

Annual report

2005



Member of ČSOB Group

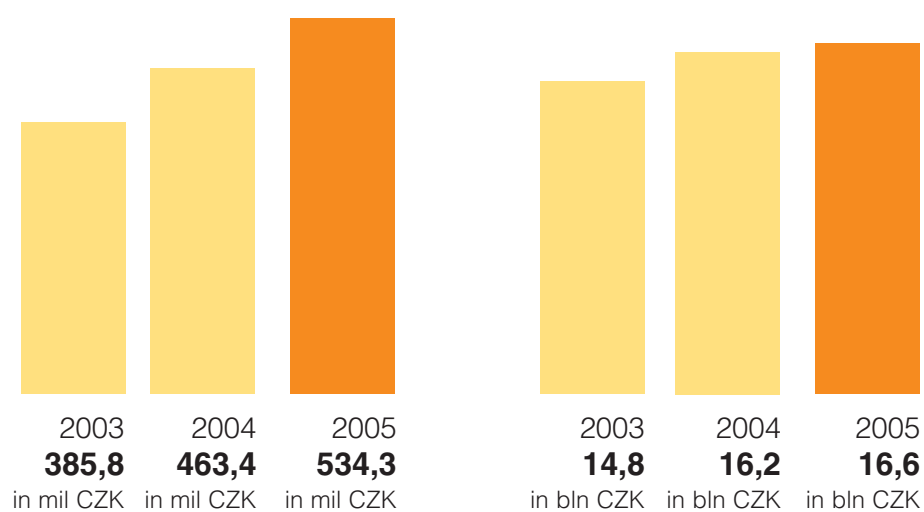
Financial Highlights

Turnover portfolio 2005

Branch	Per cent of turnover
Construction products	19%
Metal products and components	17%
Foodstuff and drinks	12%
Electrotechnic products	10%
Pharmaceutics and health care deliveries	9%
Sporting wear and toys	6%
Metal engineering products	6%
Services, advertising, printing	5%
Textile	3%
Glass, china	3%
Drugstore and cosmetics	3%
Computers	2%
Clothing and shoes	2%
Stationery and paper	2%
Wood and furniture	1%

Stockholders Equity

Turnover



Company

O.B.HELLER a.s.

O.B.HELLER a.s.

registered office Benešovská 2583/40, 101 00 Praha 10

tel.: 267 184 811 switchboard

267 184 805 commercial department

fax: 267 184 822

e-mail: obheller@obheller.cz

IČ 45794278

Registered in the bussines register kept by the Municipal court in Praha,
part B, enclosure 1647

www.obheller.cz

Shareholders

50 % Československá obchodní banka, a.s.

50 % NMB-Heller Holding N.V.

(since 16. 1. 2006 100 % Československá obchodní banka, a.s.)

The Board of Directors

Ing. Tomáš Morávek, Chairman, general Manager

Ing. Jiří Hofta, Director Client Division

Ing. Pavel Schweiner, Commercial Director, member until 4.10. 2005

Ing. Jindřich Horák, Commercial Director, member since 5.10. 2005

Supervisory Board

Ing. Petr Knapp, chairman

Joachim Ludwig Secker, vice-chairman

Ing. Ivan Kudeřík, member until 21. 4. 2005

Siegfried Olbort, member since 21. 4. 2005

Subsidiaries

OB HELLER Factoring a.s. (O.B.HELLER a.s. share 100 %)

Gagarinova 7/a

821 03 Bratislava 2

Slovakia

Phone: + 421 2 4820 8000

Fax: +421 2 4341 5590

www.obheller.sk

Eurincasso, s r.o. (O.B.HELLER a.s. share 100 %)

Benešovská 2538/40

Czech Republic

101 00 Praha 10, Vinohrady

Phone: 267 184 811

Fax: 267 184 890

www.eurincasso.cz

2005 Report of the Board of Directors

Economic Situation in the Czech Republic in 2005

The review of the 2005 economic development may be very short - an excellent year for the Czech economy. The very good results achieved in previous years were followed by a record growth in GDP, which reached 6% and exceeded by a large margin not only the EU average (1.6%), but also the relatively optimistic forecast from the beginning of the year. Of the new member states in the Central Europe Region, very similar results were achieved only by Slovakia, of course from a significantly lower base.

The most crucial factor having a highly positive impact on the economy's performance was foreign trade, in which the automotive industry had the major share. The new T CPA (Toyota Peugeot Citroën Automobile) automotive plant, opened in May 2005, added its capacity, which may reach 300,000 cars a year, to the traditional Škoda brand. Automotive manufacture attracts subcontractors and manufacturers of components and spare parts, and the Czech Republic thus joined the group of major European automotive manufacturers. This significant growth in foreign trade, based mainly on the automotive industry, compensated the effects of stagnating household spending (it recorded a minimum growth of 0.9%) and the reduced spending of the public sector (decrease of 0.2%).

The fast growth of the economy went hand-in-hand with internal and external macroeconomic stability, a situation which is not all that common. The year-to-year inflation was a mere 1.9%, and this together with the moderately strengthening crown led to interest rates being kept at a very low level.

The influx of foreign investments and good economic results were also reflected on the labour market, albeit not to a degree which would correspond to the record economic growth. Although the number of unemployed in absolute terms dropped below the half-million level, the unemployment rate showed a mild upturn towards the end of the year, reaching 8.9%.

