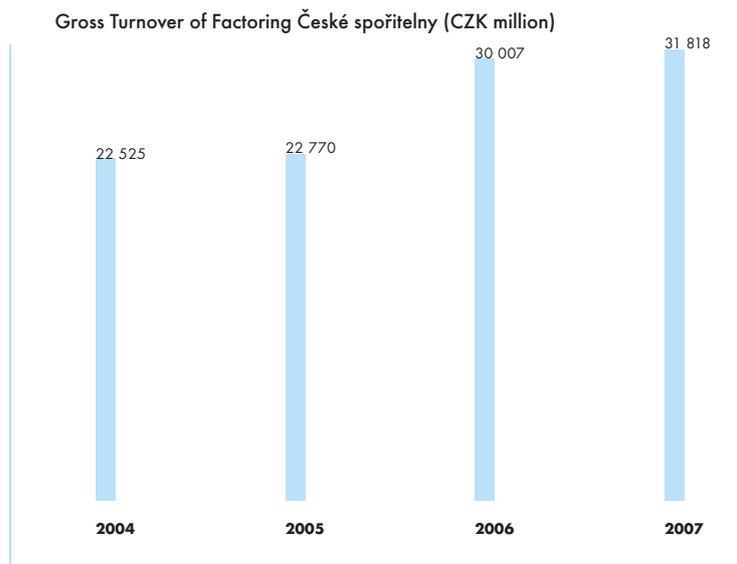


FACTORING ČESKÉ SPOŘITELNY

Annual report 2007

Key Figures



- The gross turnover of Factoring České spořitelny in 2007 increased by 6 % reaching almost CZK 32 billion.
- Factoring České spořitelny is one of the largest factoring companies in the Czech Republic with the market share of 23,6 %.

Content

<	Key Figures
2	Chairman's Statement
4	Company Profile
4	Development of the Key Economic Indicators
5	Directors and Officers
5	Organizational Chart of the Company
6	Company Management Report
8	Report of the Supervisory Board
9	Financial Section
9	Auditor's Report Year ended 31 December 2007
11	Balance Sheet as of 31 December 2007
13	Off Balance Sheet Accounts as of 31 December 2007
14	Profit and Loss Account Year ended 31 December 2007
15	Cash Flow Statement Year ended 31 December 2007
16	Changes in Shareholders' Equity
17	Notes to the Financial Statements Year ended 31 December 2007
36	Report on Relations

Chairman's Statement



Lubomir Civin

Dear Shareholders, Business Partners and Colleagues,

On behalf of the Board of Directors, let me present here the company annual report for the year 2007. I can proudly declare **that it was yet another successful year for our company**, in which we succeeded in meeting all key plans of the company annual budget. **In 2007, the company gross turnover reached record CZK 31,8 billion, securing the first place in the Czech factoring market with the market share of 23,6%.**

We continued in our efforts to strengthen the relationship with our parent bank and its business network and to enter new client segments, namely great corporations and we also successfully provided financing for a number of domestic, medium-sized and small companies, thus supporting their growth in the context of progressing Czech economy. **According to Czech accounting standards, the company profit reached CZK 29,7 million**, which also resulted in accomplishing satisfactory figures in efficiency and rentability of the company management.

2007 was a year marked by implementation of gradual steps taken towards more offensive strategy in the company development. This was based on the transformation of risk management into a complex system of work focusing on the most effective elimination of credit and operational risks of the company. This change enabled us to emphasise target efficiency and business growth. As a result, the company managed to extent the volume of financing in effective product groups, in addition to standard receivables namely in international factoring, as well as financing of other client assets. The company business results also reflect successful targeting at efficient securing of currency risks connected with the growth in foreign currencies exposition.

