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# ANNUAL REPORT 2004





## TABLE OF CONTENTS

ABOUT US .....	5
FINANCIAL HIGHLIGHTS .....	5
TOP MANAGEMENT .....	7
WHERE TO FIND US .....	8
ORGANIZATIONAL STRUCTURE .....	9
INFORMATION / CONTACTS .....	9
QUALITY MANAGEMENT .....	10
EMPLOYEES .....	10
STRUCTURE BY PRODUCTION & PRODUCT PORTFOLIO .....	10
PRODUCT PORTFOLIO .....	11
SALES EVOLUTION & SHARE OF REVENUES .....	11
SBU DOOR SYSTEMS .....	12
SBU ZZ (LIFTING DEVICES AND DOOR CLOSERS) .....	12
SBU FOUNDRY .....	12
SBU TOOLS .....	13
SBU COCKPIT SYSTEMS .....	13
SBU COMMERCIAL VEHICLES .....	13
AFTERMARKET S.R.O. (SALE OF SPARE PARTS) .....	14
BRANOROS A.O. (PRODUCTION-ASSEMBLY COMPANY) .....	14
DELTACOL CZ (SURFACE TREATMENT) .....	14
 FINANCIAL PART .....	 15
BRANO GROUP .....	17
BRANO a.s. ....	22
AFTERMARKET s.r.o. ....	29
BRANOROS a.s. ....	34
DELTACOL CZ s.r.o. ....	37

## ABOUT US

### 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, general engineering) in the third millennium.

### Our Vision

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

## BRANO a.s. FINANCIAL HIGHLIGHTS (in thousands of CZK)

	2003	2004
Net sales	2 932 549	3 556 116
- domestic	1 027 091	1 253 389
- foreign	1 905 458	2 302 727
Total assets	1 999 915	2 344 013
Equity	1 199 385	1 259 698
Registered capital	204 271	204 271
Value added	771 081	752 973
Profit after Taxation	99 144	67 509
ROA %	4,96	2,88
ROE %	8,26	5,36
Number of employees	2 105	2 246



## TOP MANAGEMENT



### BRANO GROUP:

Chief Executive Officer  
Chief Financial Officer  
Quality Control Manager  
Human Resources Manager

Pavel  
Libor  
Dušan  
Tomáš

JUŘÍČEK  
TOMAN  
ŠPAČEK  
NÁPRAVNÍK

### BRANO a.s. (joint stock company)

Door Systems  
Lifting Devices and Door Closers  
Foundry  
Tools  
Cockpit Systems  
Commercial Vehicles  
Plastics

Pavel  
Alena  
Jiří  
Manfred  
Lothar  
Roman  
Pavel

JUŘÍČEK  
ŠIMEČKOVÁ  
BENDA  
GÖLTNER  
MÜLLER  
ERBEN  
JANDA

since June 20, 2005

### Aftermarket s.r.o. (Ltd. company)

Miroslav

VAŠÍČEK

### BRANOROS, a.s

Miroslav

ŠPIČÁK

### DELTACOL CZ s.r.o.

Miloslava

VEČERKOVÁ

## BOARD OF DIRECTORS:

### BRANO a.s.:

Chairman Pavel JUŘÍČEK  
Member Libor TOMAN  
Member Karel BLAŽEK

### BRANOROS a.s.:

Chairman Pavel JUŘÍČEK  
Member Libor TOMAN  
Member Miroslav ŠPIČÁK  
Member Margita N. STANKJEVIČ  
Member Igor G. MUSICHIN

## SUPERVISORY BOARD:

### BRANO a.s.:

Chairman Břetislav WITWER  
Member Manfred GÖLTNER  
Member František KAHOVEC

### BRANOROS a.s.:

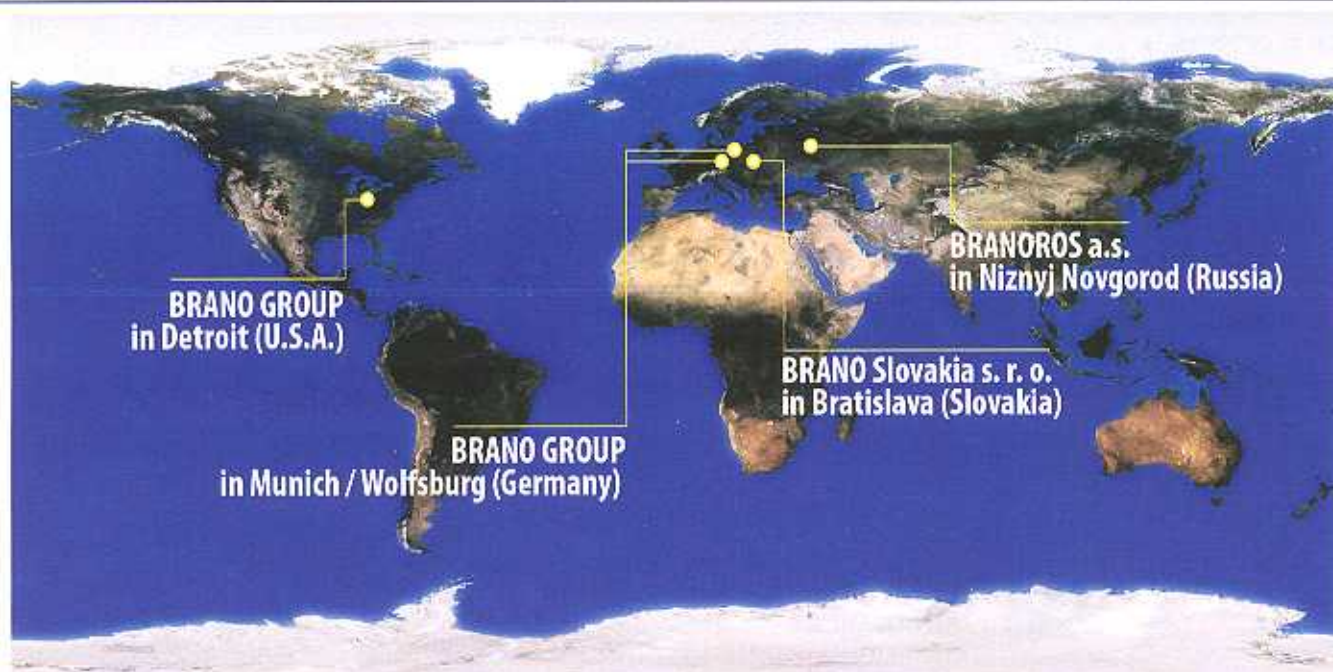
Chairman Světlana ŠPIČÁKOVÁ  
Member Galina V. GUSEVA  
Member Vladimír V. MOLOŠNIKOV