The fast growing economy and the stable environment put competitive pressure on the banking industry and the sector of other financial services. Banks wanted their share in the results of the entrepreneurial sphere and were more willing to lend to boost its further growth. Thus they basically regained the ground which they, in past years lost to alternative financial products. This was also reflected on the factoring market. Firms which are members of the Czech Republic Association of Factoring Companies reported double-digit growth in turnover in previous years. Their 2005 results represent a significant slowdown, as the total turnover of receivables involved in factoring transactions reached CZK 83.818 billion. The mere 6.1% growth compared to 2004 basically means that for the first time since 1991 their market penetration, expressed as the ratio of factoring transactions to GDP, did not increase, as both indicators grew by approximately the same rate.

On the other hand it must be pointed out that the base on which the growth is measured has been steadily growing and that, because in the previous years factoring was in many cases a substitute for bank financing, last year's development may be considered more a return to the normal state. What's more, experience from other countries with a longer history of this product confirms that good economic results may in the short term reduce the use of alternative financing products. The overall trend in the factoring market was also reflected in the results of O.B.HELLER.

Company's Activities in 2005

Apart from the area of financial results, 2005 was an important year for O.B.HELLER as in the second half of the year the Company launched processes aimed at changes in the shareholder structure. This change was expected, was induced by previous movements in the ownership structures of the foreign shareholder, and its final stage took place in early 2006. During this process ČSOB confirmed its interest in increasing its share to 100%, and thus also the importance the bank ascribes to factoring as a significant alternative product which must not be absent from the portfolio of a large financial group. This step was a logical conclusion of the development of previous years, in which ČSOB's role in the development of society grew steadily. The Board of Directors anticipates that this fact will lead to simplified communication and significant strengthening of mutual cooperation, particularly in the area of commerce. The Board wishes to thank all foreign colleagues who assisted the Company's management, which since our founding in 1992 has been completely Czech, for transferring their experience in the factoring financing into a not always simple environment of the transforming domestic economy. There were many of them, they came from various countries and their contribution was, especially in the early years, absolutely essential. On behalf of all of them we will name at least the last representatives of the foreign shareholder on the Supervisory Board, Siegfried Olbort and Joachim Secker from Germany.

As far as financial indicators are concerned, it must be said that the Business and Financial Plan prepared in the second half of 2004 did not anticipate the major impact of the factoring market situation on the Company's turnover. For 2005 the Board of Directors planned an increase in turnover, from CZK 16.2 billion achieved in 2004 to CZK 18.9 billion. The Board also anticipated that after the increased expenses in previous years connected with the transition to a new information system, it will be possible to achieve faster growth in revenues compared to costs, even while continuously reducing the end prices and charges for clients. The Plan was relatively ambitious and the final result, a profit after tax of CZK 82.4 million, would have meant an almost 30% growth compared to 2004.

The financial results of a factoring company depend on the achieved turnover, therefore it became obvious during the year that the planned figures would not be achieved. Due to the above reasons, new business grew slower and we even lost several clients with a significant share in our overall turnover. The Company eventually closed 2005 with a turnover of ceded receivables of CZK 16,6 mld., which represented a growth over the previous year of 2.4% and a mild erosion of our market share. The lower turnover figure was partially compensated by lower costs than planned. The Company closed 2005 with a profit after tax of CZK 63.7 million, and the Board is of the opinion that in view of the trend in

the entire industry this is an exceptionally good result. The Board deems it as important that even in the increasingly more competitive environment the Company did not forget the principles of factoring financing and conducted its transactions in a professional and experienced manner with a healthy degree of risk, and as a result the development in this area was very favourable. The Board wishes to thank all the staff for the results achieved in the fiercely competitive environment of today's financial market. The Board will recommend that the shareholder leave the profit undistributed in the Company.

Also during 2005, the Board had to deal on an ongoing basis with the development of its Slovak subsidiary, OB HELLER Factoring a.s. In the first half of the year it seemed that the company would achieve its planned targets, formulated to allow overall stabilisation. However, towards the end of the year the company had to face the risky development of several clients. Fortunately, the situation did not have an immediate significant impact on the turnover or financial results, and the company closed 2005 with a profit after tax of SKK 14.7 million. It is anticipated, though that the follow-up measures and the complicated development on the Slovak market will be reflected in the company's 2006 results.

Our other subsidiary, Eurincasso, s.r.o., is a successful player on the collection services market and its development was stable. The company traditionally collects receivables especially for the parent company and its clients, but interest in its services has been growing outside this circle, mainly in the area of export receivables.

Company's Business Policy and Plans for 2006

Towards the end of the year the Company's Supervisory Board, still in the original composition, approved a Plan which on one hand takes into account the development on the factoring services market in 2005 and anticipates its continuation this year, and on the other hand, of course it takes into account closer interlinking with the local shareholder, with an expected positive impact in the field of new business. Therefore, the Board of Directors has set a target for the Company to achieve a planned turnover of CZK 18.3 billion in 2006.

In order to achieve this relatively demanding goal, it will be necessary to deal as quickly as possible with all the implications of the change in the shareholder structure and implement the necessary changes of a technical and organisational nature so that the Company may start reaping the benefits of belonging to one of the most powerful financial groups in the Czech Republic as soon as possible. The Board's objective is also to retain the present traditional corporate culture, a part of which is maximum focus on clients, understanding their needs and searching for methods to satisfy those needs.