The implementation of other products and processes based on new technologies, predominantly information technologies and internet communication, brought about the innovation of our product portfolio and its more significant focus on supplementary added value of services available to our clients. Thus our services offer more efficient financial management to our clients and consequently opportunities for improvement of their business performance. Active work with the portfolio of assigned receivables significantly shortens average maturity dates of final encashment saving client expenses connected with financing, as well as it lowers the credit risk, improves cash-flow management and stabilizes working capital of most of our clients.

The company's good business results provide for dividend payment to our shareholder, securing of resources for increase of salary and living standards of our employees and contributions to the company's social funds. This way we are successful in carrying out our duties towards all groups involved in the company growth: clients, shareholders and employees.

With regard to social responsibility, our company also successfully participated in charity projects organised by the Financial Group of Česká spořitelna called **Charity Days (Dny pro charitu)**. Continuing our efforts from the previous years, we provided support for clients of the **PALATA Home for the blind and visually impaired in Prague**.

All the above mentioned reasons **enable us to proclaim 2007 a year of success and a great foundation** for further growth of the company.

Finally, I would like to thank to all our business partners, representatives of our sole shareholder, other colleagues within the Financial Group of Česká spořitelna and Erste Bank, as well as to all our employees, who participated in securing the company's accomplishments and wish them a lot of success both in their professional and personal lives for the future.



Lubomír Cívín
Chairman of the Board of Directors

Company profile

Factoring České spořitelny, a.s. was originally established in November 1995 as CS Factoring s.r.o. In 1997, the company transformed into a joint stock company with Česká spořitelna obtaining a ten percent share. On June 20, 2001, Česká spořitelna bought up the remaining shares and became the sole shareholder of the company.

The company's registered office is at Pobřežní 46, Prague 8

The company's registered capital is CZK 84 million.

The company's business activities focus on **domestic, export and import factoring** as well as administration of receivables in a wide range of commodities, namely corporate clientele in the areas of consumer goods industry, food processing industry, business chains suppliers, chemical industry, metallurgy and others.

The year 2007 was marked by a moderate growth in the factoring market in the Czech Republic, which helped Factoring

České spořitelny to secure its market share. With the near 24 percent market share the company again ranked **first in the factoring market in the Czech Republic.**

In the course of 2007, the company pursued several primary objectives:

- Securing the leading position in the market.
- Transformation of the risk management concept into a complex system focusing on the highest possible elimination or credit and operational risks.
- Further development of business activities, especially more intensive co-operation with the parent bank and development of the company's internal and external sales network.

As one of the elementary preconditions for its further successful development, the company values close co-operation with the parent bank, risk diversification, consistent ensuring of receivables as well as maintaining high standard of services provided to the clients of Factoring České spořitelny.

Development of the key economic indicators

	2004	2005	2006	2007
Assets from client claim financing	5,900,753	5,317,174	6,986,755	6,877,961
Registered capital	84,000	84,000	84,000	84,000
Owner's equity	109,392	111,779	136,115	138,111
Added value	62,403	57,345	65,175	57,510
Income before accounting and reserve and rectifying items generation	22,360	27,873	49,987	55,946
Income per accounting period	15,960	5,632	21,281	29,714

Directors and Officers

DIRECTORS AND OFFICERS AS AT 31ST DECEMBER 2007

Board of Directors

- Lubomír Cívín, Chairman
- Radmila Jakubová, Vice-chairman

Supervisory Board

- Heinz Knotzer, Chairman
- Karel Mourek, Vice-chairman
- David Marek, Member

Organizational Chart of the Company

Supervisory Board



Company Management Report

The management of the Factoring České spořitelny company considers 2007 a year of success. As a stable and secure part of the Financial Group of Česká spořitelna, the company's recent years have been marked by steady and dynamic growth and efficient business results. All this places the company among the top companies on the market, according to indicators such as turnover, market share and position and qualitative output parameters reflecting economic efficiency and rentability.