## WHERE TO FIND US



## BRANO GROUP IN THE WORLD





## INFORMATION / CONTACTS

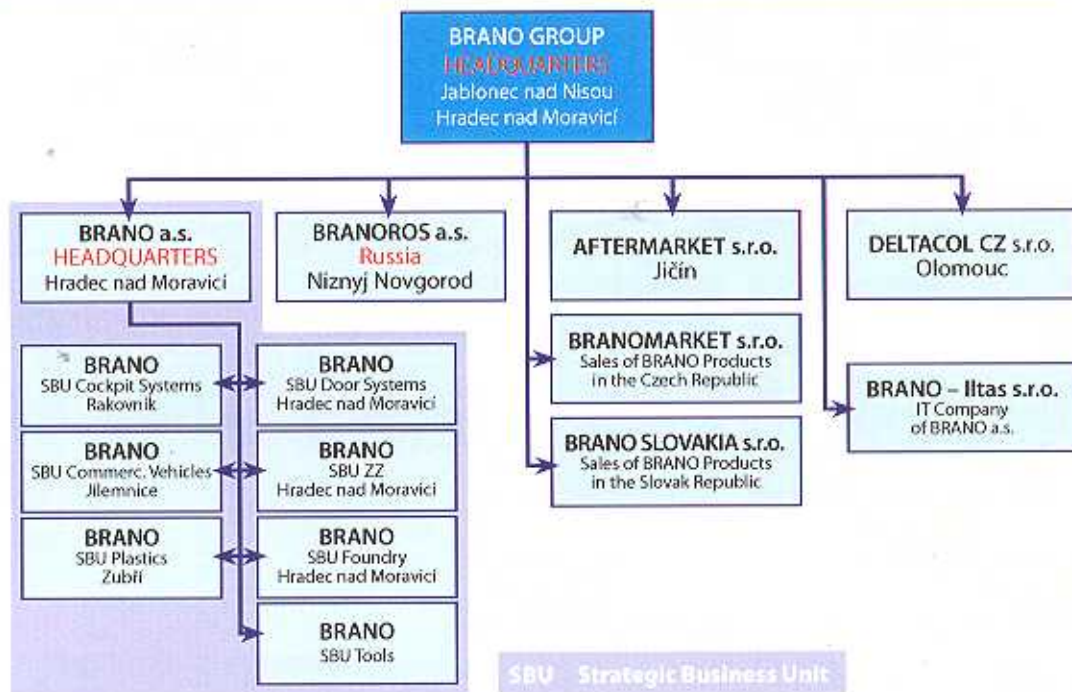
### Addresses and Business Information about main Members of BRANO GROUP

- BRANO GROUP a.s.** Náměstí Boženy Němcové 1, 466 90 Jablonec n. Nisou, Czech Republic, tel.: 483 352 111, fax: 483 352 405, e-mail: [info@brano.cz](mailto:info@brano.cz), <http://www.brano.cz>
- BRANO a.s.** Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic, Reg. No.: 45 19 33 63, VAT Reg. No.: CZ 45 19 33 63 registered in the Register of Companies in Ostrava on 30 April 1992, Section B, Inset 387 e-mail: [info@brano.cz](mailto:info@brano.cz), <http://www.brano.cz>
- BRANOROS, a.s.** Kstovo – 5, Nižnyj Novgorod, Russia tel.: +007 8314564001, fax: +007 8312788725, e-mail: [branos@kis.ru](mailto:branos@kis.ru)

### Subsidiary and daughter companies of BRANO GROUP

- AFTERMARKET s.r.o.** Poděbradova 134, 506 01 Jičín, Czech Republic (Mr. Miroslav Vašíček) tel.: 493 546 111, fax: 493 546 121, e-mail: [iobchod@afm.cz](mailto:iobchod@afm.cz), <http://www.brano.cz>
- BRANO – MARKET s.r.o.** Tovární okruh 674, 747 41 Hradec nad Moravicí, Czech Republic (Mr. Luděk Holuša) tel.: 483 352 111, fax: 483352405, e-mail: [info@brano.cz](mailto:info@brano.cz), <http://www.brano.cz>
- BRANO Slovakia s.r.o.** Rybníčná 40/a, 831 07 Bratislava, Slovakia (Mr. Roman Broniš) tel.: +421 244 883 362, fax: +421 244 883 384, e-mail: [internet-sk@volny.sk](mailto:internet-sk@volny.sk)
- DELTACOL CZ s.r.o.** Oderská 687, 702 00 Ostrava – Přívoz, Czech Republic (Mrs. Miroslava Večerková) tel.: 596 136 890, fax: 596 136 589, e-mail: [info@brano.cz](mailto:info@brano.cz), <http://www.brano.cz>
- BRANO Itlas s.r.o.** Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic (Mr. Libor Toman) tel.: 553 632 300, fax: 553 632 127, e-mail: [info@brano.cz](mailto:info@brano.cz), <http://www.proit.cz>

## ORGANIZATIONAL STRUCTURE





## QUALITY MANAGEMENT AND EMPLOYEES

### Quality Management

ISO 14001, ISO / TS 16949:2002 certified.

### Employees

	Staff	R&D	Indirect Workers	Products Workers	Total
SBU ZZ	26	11	26	136	199
SBU DS	51	35	40	455	581
SBU FOUNDRY	20	8	23	167	218
SBU TOOLS	17	33	6	149	205
SBU CV	45	39	30	166	280
SBU CS	79	25	79	497	680
SBU PLASTICS	7	3	5	69	84
Total	317	154	284	1639	2394
BRANO	314	154	284	1639	2394

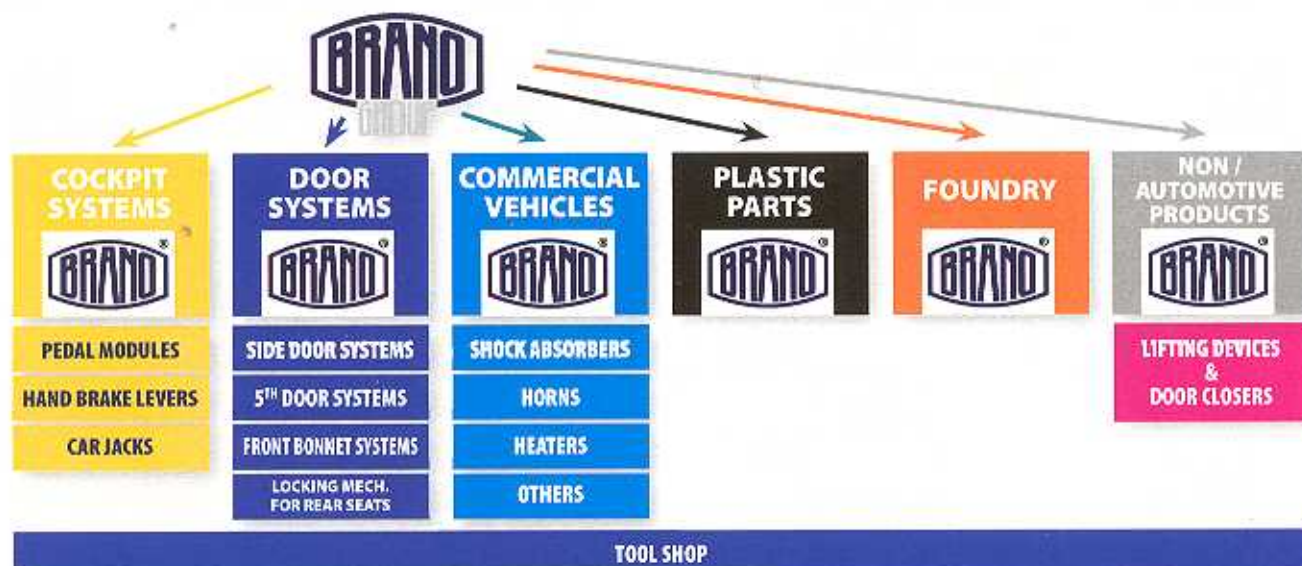
Number of Employees: 2005

\*BRANO GROUP: Marketing, Purchasing, Quality, Financial Dept.

