receivables after maturity date over 180 days	7 947	19 230
As at 31 December 2003 the following provisions were made:	10 257	42 593
a) for receivables in bankruptcy proceedings	465	2 306
b) for other receivables payable after maturity date	9 792	40 287

### IV. Statutory and other reserves

	State as at 01/01/2003	Creation	Utilization	State as at 31/12/2003
Reserve for exchange rate losses	1 203	0	1 303	0
Reserve for guarantee costs	3 600	-	-	3 600
Reserves for environmental troubles remedy	500	0	0	500
Reserve for personnel costs on unused holiday	2 510	0	0	2 510
Reserve for financial risks	15 250	30 730	9 782	35 748
Reserve for income tax duty	0	38 000	0	38 000
Reserves for fixed assets repairs	23 960	22 521	1 700	44 511

### V. Payables

	State as at 31/12/2003	State as at 31/12/2002
Total short-term trade payables	121 037	167 299
- thereof: payables to suppliers	117 346	163 076
- thereof: payables after maturity date	1 539	38 925
a) payables after maturity date - live claims	1 320	29 761
b) liabilities to group companies	42 927	13



# REPORT ON RELATIONS

between interlocked entities - BRANO-ATESO a.s.

BRANO a.s., with its place of business in Hradec nad Moravicí, Opavská 100, Id.No. 45193363 is the controlling entity. The following interlocked entities are known to the company:

BRANO GROUP, a.s., place of business in Hradec nad Moravicí, Opavská 100, Id.No. 64609898

BRANOMARKET, s.r.o., place of business in Hradec nad Moravicí, Tovární okruh 674, Id. No. 25351311

BRANOSLOVAKIA, s.r.o., place of business in Bratislava, Na Pasekách 22

In the year 2003 there were the following relations between the Company and BRANO a.s. company:

1. Contracts on lease of long-term current assets (DLHM) between BRANO-ATESO a.s. and BRANO a.s. at the amount of cca 321,000.- CZK on common terms and conditions.
2. Sales of products from BRANO a.s. to BRANO-ATESO a.s. at the amount of cca 39,662,000.- CZK (common commercial relations) on customer's standard terms and conditions.
3. Sales of products from BRANO-ATESO a.s. to BRANO a.s. at the amount of cca 6,648,000.- CZK (common commercial relations) on customer's standard terms and conditions.
4. Sales of long-term current assets (DLHM) from BRANO-ATESO a.s. on BRANO a.s. at the amount of cca 999,000.- CZK (common commercial relations) on customer's standard terms and conditions.
5. Re invoicing of amounts without concluding the basic contract, supported by continuous tax documents according to actual observance, profitably neutral for either of the re-invoiced parties. Re invoicing applies to phone calls, travelling expenses, small material, training, advertising and exhibition activities, repairs, transport, accommodation, cooperation.  
Re invoicing from BRANO a.s. on BRANO-ATESO a.s. amounted to cca 990,000.- CZK.  
Re invoicing from BRANO-ATESO a.s. on BRANO a.s. amounted to cca 310,000.- CZK.

In the year 2003 there were the following relations between the Company and BRANO GROUP a.s. company:

1. Mandate contract on performing the managing activities between BRANO GROUP, a.s. and BRANO-ATESO, a.s. concerning the management of BRANO-ATESO a.s. special units. The contract is concluded on common terms and conditions.
2. Contracts on lease of long-term current assets (DLHM) between BRANO-ATESO a.s. and BRANO GROUP a.s. at the amount of cca 157,000.- CZK on common terms and conditions.
3. Re invoicing of amounts without concluding the basic contract, supported by continuous tax documents according to actual observance, profitably neutral for either of the re-invoiced parties. Re invoicing applies to phone calls, travelling expenses, small material, training, advertising and exhibition activities, repairs, transport, accommodation, cooperation, insurance.  
Re invoicing from BRANO GROUP, a.s. on BRANO-ATESO a.s. amounted to cca 1,784,000.- CZK.  
Re invoicing from BRANO-ATESO a.s. on BRANO GROUP, a.s. amounted to cca 120,000.- CZK.