The rapid growth of factoring as a modern and flexible financial product on the Czech market responds to **positive macroeconomic impulses resulting from dynamic growth of Czech economy.** The year 2007 recorded a significant increase in the demand for this financial product, which brought about positive impulses for dynamic growth on the factoring market in the Czech Republic, as well as in other Central European countries. This trend proved beneficial for Factoring České spořitelny and its subsidiaries in Slovakia and Croatia.

Increase in demand resulted in increased supply, and, as a result, the relatively small Czech factoring market **experienced growth** in competition in 2007. In response, the company management had to take both strategic and operational measures.

In 2007, Factoring České spořitelny pursued its redefined strategic policy set in 2006. **This policy focuses mainly on securing the first place on the Czech factoring market,** a position held by the company since 2004. The company's turnover in 2007 of CZK 31.8 billion and a market share of 23,6% are the indicators of market leadership proving a significant success of the company's strategic management.

Implementation of new measures together with everyday management brought about new steps taken towards creating favourable conditions for a more offensive developmental strategy. As the company's top priority in 2007, the management proclaimed **a transformation of a risk management concept** into a compact system focusing on the highest possible elimination of credit and operational risks. This change eventually allowed a more intensive focus on business development and final efficiency of economic results. This led to growth in financing in efficient product groups, namely international factoring, and financing of other client assets, in

addition to standard client assets. **As a result, the company profit according to Czech accounting standards amounted to CZK 29,7 billion.** Thus the company reached satisfactory economic values of efficiency and rentability. The business results in 2007 provided for dividend payment to the company's sole share holder, funds provision securing growth in salary and living conditions of employees as well as contributions to the company's social funds.

In 2007, the company management put great emphasis **on the development of business activities,** namely more intensive cooperation with the parent bank, enlargement of the sales network and new marketing measures. Factoring České spořitelny also promoted enlargement of the external sales network focusing on small and middle size companies. This policy stabilised and diversified the company's position on the market in the big size companies segment and widened international business cooperation, which led to significant growth in import/export factoring turnover and asset based lending turnover.

The implementation of new products and processes in the area of information technologies and internet communication enabled innovation of client services. Client services of Factoring České spořitelny now provide for better quality of clients' financial management and consequently potential increase of output parameters.

The Risk Management Section played an important role in the developmental policy of the company and its consolidation within the Financial Group of Česká spořitelna. Standardization and coordinating of methodology and operating procedures, as well as more efficient use of information technologies enabled further improvement of this crucial aspect of factoring business operations. In the long run, improvements in the risk management sector resulting in more efficient prevention, enforcement and restructuring already positively influence economic results of the company.

Operational Sections of the company were in charge of standard business operations and providing client services according to the specifics of respective factoring products as well as they focused on the implementation on a new information system.

Active work with the portfolio of assigned claims significantly shortened average maturity of final payment, thus lowering credit exposure risks, saving financial costs, improving cash flow management and securing stability of operating capital of the clients.

The newly created **Competence Section** significantly contributed to the development and implementation of a new information system and new products and it also assisted in employee training required for working with the new information systems and products. By doing so, the section meets its important role in the process of intensifying technological and product development of the company. In addition to these tasks, the section is responsible for providing methodological support to foreign subsidiaries regarding development, customization, modification and implementation of software factoring systems as well as operational and product development, as a part of a strategic plan for further international development of the company.

The Financial Section's primary task in 2007 was restructuring and centralization of accounting operations. This challenging task presented a necessity to solve a number of methodological, operational and organizational issues and these were dealt with successfully. Among further tasks to solve remain improvements in the financial management of the company focusing on optimization of financial flows and securing stable liquidity. Business results were positively influenced by shift towards securing currency risks connected with growth in foreign currencies exposures.

The Information Technologies Section represented a crucial constituent in the company's successful operations. It also functioned as an important element in the dynamic development of the company influencing innovation processes and growth in labour productivity. Efficient stabilization of human resources resulted in improvements in technical infrastructure and safer data processing.