Prague, April 3, 2006

Tomáš Morávek

Chairman of the Board of Directors and General Manager



Report of the Supervisory Board

During the financial year the Supervisory Board supervised the Company's business development on a continuing bases by means of verbal and written reports from the Board of Directors, discussed significant steps and transactions with the Board of Directors and assured itself as to the proper management of the Company. The book-keeping and the financial statements for the period from the 1st January to 31st December 2005, as well the Notes to the Czech Statutory Financial Statements, have been examined by the appointed auditors, KPMG Česká republika Audit, spol. s r.o. and have been approved without qualification.

The Supervisory Board accepted the Auditor's Report. It has itself examined the annual financial statements, the report of the Board of Directors on the business activities, the Board of Directors' proposal for distribution of the profit and the related parties report, and raised no objection to these. The Supervisory Board approves these documents and recommends them to the general meeting of shareholders for approval.

The Supervisory Board thanks all the members of staff for their work performed.

Prague, May 12, 2006

Ing. Petr Knapp
Chairman of the Board

Balance Sheet as at 31 December

(in TZCK)

ASSETS	2005	2004	2003
TOTAL ASSETS	5 874 282	5 599 610	5 478 053
Fixed assets	116 051	110 004	101 295
Intangible fixed assets	912	1 495	2 041
Software	912	1 495	2 041
Tangible fixed assets	9 069	10 554	13
Property, plant and equipment	9 069	10 554	13
Long-term investments	106 070	97 955	85 797
Investments in group undertakings	106 070	97 955	85 797
Current assets	5 755 954	5 486 797	5 375 110
Long-term receivables	13 826	9 209	4 646
Deferred tax asset	13 826	9 209	4 646
Short-term receivables	5 740 879	5 473 015	5 368 160
Trade receivables	5 727 808	5 471 488	5 364 824
Receivables - group undertakings	47	308	283
Tax receivables	12 297	-	-
Short-term advances paid	318	153	181
Estimated receivables	344	958	-
Other receivables	65	108	2 872
Short-term financial assets	1 249	4 573	2 304
Cash	329	400	204
Bank accounts	920	4 173	2 100
Deferrals	2 277	2 809	1 648
Prepaid expenses	2 227	2 809	1 432
Accrued revenues	50	-	216
LIABILITIES	2005	2004	2003
TOTAL LIABILITIES AND EQUITY	5 874 282	5 599 610	5 478 053
Equity	534 293	463 400	385 792
Registered capital	35 400	35 400	35 400
Capital contributions	58 215	50 678	40 555
Revaluation of assets and liabilities	58 215	50 678	40 555
Reserve funds, undistributable fund and other funds from profit	27 003	27 003	27 003
Statutory reserve fund / Undistributable fund	7 080	7 080	7 080
Statutory and other funds	19 923	19 923	19 923
Retained earnings	349 989	282 504	221 655
Retained profits	349 989	282 504	221 655
Profit (loss) for the current period (+/-)	63 686	67 815	61 179
Liabilities	5 339 989	5 136 210	5 092 046
Short-term liabilities	3 395 353	3 221 880	3 312 330
Trade payables	3 385 991	3 207 352	3 290 198
Liabilities - group undertakings	1 357	1 015	1 919
Payables to employees	1 782	1 538	1 555
Payables to social security and health insurance	1 606	1 632	1 417
Tax liabilities and subsidies	2 232	7 835	16 043
Short-term advances received	86	-	-
Estimated payables	2 299	2 478	1 198
Other payables	-	30	-
Bank loans and overdrafts	1 944 636	1 914 330	1 779 716
Short-term bank loans	1 693 636	1 643 330	1 479 716
Short-term financial liabilities	251 000	271 000	300 000
Accruals and deferrals	-	-	215
Accrued expenses	-	-	215

Profit and loss account as at 31 December

(in TCZK)

	2005	2004	2003
Revenue from goods	653	1 148	-
Cost of goods sold	1 696	1 868	-
Gross profit	- 1 043	- 720	-
Revenue from production	105 018	109 568	101 624
Revenue from own products and services	105 018	109 568	101 624
Cost of sales	22 799	21 709	18 663
Materials and consumables	2 770	2 558	2 278
Services	20 029	19 151	16 385
Added value	81 176	87 139	82 961
Personnel expenses	32 642	30 987	28 035
Wages and salaries	22 876	21 693	19 655
Social security and health insurance expenses	8 065	7 588	6 840
Social expenses	1 701	1 706	1 540
Taxes and charges	2 934	3 037	3 383
Depreciation of intangible and tangible fixed assets	5 203	5 066	3 954
Proceeds from disposals of fixed assets and raw material	654	216	300
Net book value of fixed assets and raw material sold	-	193	102
Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	18 759	25 000	37 081
Other operating revenues	10 919	14 375	3 589
Other operating expenses	17 402	1 735	570
Operating profit (loss)	15 809	35 712	13 725
Interest revenue	133 080	139 608	127 584
Interest expense	56 118	60 860	44 757
Other financial revenues	20 623	26 560	19 132
Other financial expenses	27 797	37 590	23 805
Profit (loss) from financial operations	69 788	67 718	78 154
Income tax on ordinary profit (loss)	21 911	35 615	30 700
-current	27 107	42 212	39 227
-deferred	- 5 196	- 6 597	- 8 527
Profit (loss) on ordinary activities after tax	63 686	67 815	61 179

Cash flow statement as at 31 December

(in TCZK)