In the year 2003 there were no relations between BRANO-ATESO a.s. and BRANOMARKET, s.r.o. company and BRANOSLOVAKIA, s.r.o. company.

Conclusion:

In view of the Company's board of directors the cooperation with BRANO, a.s. and their controlled entities was in the year 2003 beneficial for the Company and it did not cause any detriment to the Company.



## Report of the Independent Auditor

on Financial Statements Verification for Shareholders  
of BRANO-ATESO a.s., a member of BRANO GROUP

I performed the audit of the attached financial statements of BRANO-ATESO a.s., a member of BRANO GROUP, as at 31 December 2003.

The statutory body of the company is responsible for the financial statements preparation and the book-keeping, its completeness, conclusive evidence and correctness in accordance with currently valid legislation and regulations. The auditor's duty is to issue the statement to this financial statements on the basis of the audit performed in accordance with the legislation and auditorial regulations.

The verifying was carried out in accordance with the Act No. 254/2000 Sb. on Auditors and the Chamber of Auditors of the Czech Republic and with auditorial regulations issued by the Chamber of Auditors. Pursuant to these regulations the audit must be planned and performed with the aim to achieve an adequate certainty of the fact that the financial statements do not include any misleading information. The audit includes verification of accounting records and other information presented in the financial statements on a test basis and the judgement of accounting procedures and significant estimations used by the company for the preparation of the financial statements, and the evaluation of the whole financial statements presentation. On the basis of the findings of the used auditorial procedures we did not find out any matters of fact that would indicate that the accounting records of the company were not in all significant aspects in accordance with the currently valid legislation and regulations. We believe that the performed audit provides an adequate basis to issue the auditor's statement on the financial statements.

In my opinion: the financial statements present fairly, in all material respects, the assets, liabilities, equity and the financial situation of BRANO-ATESO a.s., a member of BRANO GROUP as at 31 December 2003, and the economic result for the year 2003 in accordance with the Act on Accounting and relevant legislation of the Czech Republic. Owing to the given reasons the audit of the financial statements of BRANO-ATESO a.s., a member of BRANO GROUP, can be closed as follows:

**without reserve.**

I verified the conformity of information concerning the audited company for the accounting period stated in the Annual Report with the verified financial statements. In my opinion this information is in all significant respects in compliance with this financial statements, from which it was assumed.

The statutory body of the company is responsible for the completeness and correctness of the report on mutual relations between interlocked entities. We verified the objective accuracy of the information presented in this report and we did not find any significant misleading information.

Date of the Report:  
Jablonec nad Nisou, 22 March 2004



Auditor's name and Licence/Degree No.  
Responsible Auditor: Ing. Petr Topol  
Certificate No.400

# PROFIT AND LOSS AFTERMARKET s.r.o.

Statement as at 31st December 2003 (in thousand CZK)

	2001	2002	2003
Revenues from goods sold	213 545	172 346	160 301
Cost on goods sold	185 747	148 987	133 751
<b>Sales margin</b>	<b>27 798</b>	<b>23 359</b>	<b>26 549</b>
Revenues from finished products and services	-	37	-
Change in inventory	-	-	-
Capitalization	-	-	-
<b>Operation (production)</b>	<b>-</b>	<b>37</b>	<b>-</b>
Consumption of material and energy	1 015	1 311	968
Services	14 468	14 522	13 027
Consumption from operation	15 483	15 833	13 995
<b>Value added</b>	<b>12 315</b>	<b>7 563</b>	<b>12 554</b>
Personnel expenses	4 116	4 185	4 812
Taxes and fees	58	85	79
Depreciation of intangible and tangible assets	224	185	260
Revenues from fixed assets and material sold	-	-	-
Net book value of fixed assets and material sold	-	-	-
Reversal of reserves and accruals	-	-	-
Creation of reserves and prepaid expenses	-	-	-
Accounting of adjustments to operating revenues	-	-	-
Accounting of adjustments to operating expenses	23	3 961	3 491
Other operating revenues	200	716	1 017
Other operating expenses	811	130	318
<b>Operating income</b>	<b>7 283</b>	<b>- 267</b>	<b>4 611</b>
<b>Result from financial activities</b>	<b>- 380</b>	<b>- 473</b>	<b>- 315</b>
<b>Result from extraordinary activities</b>	<b>214</b>	<b>-</b>	<b>- 60</b>
<b>Profit (loss) for the accounting period before tax</b>	<b>7 117</b>	<b>- 740</b>	<b>4 236</b>
<b>Profit (loss) for the accounting period</b>	<b>4 871</b>	<b>- 536</b>	<b>2 546</b>