2007 was marked by significant changes resulting from centralisation of selected activities within the Financial Group of Česká spořitelna. Some activities, namely financial accounting, controlling, acquisition, marketing and human resources are now provided by respective divisions of Česká spořitelna.

The objective of these measures is to utilize positive effects of these changes.

With regard to business results achieved in 2007, Factoring České spořitelny intends to sustain its position on the factoring market in the Czech Republic. The results of cooperation of the whole team, management and respective representatives of the share holder which brought about the success in 2007 are a good base for optimistic expectations for the next years.

Report of the Supervisory Board

In the financial year 2007, the Supervisory Board of Factoring České spořitelny, a. s. was carrying out its tasks stipulated by the law and the Statutes of the company. As a controlling body, the Supervisory Board looked over the performance of the Board of Directors, progress of business activities and the management of the company. The Supervisory Board was informed on a regular basis about the business activities of the company, its financial situation and other significant factors.

The Supervisory Board has revised the financial statements of the company as to 31/12/2007 and has come to the conclusion that the accounting records and books were kept in a conclusive manner and in accordance with the accounting rules and that the financial statements reflect a real situation of Factoring České spořitelny, a. s. as to 31/12/2007.

The financial statements were audited by Deloitte s. r. o. which proved that the financial statements of Factoring České spořitelny, a. s. represent in all relevant aspects the real state of assets, liabilities and owners equity of Factoring České spořitelny, a. s. as to December 31, 2007 and the income from

operations for 2007 in accordance with the Accounting Act and the applicable rules of the Czech Republic with reservations as to eventual modifications which it would find essential if it were possible to verify certain facts.

The Supervisory Board acknowledges the auditor's opinion.

Against this background, the Supervisory Board recommends the Shareholders Meeting to approve the financial statements of Factoring České spořitelny, a. s. as to 31/12/2007.

Furthermore the Supervisory Board recommends to the Shareholders Meeting to approve the way of distribution of the profit 2007 as suggested by the Board of Directors.

The Supervisory Board discussed and approved the Report on relations between connected parties under section 66a (9) of the Commercial Code.

The Supervisory Board discussed and approved the payment of annual bonuses of 2007 to members of Board of directors.

In Prague, 17th March 2008



Heinz Knotzer
Chairman of the Supervisory Board

Independent Auditor's Report

to the Shareholders of Factoring České spořitelny, a. s.

Having its registered office at: Pobřežní 46, 186 00 Praha 8
Identification number: 25629352
Principal activities: Provision of factoring and forfaiting

Report on the Financial Statements

Based upon our audit, we issued the following audit report dated 29 February 2007 on the financial statements which are included in this annual report on pages 11 to 35:

“We have audited the accompanying financial statements of Factoring České spořitelny, a. s., which comprise the balance sheet as of 31 December 2007, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Factoring České spořitelny, a. s. of 31 December 2007, and of its financial performance and cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.”

Report on the Related Party Transactions Report

We have also reviewed the factual accuracy of the information included in the related party transactions report of Factoring České spořitelny, a. s. for the year ended 31 December 2007 which is included in this annual report on pages 36 to 42. This related party transactions report is the responsibility of the Company’s Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Factoring České spořitelny, a. s. for the year ended 31 December 2007 contains material factual misstatements.

Report on the Annual Report

We have also audited the annual report for consistency with the financial statements referred to above. This annual report is the responsibility of the Company’s Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report is consistent, in all material respects, with the financial statements referred to above.