	Staff	R&D	Indirect Workers	Products Workers	Total
BRANO ROS	10	1	3	34	48
BRANO Slovakia	4				4
BRANO MARKET	3				3
BRANO ILTAS	14				14
AFTERMARKET	9		4		13
DELTACOL CZ	5		8	17	30
Total	45	1	15	51	112
Administration BG*	69		75		144
BRANO GROUP	431	155	374	1690	2650



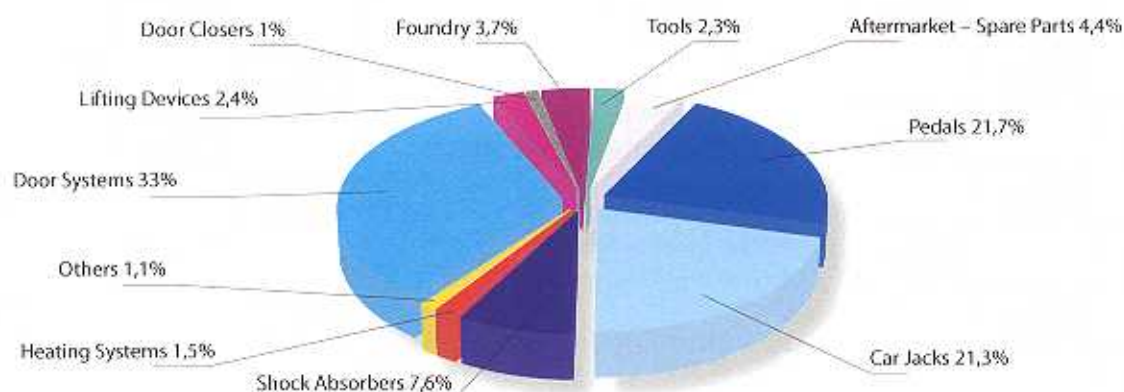
## STRUCTURE BY PRODUCTION & PRODUCT PORTFOLIO





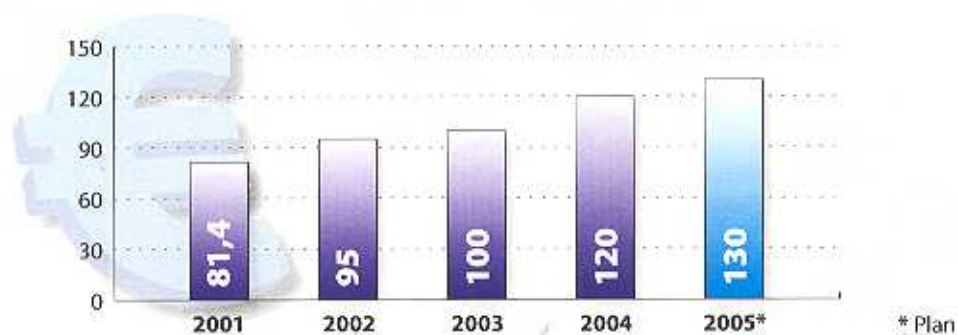


## PRODUCT PORTFOLIO

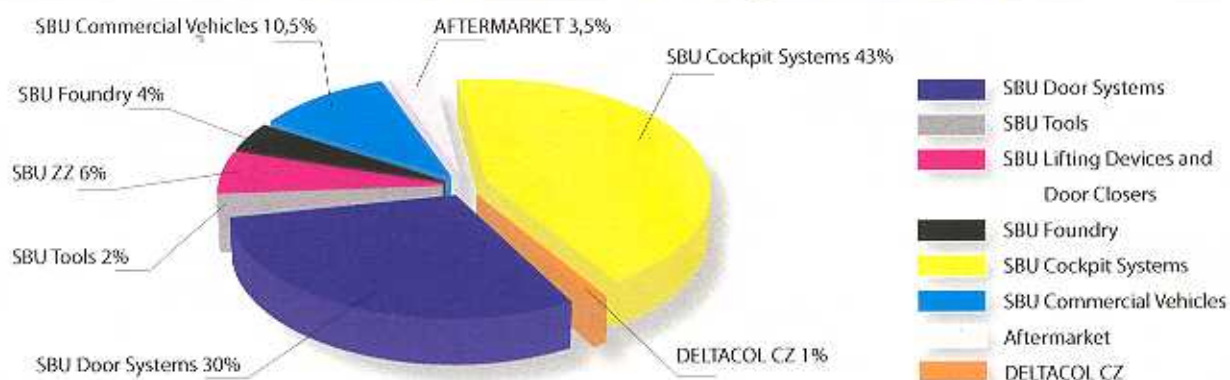


## SALES EVOLUTION & SHARE ON REVENUES

### Sales Evolution (in mio of €)



### Share on Brano Group Revenues



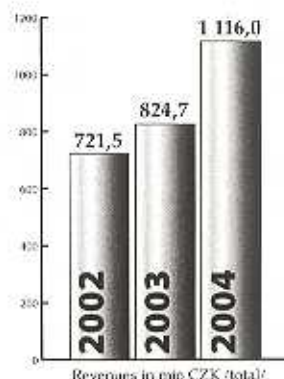


## SBU DOOR SYSTEMS

SBU Director Pavel JUŘÍČEK

Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic,  
tel.: 553 632 314, fax: 553 632 310, e-mail: [info@brano.cz](mailto:info@brano.cz), <http://www.brano.cz>

Products:	Side door latches	Strikers
	5th door latches	Bonnet locking systems
	Front bonnet latches	Bonnet and 5th door hinges
	Seat latches	Headrests
	Soft touch opening	

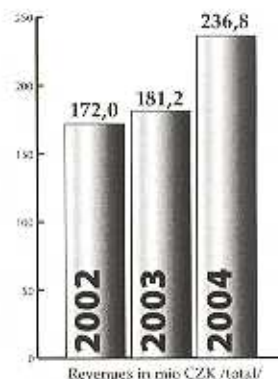


## SBU ZZ (Lifting Devices and Door Closers)

SBU Director Alena ŠIMEČKOVÁ

Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic,  
tel.: 553 632 104, fax: 553 632 407, e-mail: [info@brano.cz](mailto:info@brano.cz), <http://www.brano.cz>

Products:	Rack jacks	Pulley blocks and Pulleys
	Rope hoists	Single beam trolleys
	Hydraulic jacks	Door Closers
	Rack and lever jacks	Components for automotive industry
	Rope tackles	(Schalthebel VW,
	Suspension devices	Bearing Anchorage VOLVO)
		Other

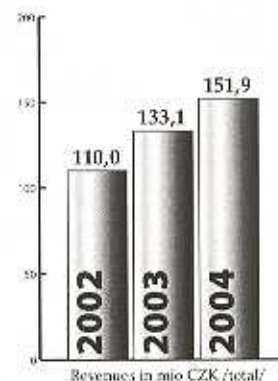


## SBU Foundry

SBU Director Jiří BENDA

Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic,  
tel.: 553 632 236, fax: 553 632 244, e-mail: [info@brano.cz](mailto:info@brano.cz), <http://www.brano.cz>

Products: Castings for automotive industry  
Castings for building industry  
Castings for electrical industry  
Parts of scaffolds and formworks  
Other





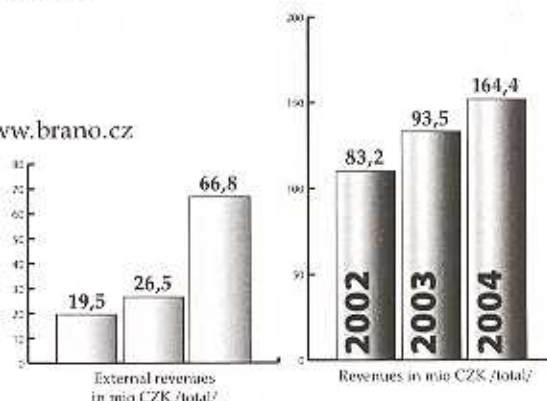


## SBU TOOLS

SBU Director Manfred GÖLTNER

Opavská 1000, 747 41 Hradec nad Moravicí, Czech Republic,  
tel.: 553 632 454, fax.: 553 632 330, e-mail: info@brano.cz, http://www.brano.cz

Products: Production of Tools and SPM for BRANO a.s.  
Production of Tools for External Customers  
Repairs of Tools and SPM for BRANO a.s.