	2005	2004	2003
Cash and cash equivalents, beginning of year	4 573	2 304	1 046
Net operating cash flow	-	-	-
Operating profit (loss) before tax	15 809	35 712	13 725
Non-cash transactions	39 742	30 043	40 837
Depreciation of fixed assets	5 203	5 066	3 954
Change in:	18 759	25 000	37 081
- provisions and adjustments relating to operating activity	18 759	25 000	37 081
Profit(-) Loss(+) on sale of fixed assets	- 654	- 23	- 198
Other non-cash transactions	16 434	-	-
Net operating cash flow before tax, changes in working capital and extraordinary items	55 551	65 755	54 562
Changes in working capital	- 111 160	- 216 635	- 345 664
Change in receivables from operating activities and deferrals	- 309 467	- 127 896	- 955 364
Change in short-term liabilities from operating activities and accruals	195 982	- 81 056	609 700
Change in inventories	2 325	- 7 683	-
Net operating cash flow before financial balances, tax and extraordinary items	- 55 609	- 150 880	- 291 102
Interest paid excluding amounts capitalised	- 56 118	- 60 860	- 44 757
Interest received	133 080	139 608	127 584
Income tax paid on ordinary income and income tax relating to prior periods	- 44 998	- 45 449	- 46 221
Other financial receipts and disbursement	- 7 174	- 10 805	- 4 673
Net operating cash flow	- 30 819	- 128 386	- 259 169
Acquisition of fixed assets	- 3 135	- 3 845	- 8 909
Acquisition of tangible fixed assets	- 3 135	- 1 734	- 7 229
Acquisition of intangible fixed assets	-	- 76	- 1 680
Acquisition of long-term investments	-	- 2 035	-
Proceeds from sales of fixed assets	654	216	300
Proceeds from sales of tangible and intangible fixed assets	654	216	300
Net cash flow from investment activity	- 2 481	-3 629	- 8 609
Change in long-term liabilities and bank loans	30 306	134 614	269 366
Increase and decrease in equity from cash transactions	- 330	- 330	- 330
Loss settlement from partners	- 330	- 330	-
Payments from funds created from net profit	-	-	- 330
Net cash flow from financial activity	29 976	134 284	269 036
Net increase or decrease in cash balance	- 3 324	2 269	1 258
Cash and cash equivalents, end of period	1 249	4 573	2 304

Notes to the Czech statutory financial statements

(non-consolidated)

Year ended 31 December 2005

(in thousands of Czech crowns "TCZK")

1. Description and principal activities

Establishment and description of the Company

O.B.HELLER a.s. ("the Company") was established on 18 June 1992. The principle business of the Company is factoring and providing of related services, e.g. keeping of debtors' subledger including the processing of reminders.

Ownership structure

The shareholders as at 31 December 2005 are:

Československá obchodní banka, a.s.	50 %
Heller Netherlands Holding B.V., The Netherlands	50 %

Registered office

O.B.HELLER a.s.
Benešovská 2538/40
101 00 Praha 10, Vinohrady
Czech Republic

Identification number

45794278

Members of the Board of Directors and Supervisory Board as at 31 December 2005

Members of the Board of Directors	Members of the Supervisory Board
Tomáš Morávek (Chairman)	Petr Knapp (Chairman)
Jiří Hofta (Vicechairman)	Joachim Ludwig Secker (Vicechairman)
Jindřich Horák	Siegfriedfried Olbort

Changes in the Commercial Register

In 2005, the Supervisory Board and the Board of Directors changed as follows:

- on 21 April 2005 the member of the Supervisory Board Mr. Ivan Kudeřík was recalled,
- on 21 April 2005 Mr. Siegfried Olbort was appointed a member of the Supervisory Board,
- on 4 October 2005 the member of the Board of Directors Mr. Pavel Schweiner was recalled,
- on 5 October 2005 Mr. Jindřich Horák was appointed a member of the Board of Directors.

These changes have been recorded in the Commercial Register as at the date of these financial statements.

Organisational structure

The Company has the following departments:

- management
- sales
- customer care
- financial analysis
- IT
- financial accounting
- factoring accounting

2. Significant accounting policies

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible fixed assets costing less than TCZK 40 and intangible fixed assets costing less than TCZK 60 are charged to the profit and loss account in the year that they were acquired.

Depreciation is provided using the following methods and over the periods stated:

Assets	Method	Period
Software	Straight-line	4 years
Machinery and equipment	Straight-line	4 years
Personal cars	Straight-line	4 years
Office equipment	Straight-line	6 years

Fixed assets (machinery and equipment) acquired in 2005 are depreciated over 3 years.

(b) Long-term investments

Long-term investments represent long-term investments in subsidiaries.

At the balance sheet date, the carrying value of investments in subsidiaries is determined using the equity method (the investor's share of equity of the investee) and changes in valuation are recorded in "Revaluation of assets and liabilities" in equity.

(c) Establishment of adjustments and provisions

Accounts receivable

The Company establishes adjustments to doubtful accounts based on an analysis of the credit status of its debtors. The Company also creates a general adjustment for general business risks from receivables for which no individual adjustment has been created.

Inventory

Adjustments to reduce the cost of inventory to net realisable value are established on the basis of specific identification.

(d) Foreign currency translation

For foreign currency translation in the area of factoring, the Company uses a fixed rate of exchange based on the Czech National Bank official rate for the first working day of the new accounting period. During the year, exchange gains and losses are only recognised when realised at the time of settlement.

At the balance sheet date, foreign currency monetary assets and liabilities are translated at the Czech National Bank official rates for that date. Unrealised foreign exchange gains and losses are recognised in the profit and loss account.

(e) Taxation

Corporate income tax on the profit for the year comprises current income tax and the change in deferred tax.