In Prague on 30 May 2008

Audit firm:

Deloitte Audit s. r. o., Certificate no. 79



Represented by:

Marie Kučerová, authorised employee



Statutory auditor:

Marie Kučerová, certificate no. 1207



Balance Sheet

as of 31 December 2007

CZK thousand

	31. 12. 2007			31. 12. 2006
	Gross	Adjustment	Net	Net
TOTAL ASSETS	7,110,930	95,213	7,015,717	7,092,692
B. Fixed assets	31,061	21,302	9,759	20,654
B.I. Intangible fixed assets	9,823	4,966	4,857	2,542
B.I.3. Software	8,753	4,889	3,864	1,563
B.I.4. Valuable rights	682	77	605	
B.I.7. Intangible fixed assets under construction	388		388	979
B.II. Tangible fixed assets	18,171	13,723	4,448	5,509
B.II.2. Structures	439	297	142	200
B.II.3. Individual movable assets and sets of movable assets	17,732	13,426	4,306	4,565
B.II.7. Tangible fixed assets under construction				402
B.II.8. Prepayments for tangible fixed assets				342
B.III. Non-current financial assets	3,067	2,613	454	12,603
B.III.3. Other securities and investments	3,067	2,613	454	12,603
C. Current assets	7,076,167	73,911	7,002,256	7,070,035
C.I. Inventories	211		211	
C.I.5. Goods	211		211	
C.II. Long-term receivables	12,759		12,759	13,482
C.II.7. Other receivables				542
C.II.8. Deferred tax asset	12,759		12,759	12,940
C.III. Short-term receivables	6,953,753	73,911	6,879,842	6,988,181
C.III.1. Trade receivables	6,951,872	73,911	6,877,961	6,986,755
C.III.6. State – tax receivables	507		507	405
C.III.7. Short-term prepayments made	571		571	943
C.III.9. Other receivables	803		803	78
C.IV. Current financial assets	109,444		109,444	68,372
C.IV.1. Cash on hand	77		77	12,146
C.IV.2. Cash at bank	109,367		109,367	56,226
D. I. Other assets	3,702		3,702	2,003
D.I.1. Deferred expenses	3,702		3,702	1,931
D.I.3. Accrued income				72

CZK thousand

	31. 12. 2007	31. 12. 2006
TOTAL LIABILITIES & EQUITY	7,015,717	7,092,692
A. Equity	138,111	136,115
A.I. Share capital	84,000	84,000
A.I.1. Share capital	84,000	84,000
A.II. Capital funds	129	7,310
A.II.3. Gains or losses from the revaluation of assets and liabilities	129	7,310
A.III. Statutory funds	5,147	4,063
A.III.1. Statutory reserve fund / Indivisible fund	4,950	3,886
A.III.2. Statutory and other funds	197	177
A.IV. Retained earnings	19,121	19,461
A.IV.1. Accumulated profits brought forward	19,121	19,461
A.V. Profit or loss for the current period (+/-)	29,714	21,281
B. Liabilities	6,876,574	6,954,457
B.I. Reserves		9365
B.I.4. Other reserves		9365
B.III. Short-term liabilities	4,025,076	4,188,107
B.III.1. Trade payables	4,003,185	4,178,825
B.III.5. Payables to employees	1,147	945
B.III.6. Social security and health insurance payables	684	599
B.III.7. State-tax payables and subsidies	3,291	2,317
B.III.10. Estimated payables	16,769	5,404
B.III.11. Other payables		17
B.IV. Bank loans and borrowings	2,851,498	2,756,985
B.IV.2. Short-term bank loans	2,851,498	2,756,985
C. I. Other liabilities	1,032	2,120
C.I.1. Accrued expenses		1,073
C.I.2. Deferred income	1,032	1,047

Off Balance Sheet Accounts

as of 31 December 2007

CZK thousand	31. 12. 2007	31. 12. 2006
1. Amounts due from term transactions	23,699	
2. Amounts owed from term transactions	23,501	