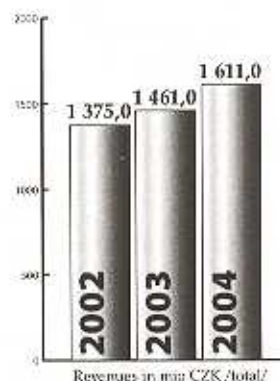


## SBU Cockpit Systems

SBU Director Lothar MÜLLER

Kuštova 757, 269 44 Rakovník, Czech Republic,  
tel.: 313 282 325, fax: 313 517 439, e-mail: info@brano.cz, http://www.brano.cz

Products: Mechanisms / Pedal systems  
Hand brake levers  
Car jacks  
Other

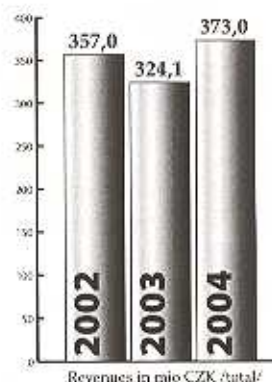


## SBU Commercial Vehicles

SBU Director Roman ERBEN

Na Račanech 100, 514 01 Jilemnice, Czech Republic,  
tel.: 481 561 290, fax: 481 543 035, e-mail: info@brano.cz, http://www.brano.cz

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



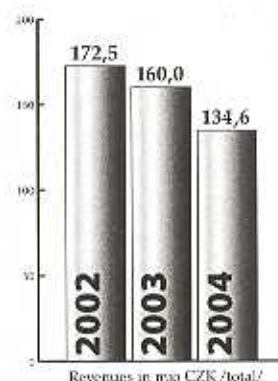


## AFTERMARKET s.r.o. (Sale of Spare Parts)

Director Miroslav VAŠÍČEK

Poděbradova 134, 506 01 Jičín, Czech Republic,  
tel.: 493 546 111, fax: 493 546 121, e-mail: [obchod@afm.cz](mailto:obchod@afm.cz), <http://www.brano.cz>

Products:	Absorbers for passenger cars	Filtration
	Absorbers for commercial vehicles	Car locks
	Segments of shock absorber	Strikers
	Dependent and independent heating systems	
	Heating segments	Bonnet locking systems
	Horns	Bonnet and 5th door hinges
	Ventilation fans	Door Closers
	Air and hydraulic devices for CV	Lifting Devices

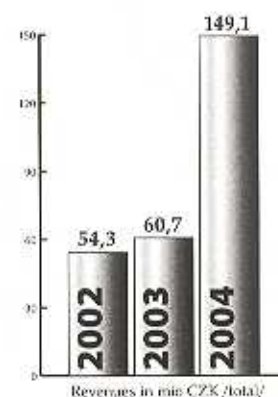


## BRANOROS a.s. (Production-assembly Company)

Director Miroslav ŠPIČÁK

Russian Federation, Nizhegorod region, Kstovo, Lomonosova 38  
tel.: 007/8312/788725, 007/83145/64005, tel./fax: 007/83145/64001  
e-mail: [branou@kis.ru](mailto:branou@kis.ru)

Products:  
Door latches for vehicles with strikers A - 120 GP  
Door latches for vehicles with strikers A - 120 GP with CEJ  
Door latches for vehicles with strikers A - 160 (integrated lock)



## DELTACOL CZ s.r.o. (Surface Treatment)

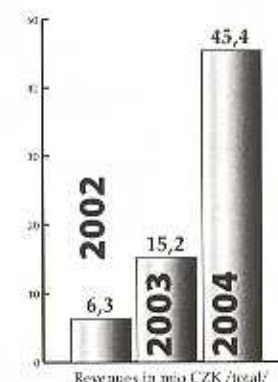
Director Miloslava VEČERKOVÁ

Oderská 687, 702 00 Ostrava - Přívoz, Czech Republic, tel.: 585 153 511, fax: 585 153 515  
Plant: Palackého 34, 784 01 Litovel, e-mail: [info@brano.cz](mailto:info@brano.cz), [www.brano.cz](http://www.brano.cz)

Services:

In the plant in Ostrava:  
- special surface treatment  
by 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)







# FINANCIAL PART





# BRANO

## CONSOLIDATED BALANCE SHEET

### BRANO GROUP

Consolidated Profit and Loss Statement as at 31st December 2004 (in thousands CZK)

	2003	2004
Revenues from goods sold	181 819	157 442
Cost on goods sold	151 468	120 564
Sales margin	30 351	36 878
Production (own products)	2 924 637	3 629 083
Production consumption	2 165 834	2 895 584
Added value	789 154	770 377
Personal expenses	479 979	555 840
Depreciations of intangible and tangible assets	122 344	135 795
Reversal of reserves and accruals to operating expenses	-17 131	-6 238
Other operating revenues	54 904	103 727
Other operating expenses	28 304	82 593
Operating income	196 310	106 114
Income from financial operations	-76 644	-22 232
Extraordinary income	-9 460	-3 511
Accounting (of passive) of consolidated margin	105 076	63 260
Profit (loss) of current accounting period before taxation	260 571	153 973
Profit (loss) of current accounting period	209 997	135 023



## Consolidated Balance Sheet as at 31st December 2004

	2003	2004
<b>Assets</b>	<b>2 258 410</b>	<b>2 387 204</b>
<b>Fixed assets</b>	<b>799 867</b>	<b>835 531</b>
Long-term intangible assets	9 340	11 558
Long-term tangible assets	783 845	811 583
Long-term financial assets	6 682	12 390
<b>Current assets</b>	<b>1 440 071</b>	<b>1 537 257</b>
Inventory	302 555	465 226
Long-term receivables	1 698	2 330
Short-term receivables	664 077	560 856
Financial assets	471 741	508 845
Other assets	18 472	14 416
<b>Liabilities</b>	<b>2 258 410</b>	<b>2 387 204</b>
<b>Equity</b>	<b>1 177 272</b>	<b>1 262 275</b>
Registered capital	204 271	204 271
Capital funds	-1 636	381 571
Funds created from net profit	141 946	180 645
Profit (loss) of previous years	561 478	360 775
Profit (loss) of current accounting period without minority shares	207 953	135 013
Passive consolidated margin	63 260	0
<b>Non-own liabilities</b>	<b>1 041 426</b>	<b>1 117 745</b>
Reserves	128 809	83 705
Long-term payables	23 836	33 076
Short-term payables	888 781	1 000 964
Bank loans	-	-
<b>Other liabilities</b>	<b>12 443</b>	<b>7 176</b>
<b>Minority equity</b>	<b>27 269</b>	<b>8</b>
Minority registered capital	20 047	20
Minority capital funds	4 073	0
Minority funds from retained profit of previous years	1 105	-22
<b>Profit (loss) of current accounting period</b>	<b>2 044</b>	<b>10</b>





## 1. Determination of the consolidated entity

### a) Subjects of the consolidated entity

The parent company of the consolidated entity is BRANO, a.s. based in Hradec nad Moravicí, Opavská 1000, Id. No. 45193363 (hereinafter referred as the parent company).

The subsidiary companies of BRANO, a.s. are as follows:

AFTERMARKET, s.r.o. based in Jičín-Čejkovice, Poděbradova 134, Id. No. 25947290, established on 4<sup>th</sup> January 2001.