Current income tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate prescribed by the Income Tax Act, and any adjustment to the tax payable for previous years.

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes multiplied by the income tax rate prescribed by the Income Tax Act for the next period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which this asset can be utilized.

The Company charges for the change in deferred tax to profit and loss account except for changes relating to temporary differences that are charged to equity. In these cases the respective deferred tax is charged to equity.

(f) Liabilities, bank loans and financial liabilities

The Company classifies as short-term the part of long-term liabilities, bank loans and financial liabilities which is due within one year from the balance sheet date.

(g) Components of cash (as reported in the cash flow statement)

For the purposes of the cash flow statement, cash and cash equivalents are defined to include cash in hand, cash in transit, cash at the bank and other financial assets whose valuation can be reliably determined and which can be readily converted to cash.

(h) Accounting for factoring transactions

The Company accounts for receivables and payables arising from factoring transactions in such a way that payables relating to factored receivables are not compensated with short-term financial assistance provided to customers. Payables and receivables are presented using gross method, i.e. in the full (uncompensated) amount of payables in liabilities and in the full amount of receivables in assets.

3. Fixed assets

(a) Intangible fixed assets

	Software	Total
Acquisition cost		
Balance at 1.1.2005	5 323	5 323
Additions	-	-
Disposals	- 92	-92
Transfers	-	-
Balance at 31.12.2005	5 231	5 231
Accumulated depreciation		
Balance at 1.1.2005	3 828	3 828
Depreciation expense	583	583
Disposals	- 92	- 92
Transfers	-	-
Balance at 31.12.2005	4 319	4 319
Net book value 1.1.2005	1 495	1 495
Net book value 31.12.2005	912	912

(b) Tangible fixed assets

	Machinery and equipment	Motor vehicles	Total
Acquisition cost			
Balance at 1.1.2005	21 614	7 737	29 351
Additions	315	2 820	3 135
Disposals	- 1 340	- 2 591	- 3 931
Transfers	-	-	-
Balance at 31.12.2005	20 589	7 966	28 555
Accumulated depreciation			
Balance at 1.1.2005	14 344	4 453	18 797
Depreciation expense	2 825	1 795	4 620
Disposals	-1 340	- 2 591	- 3 931
Transfers	-	-	-
Balance at 31.12.2005	15 829	3 657	19 486
Net book value 1.1.2005	7 270	3 284	10 554
Net book value 31.12.2005	4 760	4 309	9 069

4 Low value tangible and intangible fixed assets

In accordance with the accounting policy described in note 2 (a) above, the Company has charged to the profit and loss account tangible and intangible fixed assets in the year that they were acquired. The cumulative acquisition cost of assets which were still in use was as follows:

	Balance at 31.12.		
	2005	2004	2003
Low-value tangible fixed assets	4 882	6 551	6 382
Low-value intangible fixed assets (software)	1 331	1 942	1 826
Total	6 213	8 493	8 208

5. Long-term investments

2005

Ownership interests							
	% ownership	Number of shares	Nominal value of shares SKK	Profit (+) loss (-) in 2005	Equity as at 31.12 2005	Acquisition cost (in TCZK)	Value of the share of equity (equity method valuation)
Eurincasso, s.r.o.	100%	-	-	10	1 291	1 000	1 291
OB HELLER							
Factoring a.s.	100%	300	100 000	10 836	104 779	28 471	104 779
Total						29 471	106 070

2004

Ownership interests							
	% ownership	Number of shares	Nominal value of shares SKK	Profit (+) loss (-) in 2005	Equity as at 31.12 2005	Acquisition cost (in TCZK)	Value of the share of equity (equity method valuation)
Eurincasso, s.r.o.	100%	-	-	33	1 281	1 000	1 281
OB HELLER							
Factoring a.s.	100%	300	100 000	15 679	96 674	28 471	96 674
Total						29 471	97 955

No dividends were received from long-term investments during the years 2004 and 2005.

The registered offices of subsidiaries are as follows:

Eurincasso, s.r.o.
Benešovská 2538/40
101 00 Praha 10, Vinohrady
Czech Republic

OB HELLER Factoring a.s.
Gagarinova 7/a
821 03 Bratislava 2
Slovakia

6. Inventories

Based on the stocktaking at 31 December 2005 the book value of inventories exceeded their net realisable value. Accordingly, an adjustment of TCZK 5 358 was recorded (2004 - TCZK 7 683).

7. Trade receivables and payables

(a) Short-term trade receivables total TCZK 5 920 133 (2004 - TCZK 5 642 729) of which TCZK 1 203 454 (2004 - TCZK 1 161 271) is overdue. An adjustment to doubtful accounts of TCZK 192 325 (2004- TCZK 171 241) has been set up at 31 December 2005 to adjust for receivables which may be uncollectible.

(b) Short-term trade accounts payable total TCZK 3 385 991 (2004 - TCZK 3 207 052). The Company's policy is generally to pay trade payables as they fall due, and accordingly there are no overdue accounts payable.