# BALANCE SHEET AFTERMARKET s.r.o.

as at 31st December 2003 (in thousand CZK)

	2001	2002	2003
<b>Assets</b>	<b>91 489</b>	<b>83 773</b>	<b>64 024</b>
Fixed assets	369	730	471
Long-term intangible assets	-	-	-
Long-term tangible assets	369	730	471
Long-term financial assets	-	-	-
Current assets	91 112	82 533	63 424
Inventory	41 474	49 879	33 580
Long-term receivables	-	1 085	1 696
Short-term receivables	49 591	32 203	27 613
Financial assets	47	451	533
Other assets	8	510	129
<b>Equity &amp; Liabilities</b>	<b>91 489</b>	<b>84 858</b>	<b>64 024</b>
Equity	5 871	5 335	7 881
Registered capital	1 000	1 000	100
Capital funds	-	0	0
Legal reserve fund	-	100	100
Statutory and other funds	-	0	0
Retained profit (loss) of previous years	-	4 771	4 235
Profit (loss)	4 871	- 536	2 546
Liabilities	84 392	79 519	56 048
Reserves	-	0	0
Long-term payables	-	0	0
Short-term payables	84 392	79 519	56 048
Bank loans	-	0	0
Other liabilities	686	4	95



# I. Information

# AFTERMARKET s.r.o.

on applied accounting methods, general accounting principles  
and methods of evaluation

1. Method of making depreciation plans for long-term assets and depreciation methods used when determining book depreciations:

- Accelerated depreciations      passenger car - depreciation - 4 years  
   computer - depreciation - 4 years

2. Valuation methods: Goods are charged in purchase prices.

The purchase price covers the cost of acquisition, customs duties, package wear and tear, packages and transport charges for the delivery to the distribution depot. Stock decrease has been valued by average price.

3. Long-term tangible assets have been valued by purchase prices.

4. Provisions to long-term tangible assets: have not been made.

5. Provisions to inventory:

Were made only if the accounting value was higher than the current market value of the inventory. Created provisions at the amount of 6 500 thousand CZK relate to goods with the purchase price of 16 500 thousand CZK.

6. Provisions to trade receivables have been made:

- for receivables after maturity date over 180 days 66.000,- CZK
- for receivables after maturity date over 360 days 425.000,- CZK

7. Method of creation of reserves: reserves have not been created.

8. Method used for conversion of figures in foreign currency into Czech currency:

- conversion of receivables and payables in foreign currency into Czech currency was effected on the basis of the current daily exchange rate given by ČNB bank
- conversion of bank accounts and cash in foreign currency into Czech currency was effected on the basis of the current daily exchange rate given by ČNB bank

## II. Receivables

	31/12/2003	31/12/2002
Receivables from customers	21 589	23 771
Receivables after maturity date	10 290	8 372
Receivables after maturity date over 180 days	1 794	2 701
Receivables to group companies	437	3

### III. Payables

	31/12/2003	31/12/2002
Trade payables total	54 278	7 004
Payables after maturity date	9 390	20 594
Payables after maturity date over 180 days	8 797	607
Payables to group companies	41 813	44 570

## Report on relations

between interlocked entities - AFTERMARKET s.r.o.