BRANOROS, a.s. based in Kstovo, Russia, established on 28 July 1999.

Registered capital of the parent company	204 271 thousand CZK
Registered capital of the subsidiary companies	
AFTERMARKET, s.r.o.	1 000 thousand CZK
The parents company share	100%
BRANOROS, a.s.	10 493,3 thousands RUR
The parents company share	99,76%
Control rank in both companies	decisive
Consolidation method	complete

Main activities of the parent company are development, production and sale of assemblies, subassemblies and components for passenger cars, trucks and their utility and functional modifications, casts from grey and malleable cast iron, tools, fittings and locks, lifting devices.

Main activities of AFTERMARKET, s.r.o. are purchase of goods for further sale and sale.

### b) Dates of financial statements

The preparation of this consolidated financial statement results from the financial statements of the companies compiled on 31<sup>st</sup> December 2004.

### c) Companies excluded from the consolidated entity

1. DELTACOL CZ, s.r.o. Ostrava, established on 25th August 2000, registered capital 100 000 CZK, share on the registered capital makes 51%.
2. ProIT, a.s. Hradec nad Moravicí, established on 9<sup>th</sup> December 1999, registered capital 1 000 000 CZK, share on the registered capital makes 34%.

These companies were excluded from the consolidated entity on the decision of the parent company with respect to their insignificant share on balance total, in net turnover and registered capital of consolidated entity.

### d) Consolidation system

The consolidation was performed by the method of the direct consolidation.

### e) Information on applied accounting methods and general accounting principles

Accounting methods and general accounting principles are identical in parent company and subsidiary companies as well and are described in the annexes to the financial statements of these subjects.





## 2. Supplementary information to the Balance Sheet and Profit and Loss Statement

### a) Equity investments and securities and capital participation of Brano, a.s.

BRANO, a.s. has the capital participation in AFTERMARKET, s.r.o., Id. No. 25947290 at the amount of 1 000 thousand CZK (100%), revaluated as at 31<sup>st</sup> of December to the actual value of 7 929 thousand CZK. BRANO, a.s. has the capital participation in DELTACOL CZ, s.r.o. Ostrava, Id. No. 25861701 at the amount of 51 thousand CZK (51%).

BRANO, a.s. owns following stocks:

9 pcs of Strojexport, a.s. stocks, nominal value of one stock is 100 000,- CZK, 900 thousands CZK in total.

104 681 pcs of BRANOROS, a.s. stocks, nominal value of one stock is 100,- RUR, 10 468,1 thousands RUR in total, acquisition price of stocks was 634 thousands CZK (99,76%).

340 pcs of Profit, a.s. stocks, nominal value of one stock is 1 000,- CZK, 340 thousands CZK in total (34%).

Capital participations have been evaluated as at the balance date by the equivalency (share on registered capital), evaluation changes are registered via evaluating differences from assets evaluation and payables in registered capital of the company.

### b) Receivables and payables

The parent company has receivables at AFTERMARKET, s.r.o. at the amount of 41 861 thousand CZK and BRANOROS, a.s. at the amount of 18 603 thousand CZK.

AFTERMARKET, s.r.o. has receivables at parent company at the amount of 86 thousand CZK. The mutual receivables are on the part of related companies continuously settled.

### c) Depreciation of the consolidated difference

The parent company performed the settlement of passive consolidated difference in accordance with previous alleged method of its depreciation and in respect to take over of shareholders equity of BRANO-ATESO, a.s. by its main shareholder BRANO, a.s. with decisive date of 1<sup>st</sup> January 2004. The settlement of the consolidated difference was 63 260 thousand CZK.





## REPORT OF THE INDEPENDENT AUDITOR

on Consolidated Financial Statement

### Report on consolidated financial statement audit for shareholders of the Brano, a.s. company, Opavská 1000, 747 41 Hradec nad Moravicí

We performed the audit of the enclosed consolidated financial statement of the BRANO, a.s. company as at 31<sup>st</sup> December 2004.

The statutory body of the company is responsible for the consolidated financial statement compilation and the book-keeping, its completeness, conclusiveness and correctness in accordance with the currently valid legislation and regulations. Our responsibility is to express the opinion to this financial statement as a whole on the basis of the verification performed in accordance with the legislation and audit regulations.

The audit was carried out in accordance with the Act No. 254/2000 of Code of laws on Auditors and the Chamber of Auditors of the Czech Republic and audit 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 statement does not include any misleading information. The audit includes verification of accounting records and other information presented in the financial statement on a test basis and the assessment of accounting procedures and significant estimations used by the company for the preparation of the financial statement, and the evaluation of the whole financial statement presentation. On the basis of the findings of the used audit procedures we did not find out any matters of fact indicated 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 statement.

In our opinion the consolidated financial statement presents, in all material respects, the true and upright picture of the assets, liabilities, equity and the financial situation of the Brano, a.s. company as at 31<sup>st</sup> December 2004 and its economic result for the year 2004 in accordance with the Act on Accounting and relevant legislation of the Czech Republic. Owing to the given reasons the audit of the consolidated financial statement of the Brano, a.s. company can be closed as follows:

**without reserve**

Date of the Report issue:  
Jablonec nad Nisou, 10<sup>th</sup> May 2005

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

#### Annexes:

- 1) The consolidated financial statement as at 31st December 2004
- 2) The annex to the consolidated financial statement
- 3) The review and method of data transformation
- 4) The consolidating rules
- 5) The financial statements of BRANO a.s. and AFTERMARKET s.r.o. and BRANOROS a.o.





## BRANO a.s.

### Profit and Loss Statement as at 31st December 2004 (in thousands CZK)

	2003	2004
Revenues from goods sold	20 922	22 507
Cost on goods sold	17 716	9 220
<b>Sales margin</b>	<b>3 206</b>	<b>13 287</b>
Revenues from own products and services	2 911 627	3 533 609
Change in inventory of own products	9 208	61 955
Capitalization	61 932	100 193
<b>Production (own products)</b>	<b>2 982 167</b>	<b>3 695 757</b>
Consumption of energy and material	1 697 094	2 248 736
Services	517 198	707 335
<b>Production consumption</b>	<b>2 214 292</b>	<b>2 956 071</b>
<b>Added value</b>	<b>771 081</b>	<b>752 973</b>
Personal expenses	472 662	547 552
Taxes and fees	1 125	2 029
Depreciations of intangible and tangible assets	120 630	134 156
Revenues from long-term assets and material sold	49 254	81 691
Net book value of sold fixed assets and material	26 840	63 239
Reversal of reserves and accruals to operating expenses	-5 325	-9 033
Other operating revenues	11 007	21 509
Other operating expenses	25 021	17 348
<b>Operating income</b>	<b>190 389</b>	<b>100 882</b>
<b>Income from financial operations</b>	<b>-32 961</b>	<b>-12 463</b>
<b>Extraordinary income</b>	<b>-9 400</b>	<b>-3 511</b>
<b>Profit (loss) of current accounting period before taxation</b>	<b>148 028</b>	<b>84 908</b>
<b>Profit (loss) of current accounting period</b>	<b>99 144</b>	<b>67 509</b>