8. Adjustments

	Adjustments to inventory	Adjustments to receivables	Total
Balance at 1.1.2005	7 683	171 241	178 924
Additions	0	21 084	21 084
Change in adjustments	- 2 325	-	- 2 325
Balance at 31.12.2005	5 358	192 325	197 683

9. Share capital

	Registered capital	Share premium	Total
Balance at 1.1.2005			
100 registered shares at CZK 354 000 per share	35 400	-	35 400
Balance at 31.12.2005			
100 registered shares at CZK 354 000 per share	35 400	-	35 400

10. Changes in equity

(a) Movement in the individual components of equity:

	Registered capital	Profit (loss) for the current period	Retained earnings	Statut. reserve fund	Other Fund	Reval of assets and liab.	Total
Balance at 1.1.2005	35 400	67 815	282 504	7 080	19 923	50 678	463 400
Shares issued	-	-	-	-	-	-	-
Additions to funds	-	-	-	-	-	-	-
Reductions of funds	-	-	-	-	-	-	-
Bonuses to supervisory board members	-	- 330	-	-	-	-	- 330
Transfer of profit for 2004	-	- 67 485	67 485	-	-	-	-
Profit for 2005	-	63 686	-	-	-	-	63 686
Changes in valuation differences from revaluation (i)	-	-	-	-	-	7 537	7 537
Balance at 31.12.2005	35 400	63 686	349 989	7 080	19 923	58 215	534 293

(i) See Note 10 (c) for movements in detail

(b) Out of the current year profit to be approved, the following dividends and transfers to funds are planned:

Current year profit	63 686
Transfer to statutory reserve fund	-
Bonuses paid to supervisory board members	- 330
Profit to be added to retained earnings	63 356

(c) Movements in account "Revaluation of assets and liabilities":

Balance at 1.1.2005	50 678
Change in fair value of long-term financial investments	8 115
Change in deferred tax relating to the revaluation of financial investments	- 578
Balance at 31.12.2005	58 215

11. Bank loans

31 December 2005

	Due date	Interest rate	Balance at 31.12.2005	Due within 1 year
Overdraft	31.01.2006	3,40 %, 3,77%	169 138	169 138
Short-term loan	31.01.2006	2,40 %, 2,77%	1 524 498	1 524 498
Promissory notes program	09.01.2006	2,30 %	251 000	251 000
Total			1 944 636	1 944 636

31 December 2004

	Due date	Interest rate	Balance at 31.12.2005	Due within 1 year
Overdraft	31.01.2005	3,53%, 3,17%, 3,42%	117 006	117 006
Short-term loan	31.01.2005	2,88%, 2,52%, 2,77%	1 526 324	1 526 324
Promissory notes program	10.01.2005	2,78%	271 000	271 000
Total			1 914 330	1 914 330

In 2004, short-term loans of TCZK 543 744 were secured by a letter of guarantee provided by NMB Heller Holding N.V. The letter of guarantee provided by NMB Heller Holding N.V. expired as at 30 June 2005. All other loans in 2005 were provided without security. The loans were provided by a related party.

12. Related parties

(a) Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in note 7 above:

	Receivables at 31.12.			Payables at 31.12.		
	2005	2004	2003	2005	2004	2003
Eurincasso, s.r.o.	47	308	283	1 200	650	1 535
ČSOB, a.s.	-	-	133	79	113	54
Heller Netherlands Holding B.V	-	-	-	78	252	330
Total	47	308	416	1 357	1 015	1 919

(b) Sales and purchases

	Sales for year ended 31.12.			Purchases for year ended 31.12.		
	2005	2004	2003	2005	2004	2003
Eurincasso, s.r.o.	379	402	353	1 144	849	888
ČSOB, a.s.	-	75	975	35 722	30 284	21 851
OB HELLER Factoring, a.s.	-	4	403	-	-	-
Heller Netherlands Holding B.V	75	-	-	3 604	2 856	1 120
Total	454	481	1 731	40 470	33 989	23 859

(c) Remuneration and loans to members of the Board of Directors and Supervisory Board

	Board of Directors			Supervisory Board		
	2005	2004	2003	2005	2004	2003
Number of members	3	3	3	3	3	3
Fees paid	-	-	-	-	-	-
Bonuses paid to supervisory board members	-	-	-	330	330	330

Members of the Board of Directors and management use the Company's vehicles also for private purposes.

(d) Group relations

The Company has concluded no controlling agreement with its shareholders ČSOB, a.s. and Heller Netherlands Holding B.V. The report on relations between related parties is a part of the annual report.

13. Employees and executives

The average number of employees and executives and remuneration paid for the years ended 31 December 2005 and 31 December 2004 are as follows:

2005	Number of employees	Wages and salaries	Social security and health insurance expense	Social expenses
Employees	34	15 666	5 527	1 124
Executives	4	7 210	2 538	577
Total	38	22 876	8 065	1 701

2004	Number of employees	Wages and salaries	Social security and health insurance expense	Social expenses
Employees	34	14 485	5 051	1 127
Executives	4	7 208	2 537	579
Total	38	21 693	7 588	1 706

14. Payables for social security and health insurance

Payables from social security and health insurance total TCZK 1 606 (2004 - TCZK 1 632) of which TCZK 1 178 (2004 - TCZK 1 196) relates to social security including the contribution to supplementary pension scheme and TCZK 428 (2004 - TCZK 436) relates to health insurance. No social security and health insurance liabilities were overdue at the balance sheet date.

15. Tax liabilities

Tax liabilities amount to TCZK 2 232 (2004 - TCZK 7 835) of which TCZK 1 479 (2004 - TCZK 1 474) is value added tax. No tax liabilities were overdue at the balance sheet date.

16. Income tax

(a) Current tax

This comprises the current income tax for 2005 of TCZK 27 107 (2004 - TCZK 42 212).