BRANO-ATESO a.s., with its place of business in Jablonec nad Nisou, nám. B. Němcové 1, Id. No. 44569602 is the controlling entity.

The following interlocked entities are known to the company:

- BRANO a.s., place of business in Hradec nad Moravicí, Opavská 1000, Id. No. 45193363
- BRANO GROUP, a.s., place of business in Hradec nad Moravicí, Opavská 1000, Id. No. 64609898
- BRANOMARKET, s.r.o., place of business in Hradec nad Moravicí, Tovární okruh 674, Id. No. 25351311

In the year 2003 there were the following relations between the Company and BRANO-ATESO, a.s. company:

1. Sales of products, goods and material from BRANO-ATESO a.s. on AFTERMARKET s.r.o. at the amount of cca 58,284,000.- CZK (common commercial relations) on customers' standard conditions.
2. Contract on lease of real estate and long-term current assets between BRANO-ATESO a.s. and AFTERMARKET s.r.o. at the amount of cca 3,600,000.- CZK for real estate rent and at the amount of 2,473,000.- CZK for current assets lease on customers' standard conditions.
3. Re invoicing of amounts without concluding the basic contract, supported by continuous tax documents according to actual observance, profitably neutral for either of the re-invoiced parties. Re invoicing applies to phone calls, trainings, advertising and exhibition activities, claims, repairs, travelling expenses, fuel, energy, audit.  
Re invoicing from BRANO-ATESO a.s. on AFTERMARKET s.r.o. amounted to cca 25,000.- CZK.  
Re invoicing from AFTERMARKET s.r.o. on BRANO-ATESO a.s. amounted to cca 150,000.- CZK.

In the year 2003 there were the following relations between the Company and BRANO GROUP a.s. company:

Mandate contract between BRANO GROUP, a.s. and AFTERMARKET, s.r.o. on assistance in managing activities performance namely in the economic, sales, marketing and organization area of AFTERMARKET, s.r.o. company at the amount of 5,676,000.- CZK.  
The contract is concluded on common terms and conditions.

In the year 2003 there were the following relations between the Company and BRANO, a.s. company:

Sales of products, goods and material from BRANO a.s. on AFTERMARKET s.r.o. at the amount of cca 5,991,000.- CZK (common commercial relations) on customerse standard terms and conditions.

In the year 2003 there were no relations between the Company and BRANOMARKET, s.r.o. company.

Conclusion: In view of the Company's board of directors the cooperation with BRANO-ATESO, a.s. and their controlled entities was in the year 2003 beneficial for the Company and it did not cause any detriment to the Company.



**Report of the Independent Auditor**  
on Financial Statements Verification for Members  
of AFTERMARKET s.r.o.

I performed the audit of the attached financial statements of AFTERMARKET s.r.o. as at 31 December 2003.

The statutory body of the company is responsible for the financial statements preparation and the book-keeping, its completeness, conclusive evidence and correctness in accordance with currently valid legislation and regulations. The auditor's duty is to issue the statement to this financial statements on the basis of the audit performed in accordance with the legislation and auditorial regulations.

The verifying was carried out in accordance with the Act No. 254/2000 Sb. on Auditors and the Chamber of Auditors of the Czech Republic and with auditorial regulations issued by the Chamber of Auditors. Pursuant to these regulations the audit must be planned and performed with the aim to achieve an adequate certainty of the fact that the financial statements do not include any misleading information. The audit includes verification of accounting records and other information presented in the financial statements on a test basis and the judgement of accounting procedures and significant estimations used by the company for the preparation of the financial statements, and the evaluation of the whole financial statements presentation. On the basis of the findings of the used auditorial procedures we did not find out any matters of fact that would indicate that the accounting records of the company were not in all significant aspects in accordance with the currently valid legislation and regulations. We believe that the performed audit provides an adequate basis to issue the auditor's statement on the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the assets, liabilities, equity and the financial situation of AFTERMARKET s.r.o. company as at 31 December 2003, and the economic result for the year 2003 in accordance with the Act on Accounting and relevant legislation of the Czech Republic. Owing to the given reasons the audit of the financial statements of AFTERMARKET s.r.o. company, can be closed as follows:

**without reserve.**

I verified the conformity of information concerning the audited company for the accounting period stated in the Annual Report with the verified financial statements. In my opinion this information is in all significant respects in compliance with this financial statements, from which it was assumed.

The statutory body of the company is responsible for the completeness and correctness of the report on mutual relations between interlocked entities. We verified the objective accuracy of the information presented in this report and we did not find any significant misleading information.

Date of the Report:  
Jablonec nad Nisou, 22 March 2004.



Auditor's name and Licence/Degree No.  
Responsible Auditor Ing. Petr Topol  
Certificate No.400



# PROFIT AND LOSS

# BRANOROS a.s.

Statement as at 31st December 2003 (in thousand RBL)

	2001	2002	2003
Revenues from goods sold			669
Cost on goods sold			
<b>Sales margin</b>			<b>669</b>
Revenues from finished products and services	45 379	54 247	60 027
Change in inventory	- 1 912	- 146	301
Capitalization	-	-	-
<b>Operation (production)</b>	<b>43 467</b>	<b>54 101</b>	<b>60 997</b>
Consumption of material and energy	39 523	44 958	49 835
Services	8 071	2 534	4 962
<b>Consumption from operation</b>	<b>47 594</b>	<b>47 492</b>	<b>54 797</b>
<b>Value added</b>	<b>- 4 127</b>	<b>6 609</b>	<b>6 200</b>
Personnel expenses	991	2 304	2 815
Taxes and fees	1 410	902	292
Depreciation of intangible and tangible assets	1078	1 617	1 622
Revenues from fixed assets and material sold	-	-	-
Net book value of fixed assets and material sold	-	-	-
Reversal of reserves and accruals	-	-	-
Creation of reserves and prepaid expenses	-	-	-
Accounting of adjustments to operating revenues	-	-	-
Accounting of adjustments to operating expenses	-	-	-
Other operating revenues	-	-	-
Other operating expenses	-	-	-
<b>Operating income</b>	<b>-7 606</b>	<b>1 786</b>	<b>1 471</b>
<b>Result from financial activities</b>	<b>- 2 845</b>	<b>- 1 424</b>	<b>2 159</b>
<b>Result from extraordinary activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the accounting period before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the accounting period</b>	<b>- 10 451</b>	<b>359</b>	<b>3 630</b>

# BALANCE SHEET

BRANOROS a.s.

as at 31st December 2003 (in thousand RBL)

	2001	2002	2003
<b>Assets</b>	<b>24 547</b>	<b>22 610</b>	<b>29 568</b>
<b>Fixed assets</b>	<b>10 085</b>	<b>11 206</b>	<b>11 716</b>
Long-term intangible assets	4	-	-
Long-term tangible assets	10 081	8 730	9 240
Long-term financial assets	-	2 476	2 476
<b>Current assets</b>	<b>14 461</b>	<b>11 360</b>	<b>17 757</b>
Inventory	3 886	1 728	6 800
Long-term receivables	-	-	-
Short-term receivables	9 405	9 339	10 716
Financial assets	1 170	293	214
<b>Other assets</b>	<b>1</b>	<b>44</b>	<b>95</b>
<b>Equity &amp; Liabilities</b>	<b>24 547</b>	<b>22 610</b>	<b>29 568</b>
<b>Equity</b>	<b>- 5 215</b>	<b>- 4 856</b>	<b>- 1 226</b>
Registered capital	10 493	10 493	10 493
Statutory and other funds			
Retained profit (loss) of previous years	5 257	15 708	15 349
Profit (loss)	3 630	35	3 630
<b>Liabilities</b>	<b>29 762</b>	<b>27 466</b>	<b>30 794</b>
Short-term payables	29 762	27 466	30 794