## Balance Sheet as at 31st December 2004

	2003	2004
<b>Assets</b>	<b>1 999 915</b>	<b>2 344 013</b>
<b>Fixed assets</b>	<b>790 602</b>	<b>834 188</b>
Long-term intangible assets	9 340	11 523
Long-term tangible assets	775 150	803 705
Long-term financial assets	6 112	18 960
<b>Current assets</b>	<b>1 191 055</b>	<b>1 495 551</b>
Inventory	262 923	412 767
Long-term receivables	-	-
Short-term receivables	505 160	574 326
Financial assets	422 972	508 458
<b>Other assets</b>	<b>18 258</b>	<b>14 274</b>
<b>Liabilities</b>	<b>1 999 915</b>	<b>2 344 013</b>
<b>Equity</b>	<b>1 199 385</b>	<b>1 259 698</b>
Registered capital	204 271	204 271
Capital funds	451 163	443 967
Legal reserve fund	176 757	176 757
Statutory and other funds	3 788	3 788
Retained profit (loss) of previous years	264 262	363 406
Profit (loss)	99 144	67 509
<b>Non-own liabilities</b>	<b>788 182</b>	<b>1 077 139</b>
Reserves	128 809	83 705
Long-term payables	23 836	33 076
Short-term payables	635 537	960 358
Bank loans	-	-
<b>Other liabilities</b>	<b>12 348</b>	<b>7 176</b>







## **I. Information on applied accounting methods, general accounting principles and methods of evaluation**

### **1. Method of making depreciation plans for fixed 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 individual groups of fixed assets is stated as follows:

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

### **2. Evaluation methods**

- Material and goods are charged in purchase prices. The purchase price covers the cost of acquisition, custom duties, storage charges during transport and transport charges for delivery to the production (selling) premises. Material and goods have been evaluated in fixed stock prices. Products in process and finished products have been evaluated in prices which include material and labour costs and proportional part of manufacturing overheads according to the state of processing.
- Intangible and tangible fixed assets are registered in purchase prices. The evaluation 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 conversions**

The currency conversions are performed on the basis of the current daily exchange rate. Assets and liabilities in foreign currency as at the balancing day have been recalculated according to the ČNB bank exchange rate.

## **II. Supplementary data concerning assets**

### **1. Acquisition of fixed assets purchased by financial lease**

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

### **2. Assets not stated in the balance sheet**

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

### **3. Deferred tax**

For the year 2004 the company settled its tax obligation deferred at the amount of 9 240 000,- CZK resulting from temporary taxable and deductible differences applicable for tax reasons in the following periods.







### III. Receivables

31/12/2004

Trade receivables	512 045
- thereof: after maturity date	57 524
As at 31 December 2004 the adjusting entries were made	1 277

### IV. Statutory and other reserves

	State as at 01/01/2004	Creation	Utilization	State as at 31/12/2004
Reserve for real estate transfer tax	620	880	620	880
Reserve for guarantee costs	3 600	3 000	0	6 600
Reserve for environmental troubles remedy	500	620	720	400
Reserve for personal costs on unused holiday	2 510	0	2 510	0
Reserve for financial risks	39 068	3 660	26 828	15 900
Reserve for income tax duty	38 000	0	38 000	0
Reserve for fixed assets repairs	44 511	16 374	960	59 925

### V. Payables

31/12/2004

Total short-term trade payables	455 406
- thereof: payables after maturity date	58 470

### VI. Other matters

By reason of taking over of the equity of the BRANO-ATESO a.s. company by the major shareholder BRANO a.s. the starting balance sheet as at 1<sup>st</sup> January 2004 is stated in the column for last period of the balance sheet, the sum of both companies for the year 2003 excluded mutual relationships is stated in the profit and loss statement in the column for last period. As at 1<sup>st</sup> April 2005 the company branched out its production capacities by purchasing of the factory building, machine equipment and inventory in Zubří.





## Report on relations between interlocked entities – BRANO a.s.

This report has been elaborated according to the provision § 66a clause 9 of the Commercial Code and contents therein stated.

BRANO GROUP a.s. with place of business in Hradec nad Moravicí, Opavská 1000, Id. No. 64609898 is the company's controlling entity.

The following interlocked entities are known to the company:

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

BRANO-Itas, s.r.o. with place of business in Hradec nad Moravicí, Opavská 1000, Id. No. 26818442

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

In the year 2004 the following contracts were concluded between the company and interlocked entities (eventually legal actions and following measures were made against them and in their interest):

### BRANO GROUP a.s.:

1. Lease contracts (DLHM) between BRANO a.s. and BRANO GROUP a.s. at the amount of 242 000,- CZK (annual rent) and between BRANO GROUP a.s. and BRANO a.s. at the amount of 96 000,- CZK (annual rent) concluded on common terms and conditions.
2. Contract on dinner-sale between BRANO a.s. and BRANO GROUP a.s. at the amount of 138 000,- CZK concluded on common terms and conditions equal for all employees.
3. 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 13 000,- CZK to cover the costs under common terms and conditions equal for all employees.
4. 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, traveling expenses, small material, training, advertising and exhibition activities, repairs, transport, accommodation, cooperation, insurance.  
Re invoicing from BRANO GROUP, a.s. on BRANO, a.s. amounted to ca 2 095 000,- CZK.  
Re invoicing from BRANO, a.s. on BRANO GROUP, a.s. amounted to ca 451 000,- CZK.

### BRANOMARKET, s.r.o.:

1. Contract on dinner-sale between BRANO, a.s. and BRANOMARKET, s.r.o. at the amount of 16 000,- CZK concluded on common terms and conditions equal for all employees.
2. Purchase contracts on sale of products from BRANO, a.s. on BRANOMARKET, s.r.o. at the amount of 18 194 000,- CZK (common commercial relation) on customers standard conditions.
3. Sale of products from BRANOMARKET, s.r.o. on BRANO, a.s. at the amount of 25 000,- CZK on common terms and conditions.
4. Re invoicing from BRANO, a.s. on BRANOMARKET, s.r.o. (phone calls) at the amount of 17 000,- CZK profitably neutral.



## BRANO-Itas, s.r.o.:

1. Sale of material from BRANO-Itas, s.r.o. on BRANO, a.s. at the amount of 53 000,- CZK on common terms and conditions.
2. Contract on dinner-sale between BRANO, a.s. and BRANO-Itas, s.r.o. at the amount of 39 000,- CZK concluded on common terms and conditions equal for all employees.
3. Re invoicing of amounts without concluding the basic contract, supported by continuous tax documents according to actual observance, profitably neutral. Re invoicing applies to phone calls, traveling expenses, small material, repairs, transport, and insurance.  
Re invoicing from BRANO, a.s. on BRANO-Itas, s.r.o. amounted to 354 000,- CZK.

## BRANOSLOVAKIA, s.r.o.:

1. Agreement on permission to use BRANO business name (logo) between BRANO, a.s. and BRANOSLOVAKIA, s.r.o. at the amount of 350 000,- CZK on common terms and conditions.
2. Purchase contract on sale of products from BRANO, a.s. on BRANOSLOVAKIA, s.r.o. at the amount of ca 19 172 000,- 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 in the year 2004 was beneficial for the Company and it did not cause any detriment to the Company.







## REPORT OF THE INDEPENDENT AUDITOR on Annual Report

**The audit report for the partners of the BRANO, a.s. company, Opavská 1000,  
747 41 Hradec nad Moravicí, TIN CZ45193363**

On the basis of the performed audit we issued on 19<sup>th</sup> April 2005 the following report on the financial statement that is an integral part of this annual report:

We performed the audit of the enclosed financial statement of the BRANO, a.s. company as at 31<sup>st</sup> December 2004.

The statutory body of the company is responsible for the financial statement preparation and the book-keeping, its completeness, conclusive evidence and correctness in accordance with the current valid legislation and regulations. Our responsibility is to issue the statement to this financial statement as a whole on the basis of the audit performed in accordance with the legislation and audit regulations.