(b) Deferred tax

Deferred tax assets and liabilities

	Assets			Liabilities			Net		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Tangible and intangible fixed assets	-	-	-	-464	-498	-655	-464	-498	-655
Long-term investment (charged to equity)	-	-	-	-18 384	-17 806	-15 771	-18 384	-17 806	-
Receivables	31 388	25 515	21 072	-	-	-	31 388	25 515	21 072
Inventories	1 286	1 998	-	-	-	-	1 286	1 998	-
Provisions	-	-	-	-	-	-	-	-	-
Deferred tax asset (liability)	32 674	27 513	21 072	-18 848	-18 304	-16 426	13 826	9 209	4 646

In accordance with the accounting policy described in 2 (e), a tax rate of 24% (2004 - 26%) was used to calculate deferred tax.

17. Components of cash (as reported in the cash flow statement)

For the purposes of the cash flow statement, cash and cash equivalents are defined to include cash on hand, cash in transit, cash at bank and other financial assets valuation of which can be reliably determined and which can be readily converted to cash. Cash and cash equivalents as at year end is as follows:

	Balance at 31.12		
	2005	2004	2003
Cash and cash equivalents	1 249	4 573	2 304

18. Subsequent event

Sale of the Company's shares

Shareholders of the Company agreed on the sale of 50% of the shares owned by Heller Netherlands Holding B.V. to the other shareholder - Československá obchodní banka, a.s.

Prague, March 8, 2006
Signature of statutory representative

Tomáš Morávek, Chairman of the Board of Directors

Report of the Board of Directors of O.B.HELLER a.s. on Relations between Related Entities

pursuant to the provisions of Section 66a
of Act No. 513/1991 Coll., the Commercial Code, as amended

1. Controlled entity

O.B.HELLER a. s.

Prague 10, Vinohrady, Post Code 101 00, Benešovská 2538/40

Identification No.: 45794278

Registered in the Commercial Register maintained by the Municipal Court of Prague,
Section B, File No. 1647 (hereinafter "O.B.HELLER")

2. Controlling entity

Československá obchodní banka, a. s.

Prague 1 - Nové Město, Post Code 115 20, Na Příkopě 854/14

Identification No.: 00001350

Registered in the Commercial Register maintained by the Municipal Court of Prague,
Section B XXXVI, File No. 46 (hereinafter, "ČSOB")

3. Reference period

This report describes the relations between the related entities pursuant to Section 66a of the Commercial Code for the latest accounting period, i.e. **for the period from 1 January 2005 to 31 December 2005.**(hereinafter the "Reference Period")

4. Relations between the related entities

The following relations took place in the Reference Period between O.B.HELLER and the entities mentioned below:

1. Československá obchodní banka, a.s.,
 Identification No.: 00001350,
 registered office: Prague 1, Na Příkopě 854/14

**Counter-performances based on the agreements concluded
 before the Reference Period:**

Contract title	Counter-performance	Detriment
Agreement on Factoring Transaction Risk Sharing	transaction risk sharing	not incurred
Agreement on the Authorization of Payment Orders Sent by Fax	banking service	not incurred
Financing Agreement	granted amount / credit	not incurred
Agreement on the Provision of Banking Services through OB MULTICASH	banking service	not incurred
Agreement on the Provision of Banking Services to Provide Electronic Administration of Assigned Claims through the Operator's VAN	banking service	not incurred
Agreement on the Provision of Banking Services Based on Electronic Data Interchange	banking service	not incurred
Agreement on the Provision of the EDIFACT Electronic Payment System	service - system of payment	not incurred
Agreement on the Provision of Unidirectional Real Cashpooling	banking service	not incurred
Agreement on the Hire of a Safe Deposit Box	service - hire	not incurred
Agreement on the Closing and Settlement of Exchange Transactions	purchase / sale of currency	not incurred
Agreement on the Provision of the Bill of Exchange Scheme	trading of bills of exchange	not incurred
Annex to the Agreement on the Provision of the Bill of Exchange Scheme	trading of bills of exchange	not incurred
Mandate Contract	contractual fees	not incurred
Agreements on Current Account General Agreement	service with account keeping	not incurred
on Foreign Exchange Transactions	purchase / sale of currency	not incurred
Agreement on Granting Credits	granted amount / credit	not incurred
Co-operation Agreement - Employees' Benefits	employees' benefits	not incurred
Agreement on Deposit Accounts with Fixed Term Deposits	setting up deposits	not incurred

Agreements concluded in the Reference Period:

Title of agreement	Counter-performance	Detriment
Annex to the Agreement on the Provision of Banking Services Based on Electronic Data Interchange	banking services	not incurred
Agreements on Current Account	service with account keeping	not incurred
Annex to the Agreement on Current Account	service with account keeping	not incurred
General Agreement on Exchange Dealings	purchase / sale of currency	not incurred
Credit Agreement No. 0909/05/06085	granted amount / credit	not incurred
Credit Agreement No. 0910/05/06085	granted amount / credit	not incurred
Termination of the Agreement on the Provision of Service of ČSOB Electronic Payment System - ČSOB EDIFACT 2		not incurred
Agreement on Factoring Transaction Risk Sharing	transaction risk sharing	not incurred
Co-operation Agreement - Employees' Benefits	employees' benefits	not incurred
Annex to the Agreement on the Provision of the Bill of Exchange Scheme	trading of bills of exchange	not incurred
Annex to the Agreement on the Provision of Unidirectional Real Cashpooling	banking service	not incurred

Other legal acts:

Legal Act	Counter-performance
Due dilligent performed	

2. Heller Netherlands Holding B.V.,
Runnenburg 30, 3981 AZ Bunnik, The Netherlands

Counter-performances based on the agreements concluded
before the Reference Period:

Title of agreement	Counter-performance	Detriment
Agreement on Factoring Transaction Risk Sharing	transaction risk sharing	not incurred
Non-exclusive Software Licence Agreement	software licence	not incurred

Agreements concluded in the Reference Period:

Title of agreement	Counter-performance	Detriment
Annex to the Agreement on Factoring Transaction Risk Sharing	transaction risk sharing	not incurred
Termination of the Agreement on Factoring Transaction Risk Sharing		- not incurred

3. Eurincasso, s.r.o., Identification No.: 61251950,
registered office: Prague 10, Vinohrady,
Benešovská 2538/40

Counter-performances based on the agreements concluded
before the Reference Period:

Title of agreement	Counter-performance	Detriment
Mandate Contract	service - debt collection	not incurred
Agreement on the Provision of Services in Bookkeeping	contractual fee	not incurred
Agreement on Lease of Non-residential Space	contractual rent	not incurred
Loan Contracts	granted amount	not incurred

Agreements concluded in the Reference Period:

Title of agreement	Counter-performance	Detriment
Annex to the Loan Contract	granted amount	not incurred

4. OB HELLER Factoring a.s.,
Identification No.: 35710063,
registered office: Bratislava, Gagarinova 7/a

Counter-performances based on the agreements concluded
before the Reference Period:

Title of agreement	Counter-performance	Detriment
Agreement on Factoring Transaction Risk Sharing	contractual fee	not incurred

Agreements concluded in the Reference Period:

Title of agreement	Counter-performance	Detriment
Termination of the Agreement on Factoring Transaction Risk Sharing		not incurred

5. ČSOB Pojišťovna, a.s. člen holdingu ČSOB,
Identification No.: 45534306,
registered office: Pardubice - Zelené předměstí,
Masarykovo náměstí 1458

Counter-performances based on the agreements concluded
before the Reference Period:

Title of agreement	Counter-performance	Detriment
Insurance policy - motor third-party liability insurance	insurance	not incurred
Insurance policy - motor hull insurance	insurance	not incurred
Agreement on settlement of contributions on life assurance for group of employees' insured by ČSOB Pojišťovna a.s.	insurance	not incurred

Agreements concluded in the Reference Period:

Title of agreement	Counter-performance	Detriment
Insurance policy - motor third-party liability insurance	insurance	not incurred
Insurance policy - motor hull insurance	insurance	not incurred
Insurance policy - property insurance	insurance	not incurred
Agreement on co-operation (providing benefits in ČSOB Group)	insurance	not incurred

6. ČSOB Penzijní fond Stabilita, a.s.,
člen skupiny ČSOB, Identification No.:61859265,
registered office: Prague 1, Perlová 371/5

Agreements concluded in the Reference Period:

Title of agreement	Counter-performance	Detriment
Agreement on co-operation (providing benefits in ČSOB Group)	pension insurance	not incurred

7. ČSOB Penzijní fond Progres, a.s.,
člen skupiny ČSOB, Identification No.:60917776,
registered office: Prague 1, Perlová 371/5

Agreements concluded in the Reference Period:

Title of agreement	Counter-performance	Detriment
Agreement on co-operation (providing benefits in ČSOB Group)	pension insurance	not incurred

In addition to the above-mentioned relations, the related entities provided between themselves public domain information and/or - by way of law - information required to meet the obligations stipulated by law.

5. Conclusion

The Board of Directors of O.B.HELLER hereby states that it has taken the care of a good manager when ascertaining the group of related entities for the purposes of this Report, in particular by asking the entity controlling O.B.HELLER about the group of entities controlled by this entity.

The Board of Directors of O.B.HELLER believes that the pecuniary performances and counter-performances in the relations between the related entities mentioned herein have been effected at prices customary in business transactions in relation to other non-related entities, that no advantages or disadvantages have been provided and that no detriment has resulted for the controlled entities mentioned herein.

Prague, March 8, 2006

O.B.HELLER

.....
Ing. Tomáš Morávek,
Chairman of the Board of Directors and General Director of O.B.HELLER

.....
Ing. Jiří Hofta,
vice-chairman of the Board of Directors of O.B.HELLER

.....
Ing. Jindřich Horák,
member of the Board of Directors of O.B.HELLER

Auditor's report



KPMG Česká republika Audit, s.r.o.
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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Auditor's report to the shareholder of O.B.HELLER a.s.

On the basis of our audit, on 8 March 2006 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of O.B.HELLER a.s. for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

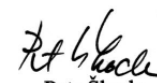
In our opinion, the financial statements present, in all material respects, a true and fair view of the assets, liabilities, equity and financial position of O.B.HELLER a.s. as of 31 December 2005 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

We have reviewed other financial information in the annual report for consistency with the audited financial statements. In our opinion, the information is consistent in all material respects with the audited financial statements.

The management of the Company is responsible for the completeness and accuracy of the report on relations between related parties. Our responsibility is to review the accuracy of the information included in the report. During our review nothing came to our attention that would cause us to believe that the information contained in the report is materially inaccurate.

Prague
12 May 2006


KPMG Česká republika Audit, s.r.o.
Licence number 71


Petr Škoda
Partner
Licence number 1842

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

Obchodní rejstřík vedený
Městským soudem v Praze
oddíl C, vložka 24185.
IČ 49619187
DIČ CZ49619187

Živnostenská banka
Praha 1
č.ú./account no.
468016004/0400