Profit and Loss Account

as of 31 December 2007

CZK thousand

	31. 12. 2007	31. 12. 2006
II. Production	83,930	90,674
II.1. Sales of own products and services	83,930	90,674
B. Purchased consumables and services	26,420	25,499
B.1. Consumed material and energy	1,384	845
B.2. Services	25,036	24,654
+ Added value	57,510	65,175
C. Staff costs	43,294	30,460
C.1. Payroll costs	30,515	22,234
C.2. Remuneration to members of statutory bodies	70	
C.3. Social security and health insurance costs	12,136	7,712
C.4. Social costs	573	514
D. Taxes and charges	787	2,185
E. Depreciation of intangible and tangible fixed assets	3,227	4,104
III. Sales of fixed assets and material	164	496
III.1. Sales of fixed assets	164	496
F. Net book value of fixed assets and material sold	3	1,562
F.1. Net book value of sold fixed assets	3	1,562
G. Change in reserves and provisions relating to operating activities and complex deferred expenses	-26,232	28,706
IV. Other operating income	4,359	12,144
H. Other operating expenses	39,843	9,904
* Operating profit or loss	1,111	894
VI. Proceeds from the sale of securities and investments		10,213
J. Cost of securities and investments sold		9,545
L. Costs of the revaluation of securities and derivatives	2,481	
X. Interest income	132,683	114,989
N. Interest expenses	92,776	73,714
XI. Other financial income	130,509	189,820
O. Other financial expenses	123,644	204,215
* Financial profit or loss	44,291	27,548
Q. Income tax on ordinary activities	15,688	7,161
Q 1. – due	13,231	14,374
Q 2. – deferred	2,457	-7,213
** Profit or loss from ordinary activities	29,714	21,281
*** Profit or loss for the current period (+/-)	29,714	21,281
**** Profit or loss before tax	45,402	28,442

Cash Flow Statement

Year ended 31 December 2007

CZK thousand

	31. 12. 2007	31. 12. 2006
P. Opening balance of cash and cash equivalents	68,372	12,993
Cash flows from ordinary activities		
Z. Profit or loss from ordinary activities before tax	45,402	28,442
A.1. Adjustments for non-cash transactions	-33,797	-60,331
A.1.1. Depreciation of fixed assets	3,227	4,104
A.1.2. Change in provisions and reserves	-23,619	-24,226
A.1.3. Profit/(loss) on the sale of fixed assets	-161	1,066
A.1.5. Interest expense and interest income	-39,907	-41,275
A.1.6. Adjustments for other non-cash transactions	26,663	
A.* Net operating cash flow before changes in working capital	11,605	-31,889
A.2. Change in working capital	-68,193	-536,521
A.2.1. Change in operating receivables and other assets	97,597	-1,708,659
A.2.2. Change in operating payables and other liabilities	-165,579	1,172,138
A.2.3. Change in inventories	-211	
A.** Net cash flow from operations before tax and extraordinary items	-56,589	-568,410
A.3. Interest paid	-92,776	-73,714
A.4. Interest received	132,683	114,989
A.5. Income tax paid from ordinary operations	-11,771	-10,690
A.*** Net operating cash flows	-28,453	-537,825
Cash flows from investing activities		
B.1. Fixed assets expenditures	-4,615	-3,869
B.2. Proceeds from fixed assets sold	164	496
B.*** Net investment cash flows	-4,451	-3,373
Cash flow from financial activities		
C.1. Change in payables from financing	93,976	596,577
C.2. Impact of changes in equity	-20,000	
C.2.6. Dividends paid	-20,000	
C.*** Net financial cash flows	73,976	596,577
F. Net increase or decrease in cash and cash equivalents	41,072	55,379
R. Closing balance of cash and cash equivalents	109,444	68,372

Changes in Shareholders' Equity

for the Year Ended 31 December 2007

CZK thousand	Share capital	Capital funds	Statutory funds	Accumulated profits brought forward	Profit or loss for the current period	Total Equity
Balance at 31 December 2005	84,000	3,868	3,634	14,645	5,632	111,779
Distribution of profit or loss			816	4,816	-5,632	
Payments from other funds						-387
Gains and losses from revaluation of investment		3,442				3,442
Profit or loss for the current period					21,281	21,281
Balance at 31 December 2006	84,000	7,310	4,063	19,461	21,281	136,115
Distribution of profit or loss			1,621	-340	-1,281	
Payments from other funds (social fund)			-537			-537
Dividends paid					-20,000	-20,000
Gains and losses from revaluation of investment and hedging derivatives		-7,181				-7,181
Profit or loss for the current period					29,714	29,714
Balance at 31 December 2007	84,000	129	5,147	19,121	29,714	138,111

Notes to the Financial Statements

for the Year ended 31 December 2007.