The audit was carried out in accordance with the Act No. 254/2000 of Code of laws on Auditors and the Chamber of Auditors of the Czech Republic and audit 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 statement does not include any misleading information. The audit includes verification of accounting records and other information presented in the financial statement on a test basis and the assessment of accounting procedures and significant estimations used by the company for the preparation of the financial statement, and also the evaluation of the whole financial statement presentation. On the basis of the findings of the used audit procedures we did not find out any matters of fact indicated 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 statement.

In our opinion the financial statement presents, in all material respects, the true and upright picture of the assets, liabilities, equity and the financial situation of BRANO a.s. company and its economic result for the year 2004 in accordance with the Act on Accounting and relevant legislation of the Czech Republic. Owing to the given reasons the audit of the financial statement of the BRANO a.s. company can be closed as follows:

### **without reserve**

We verified also the conformity of other financial information stated in this Annual Report with the verified financial statement.

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

Jablonec nad Nisou, 10<sup>th</sup> May 2005

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



# BRAND

## AFTERMARKET, s.r.o.

Profit and Loss Statement as at 31st December 2004 (in thousands CZK)

	2003	2004
Revenues from goods sold	160 301	134 573
Cost on goods sold	133 752	111 344
<b>Sales margin</b>	<b>26 549</b>	<b>23 229</b>
Revenues from finished products and services	-	-
Change in inventory of own products	-	-
Capitalization	-	-
<b>Production (own products)</b>	<b>-</b>	<b>-</b>
Consumption of energy and material	968	907
Services	13 027	13 365
<b>Production consumption</b>	<b>13 995</b>	<b>14 272</b>
<b>Added value</b>	<b>12 554</b>	<b>8 957</b>
Personal expenses	4 812	4 583
Taxes and fees	79	23
Depreciations of intangible and tangible assets	260	379
Revenues from fixed assets and material sold	-	-
Net book value of fixed assets and material sold	-	-
Reversal of reserves, adjusting entry and accruals in operating sphere	3 491	2 795
Other operating revenues	1 017	527
Other operating expenses	318	265
<b>Operating income</b>	<b>4 611</b>	<b>1 439</b>
<b>Income from financial operations</b>	<b>-315</b>	<b>-553</b>
<b>Extraordinary income</b>	<b>-60</b>	<b>-</b>
<b>Profit (loss) of current accounting period before taxation</b>	<b>4 236</b>	<b>886</b>
<b>Profit (loss) of current accounting period</b>	<b>2 546</b>	<b>48</b>



## Balance Sheet as at 31st December 2004

	2003	2004
<b>Assets</b>	<b>64 024</b>	<b>67 837</b>
<b>Fixed assets</b>	<b>471</b>	<b>541</b>
Long-term intangible assets	-	-
Long-term tangible assets	471	541
Long-term financial assets	-	-
<b>Current assets</b>	<b>63 424</b>	<b>67 206</b>
Inventory	33 580	36 187
Long-term receivables	1 698	2 330
Short-term receivables	27 613	28 361
Financial assets	533	328
<b>Other assets</b>	<b>129</b>	<b>90</b>
<b>Liabilities</b>	<b>64 024</b>	<b>67 837</b>
<b>Equity</b>	<b>7 881</b>	<b>7 929</b>
Registered capital	1 000	1 000
Capital funds	-	-
Legal reserve fund	100	100
Statutory and other funds	-	-
Retained profit (loss) of previous years	4 235	6 781
Profit (loss)	2 546	48
<b>Non-own liabilities</b>	<b>56 048</b>	<b>59 908</b>
Reserves	-	-
Long-term payables	-	-
Short-term payables	56 048	59 908
Bank loans	-	-
<b>Other liabilities</b>	<b>95</b>	<b>-</b>

### I. Information on applied accounting methods, general accounting principles and methods of evaluation

- Method of making of depreciation plans for fixed assets and depreciation methods used when determining book depreciations: Accelerated depreciations
 

passenger car - depreciation -	4 years
computer - depreciation -	4 years
- Evaluation methods: Goods are charged in purchase prices. The purchase price covers the cost of acquisition, custom duties, package wear and tear, packages and transport charges for the delivery to the distribution depot. Stock decrease has been evaluated by average price.



3. Long-term tangible assets have been evaluated by purchase prices.
4. Provisions to long-term tangible assets have not been made.
5. Provisions to inventory has been made only if the accounting value was higher than the current value of the inventory. Created adjusting entry at the amount of 6 500 thousand CZK concerns the goods in the purchase price of 16 500 thousand CZK.
6. Provisions to trade receivables have been made in accordance with the Act on reserves and accounting adjusting entry up to 100% of value of payables older than 1 year.
 

- tax provisions for receivables after maturity date	359 thousand CZK
- accounting provisions for receivables after maturity date	952 thousand CZK
7. Method of reserves creation: reserves have not been created.
8. Method used for conversion of figures in foreign currencies to Czech currency:

Assets and liabilities in foreign currency as at the balancing day have been recalculated according to the official ČNB bank exchange rate. Exchange rate profits and losses are stated in the economic result.

	2003	2004
<b>II. Receivables</b>		
Trade receivables	21 589	18 902
Receivables after maturity date	10 290	8 360
Receivables to group companies	437	686
Cashpooling receivables	6 062	9 703
<b>III. Payables</b>		
Trade payables	54 278	59 044
Payables after maturity date	9 379	17 309
Payables to group companies	41 813	42 701







## Report on relations between interlocked entities – AFTERMARKET, s.r.o.

This report has been elaborated according to the provision § 66a clause 9 of the Commercial Code and contents therein stated.

BRANO a.s. with place of business in Hradec nad Moravicí, Opavská 1000, Id. No. 45193363 is the company's controlling entity.

The following interlocked entities controlled by BRANO a.s. are known to the company:

- BRANOROS, a.s. with place of business in Kstovo, Lomonosova 38, Russia
- DELTACOL CZ, s.r.o. with place of business in Ostrava-Přívov, Oderská 687, Id. No. 25861701.

In the year 2004 the following contracts were concluded between the company and interlocked entities (eventually legal actions and following measures were made towards them and in their interest):

1. Purchase contracts on sale of products, goods and material from BRANO, a.s. on AFTERMARKET, s.r.o. at the amount of 70 223 000,- CZK (common commercial relation) on customers standard conditions.
2. 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 training, advertising and exhibition activities, claims, repairs, transport, fuel, energy, audit, insurance.
  - a) Re invoicing from BRANO, a.s. on AFTERMARKET, s.r.o. amounted to ca 84 000,- CZK.
  - b) Re invoicing from AFTERMARKET, s.r.o. on BRANO, a.s. amounted to ca 421 000,- CZK.

In the year 2004 there were no relations between the Company and BRANOROS, a.s. and DELTACOL CZ, s.r.o.

Conclusion: In opinion of the Company's Board of Directors the cooperation with BRANO, a.s. and their controlled entities in the year 2004 was beneficial for the Company and it did not cause any detriment to the Company.

In Jičín, 30<sup>th</sup> March 2005

Ing. Miroslav Vašíček  
Executive Director of AFTERMARKET, s.r.o.





## REPORT OF THE INDEPENDENT AUDITOR

on Annual Report

Audit report for the partners of the AFTERMARKET, s.r.o. company,  
Poděbradova 134, 506 01 Jičín, TIN CZ25947290

On the basis of the performed audit we issued on 18<sup>th</sup> April 2005 the following report on the financial statement that is an integral part of this annual report:

We carried out the audit of the enclosed financial statement of the AFTERMARKET, s.r.o. company as at 31<sup>st</sup> December 2004.