## AUDITOR'S REPORT ON THE FINANCIAL (accounting) STATEMENT

Auditor: Trade name: Audit - Consulting NN, Ltd.  
Address: 603115, N. Novgorod, Studennaja 78, office 59  
State registration certificate: series IRP-NI, Nr. 18921 issued on 5 March 2002  
Licence: series E, Nr. 000780 issued by the Ministry of Finance of the Russian Federation, valid until 25 June 2007

Audited Company: Trade name: "BRANOROS" joint - stock company, with foreign capital  
Address: 607655, Kstovo, Lomonosova Street 38  
State registration certificate: Nr. 636, series SP issued on 28 July 1999

We have audited the attached financial (accounting) statement of the "BRANOROS" joint-stock company with foreign capital, reflecting the fiscal year from 1 January to 31 December 2003 inclusive. The financial (accounting) statement of the "BRANOROS" joint-stock company with foreign capital comprises the following:

- Balance Sheet
- Profit and Loss Statement
- Notes to Balance Sheet and Profit and Loss Statement
- Explanatory notes

The compilation and presentation of this financial (accounting) statement is the due responsibility of the executive body of the "BRANOROS" joint-stock company. On the basis of this audit, our responsibility is to express an opinion concerning the credibility of the financial (accounting) statement in all its essential disclosures and the conformity of the accounting methods and procedures with the valid laws and regulations of the Russian Federation.

We have conducted this audit in accordance with the following:

- Federal Auditing Act
- Federal audit regulations (standards)
- Auditor's regulations (standards)
- Prescriptions regulating the activities pursued by the audited company

The audit was planned and carried out in order to obtain reasonable assurance that the financial (accounting) statement is free of any significant discrepancies. The audit was carried out on a selective basis and involved verification of the evidence supporting the amounts and disclosures in the financial (accounting) statement, concerning the financial and economic activity of the company, along with an assessment of the accounting methods and procedures, rules for the compilation of the financial (accounting) statement and estimates acquired by the audited company, as well as an evaluation of the overall presentation of the financial (accounting) statement. We believe that our audit provides a reasonable and adequate basis for our final opinion according to which the financial (accounting) statement is in all essential aspects credible and the accounting is in accordance with the valid laws and regulations of the Russian Federation.

In our opinion, the financial (accounting) statement of the "BRANOROS" joint-stock company with foreign capital presents fairly and truly, in all material aspects, the financial position, as of 31 December 2003, and the results of the financial and economic activities for the fiscal year from 1 January to 31 December 2003 inclusive.

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Audit Director - Consulting NN, Ltd.  
V.M.Danilovsky





# PROFIT AND LOSS

# DELTACOL CZ

Statement as at 31st December 2003 (in thousand CZK)

	2002	2003
Revenues from goods sold	-	-
Cost on goods sold	-	-
<b>Sales margin</b>	-	-
Revenues from finished products and services	6 282	15 199
Change in inventory	-	-
Capitalization	-	-
<b>Operation (production)</b>	<b>6 282</b>	<b>15 199</b>
Consumption of material and energy	3 232	5 998
Services	159	3 061
Consumption from operation	3 391	9 059
<b>Value added</b>	<b>2 891</b>	<b>6 140</b>
Personnel expenses	678	1 743
Taxes and fees	-	1
Depreciation of intangible and tangible assets	2 209	2 034
Revenues from fixed assets and material sold	-	-
Net book value of fixed assets and material sold	-	-
Reversal of reserves and accruals	-	-
Creation of reserves and prepaid expenses	-	-
Accounting of adjustments to operating revenues	-	-
Accounting of adjustments to operating expenses	-	-
Other operating revenues	-	34
Other operating expenses	45	72
<b>Operating income</b>	<b>- 41</b>	<b>2 324</b>
<b>Result from financial activities</b>	<b>- 601</b>	<b>- 543</b>
<b>Result from extraordinary activities</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the accounting period before tax</b>	<b>- 642</b>	<b>1 781</b>
<b>Profit (loss) for the accounting period</b>	<b>- 642</b>	<b>1 781</b>

# BALANCE SHEET

# DELTACOL CZ

as at 31st December 2003 (in thousand CZK)

	2002	2003
<b>Assets</b>	<b>6 103</b>	<b>8 463</b>
<b>Fixed assets</b>	<b>3 313</b>	<b>2 327</b>
Long-term intangible assets	-	-
Long-term tangible assets	3 313	2 327
Long-term financial assets	-	-
<b>Current assets</b>	<b>2 771</b>	<b>6 104</b>
Inventory	566	3 080
Long-term receivables	-	-
Short-term receivables	2 258	2 653
Financial assets	7	371
<b>Other assets</b>	<b>19</b>	<b>32</b>
<b>Equity &amp; Liabilities</b>	<b>6 103</b>	<b>8 463</b>
<b>Equity</b>	<b>- 5 467</b>	<b>- 3 686</b>
Registered capital	100	100
Capital funds	-	-
Legal reserve fund	-	-
Statutory and other funds	-	-
Retained loss of previous years	- 4 925	- 5 567
Profit (loss)	- 642	11 781
<b>Liabilities</b>	<b>11 570</b>	<b>12 149</b>
Reserves	-	-
Long-term payables	11 072	6 520
Short-term payables	498	5 629
Bank loans	-	-
<b>Other liabilities</b>	<b>-</b>	<b>-</b>

## I. Information

## DELTACOL CZ

on applied accounting methods, general accounting principles  
and methods of evaluation

1. Method of making depreciation plans for long-term assets and depreciation methods used when determining book and tax depreciations:
  - varnishing line - depreciation - 6 years - accelerated
  - passenger car - depreciation - 4 years - straight-line
  - computer - depreciation - 4 years - straight-line
  - tank for varnishing line - depreciation - 6 years - straight-line
2. Valuation methods:
  - Stock is charged in purchase prices. The purchase price covers the cost of acquisition, customs duties, package wear and tear, packages and transport charges for the delivery to the distribution depot. Stock decrease has been valued by average price.
3. Long-term tangible assets have been valued by purchase prices.
4. Provisions to long-term tangible assets: have not been made.
5. Provisions to inventory: have not been made.
6. Provisions to trade receivables have not been made.
7. Method of creation of reserves: reserves have not been created.
8. Method used for conversion of figures in foreign currency into Czech currency:
  - conversion of receivables and payables in foreign currency into Czech currency was effected on the basis of the current daily exchange rate given by ČNB bank
  - conversion of bank accounts and cash in foreign currency into Czech currency was effected on the basis of the current daily exchange rate given by ČNB bank

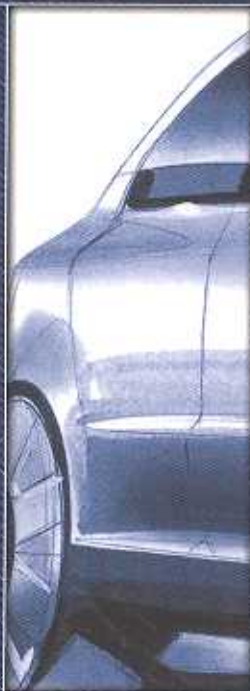
## II. Receivables

	2002	2003
Receivables from customers	2 258	2 045
Receivables after maturity date	641	398
Receivables after maturity date over 180 days	0	0
Receivables to group companies	2 258	0

## III. Payables

	2002	2003
Trade payables total	230	5 629
Payables after maturity date	179	3 133
Payables after maturity date over 180 days	3	3
Payables to group companies	47	3 727





**BRAND**  
GROUP