The statutory body of the company is responsible for the financial statement preparation and the book-keeping, its completeness, conclusive evidence and correctness in accordance with the current valid legislation and regulations. Our responsibility is to issue the statement to this financial statement as a whole on the basis of the audit performed in accordance with the legislation and audit regulations.

The audit was carried out in accordance with the Act No. 254/2000 of Code of laws on Auditors and the Chamber of Auditors of the Czech Republic and audit 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 statement does not include any misleading information. The audit includes verification of accounting records and other information presented in the financial statement on a test basis and the assessment of accounting procedures and significant estimations used by the company for the compilation of the financial statement, and the evaluation of the whole financial statement presentation. On the basis of the findings of the used audit procedures we did not find out any matters of fact indicated 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 statement.

In our opinion the financial statement presents, in all material respects, the true and upright picture of the assets, liabilities, equity and the financial situation of the AFTERMARKET, s.r.o. company and its economic result for the year 2004 in accordance with the Act on Accounting and relevant legislation of the Czech Republic. Owing to the given reasons the audit of the financial statement of the AFTERMARKET, s.r.o. company can be closed as follows:

**without reserve**

We verified also the conformity of other financial information stated in this Annual Report with the verified financial statement.

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

Jablonec nad Nisou, 5<sup>th</sup> May 2005

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





## BRANOROS

Profit and Loss Statement as at 31st December 2004 (in thousands CZK)

	2003	2004
Revenues from goods sold	669	362
Cost on goods sold	-	-
<b>Sales margin</b>	<b>669</b>	<b>362</b>
Revenues from finished products and services	60 027	119 669
Change in inventory of own products	301	1 529
Capitalization	-	-
<b>Production (own products)</b>	<b>60 328</b>	<b>121 198</b>
Consumption of energy and material	49 835	109 382
Services	4 962	3 262
<b>Production consumption</b>	<b>54 797</b>	<b>112 644</b>
<b>Added value</b>	<b>6 200</b>	<b>8 916</b>
Personal expenses	2 815	3 705
Taxes and fees	292	158
Depreciations of intangible and tangible assets	1 622	1 260
Revenues from fixed assets and material sold	-	-
Net book value of fixed assets and material sold	-	-
Reversal of reserves and accruals	-	-
Other operating revenues	-	-
Other operating expenses	-	-
<b>Operating income</b>	<b>1 471</b>	<b>3 793</b>
<b>Income from financial operations</b>	<b>2 159</b>	<b>1 126</b>
<b>Extraordinary income</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) of current accounting period before taxation</b>	<b>3 630</b>	<b>4 919</b>
<b>Profit (loss) of current accounting period</b>	<b>2 811</b>	<b>4 206</b>





## Balance Sheet as at 31st December 2004

	2003	2004
<b>Assets</b>	<b>29 568</b>	<b>44 467</b>
<b>Fixed assets</b>	<b>11 716</b>	<b>9 365</b>
Long-term intangible assets	-	35
Long-term tangible assets	9 240	7 337
Long-term financial assets	2 476	1 993
<b>Current assets</b>	<b>17 757</b>	<b>35 050</b>
Inventory	6 800	16 272
Long-term receivables	-	-
Short-term receivables	10 716	18 718
Financial assets	214	59
<b>Other assets</b>	<b>95</b>	<b>52</b>
<b>Liabilities and Equity</b>	<b>29 568</b>	<b>44 467</b>
<b>Equity</b>	<b>-1 226</b>	<b>3 219</b>
Registered capital	10 493	8 447
Capital funds	-	-
Legal reserve fund	-	-
Statutory and other funds	-	-
Retained profit (loss) of previous years	-15 349	-9 434
Profit (loss)	3 630	4 206
<b>Non-own liabilities</b>	<b>30 794</b>	<b>41 248</b>
Reserves	-	-
Long-term payables	-	-
Short-term payables	30 794	41 248
Bank loans	-	-
<b>Other liabilities</b>	<b>-</b>	<b>-</b>





## 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



# BRAND

## DELTACOL CZ s.r.o.

### Profit and Loss Statement as at 31st December 2004 (in thousands CZK)

	2003	2004
Revenues from goods sold	-	-
Cost on goods sold	-	-
<b>Sales margin</b>	-	-
Revenues from finished products and services	15 199	45 167
Change in inventory of own products	-	-
Capitalization	-	-
<b>Production (own products)</b>	<b>15 199</b>	<b>45 167</b>
Consumption of energy and material	5 998	19 108
Services	3 061	13 068
<b>Production consumption</b>	<b>9 059</b>	<b>32 176</b>
<b>Added value</b>	<b>6 140</b>	<b>12 991</b>
Personal expenses	1 743	1 443
Taxes and fees	1	4
Depreciations of intangible and tangible assets	2 034	1 676
Revenues from fixed assets and material sold	-	67
Net book value of fixed assets and material sold	-	15
Reversal of reserves and accruals	-	2 392
Other operating revenues	34	151
Other operating expenses	72	151
<b>Operating income</b>	<b>2 324</b>	<b>7 528</b>
<b>Income from financial operations</b>	<b>-543</b>	<b>-462</b>
<b>Extraordinary income</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) of current accounting period before taxation</b>	<b>1 781</b>	<b>7 066</b>
<b>Profit (loss) of current accounting period</b>	<b>1 781</b>	<b>6 412</b>





## Balance Sheet as at 31st December 2004

	2003	2004
<b>Assets</b>	<b>8 463</b>	<b>15 488</b>
<b>Fixed assets</b>	<b>2 327</b>	<b>1 149</b>
Long-term intangible assets	-	-
Long-term tangible assets	2 327	1 149
Long-term financial assets	-	-
<b>Current assets</b>	<b>6 104</b>	<b>14 315</b>
Inventory	3 080	2 959
Long-term receivables	-	-
Short-term receivables	2 653	6 311
Financial assets	371	5 045
<b>Other assets</b>	<b>32</b>	<b>24</b>
<b>Liabilities</b>	<b>8 463</b>	<b>15 488</b>
<b>Equity</b>	<b>-3 686</b>	<b>2 726</b>
Registered capital	100	100
Capital funds	-	-
Legal reserve fund	-	-
Statutory and other funds	-	-
Retained profit (loss) of previous years	-5 567	-3 786
Profit (loss)	1 781	6 412
<b>Non-own liabilities</b>	<b>12 149</b>	<b>12 760</b>
Reserves	-	2 392
Long-term payables	6 520	3 750
Short-term payables	5 629	6 618
Bank loans	-	-
<b>Other liabilities</b>	<b>-</b>	<b>2</b>



## I. Information on applied accounting methods, general accounting principles and methods of evaluation

1. Long-term tangible assets have been evaluated on the basis of depreciation plan. The accounting depreciation rates have been stated on the level with tax rates and the depreciation is straight line.
2. Long-term tangible and intangible assets have been evaluated by purchase prices. Inventory has been evaluated by actual prices which covers besides the costs of acquisition also custom duties, storage and transport charges.
3. Adjusting entries to long-term tangible assets, inventory and receivables have not been created in the period under consideration.
4. The company has been created the reserve for long-term assets repairs at the amount of 2 392 thousand CZK. This reserve state was as at 31st December 2004 2 392 thousand CZK.
5. The company used for currency conversion daily ČNB bank exchange rate. Assets and liabilities in foreign currency as at the balancing day have been recalculated according to the official ČNB bank exchange rate. Unrealized profits and losses are a part of the economic result.

## II. Receivables

Total trade receivables	6 309 thousand CZK
Thereof after maturity date	553 thousand CZK

## III. Payables

Total trade payables	5 715 thousand CZK
Thereof after maturity date	195 thousand CZK