1. GENERAL INFORMATION

1.1 Incorporation and Description of the Business

Factoring České spořitelny, a. s. (hereinafter the "Company") was incorporated by a Founder's Deed on 30 May 1997 and was recorded in the Register of Companies held at the Prague Municipal Court on 4 December 1997 in Volume B, File 5075. The Company is primarily engaged in providing factoring and forfeiting services which account for most of the Company's revenues.

The Company's registered office is located at Pobřežní 46, 186 00 Prague 8.

The Company's subscribed and paid-up share capital amounted to CZK 84,000 thousand.

The financial statements have been prepared for the year ended 31 December 2007.

The sole shareholder of the Company is Česká spořitelna, a. s., with its registered office address at Olbrachtova 1929/62, 140 00 Prague 4, Corporate ID 45 24 47 82.

Shareholder	Ownership percentage
Česká spořitelna, a. s., Prague	100 %

1.2 Organisational Structure

As of 31 December 2007, the Company had 36 employees, of which seven were the Company's managers. The Company is organised into seven units as follows: management including secretariat, sales (representation) department, operations department (cross-border and in-country clients), customer service department, risk management department, IT department and finance and controlling department.

During the year ended 31 December 2007, changes were made to the composition of the Company's Supervisory Board. Following the resignation of Frank Michael Beitz from the position of Vice Chairman of the Supervisory Board on 25 June 2007, David Marek was elected new member of the Supervisory Board as of 7 August 2007. This change was not

recorded in the Company's details held by the Register of Companies at the balance sheet date.

As of 31 December 2007, the composition of the Company's statutory bodies was as follows:

Board of Directors

- Lubomír Civiň, Chairman
- Radmila Jakubová, Vice Chairman

Supervisory Board

- Heinz Knotzer, Chairman
- Karel Mourek, Member
- David Marek, Member

2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ('CZK').

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 TANGIBLE AND INTANGIBLE FIXED ASSETS

Valuation

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 13,000 (2006: CZK 40,000) on an individual basis.

Tangible fixed assets also include selected low value tangible assets with an estimated useful life greater than one year and an acquisition cost less than CZK 13,000 (2006: CZK 20,000). Intangible fixed assets include identifiable assets without physical substance with an estimated useful life greater than one year and a cost greater than CZK 60,000.

Purchased tangible and intangible fixed assets are valued at acquisition cost which comprises the purchase price and incidental acquisition costs (assembly, freight, etc).

Tangible assets with a cost below CZK 13,000 which are not included in selected low-value fixed assets, technical improvements with a cost below CZK 40,000 and intangible assets with a cost below CZK 60,000 are charged to expenses in the period in which they were acquired.

The cost of fixed asset improvements exceeding CZK 40,000 and CZK 40,000, in aggregate for individual tangible and intangible fixed assets, respectively, for the taxation period increases the acquisition cost of the related fixed asset, if completed.

Depreciation for Accounting Purposes

Depreciation and amortisation of tangible and intangible fixed assets for accounting purposes commences in the month following the month when the assets were put into use. The assets are depreciated using the straight line method over their estimated useful lives based on the depreciation/amortisation plan.

In the year ended 31 December 2007, the depreciation/amortisation periods of the following assets were extended:

- Software – the original amortisation period of 3 years was changed to 4 years; and
- Machinery and equipment – original depreciation period of 3 to 5 years was changed to 4 to 6 years.

For details about the change in the depreciation/amortisation method refer to Note 3.13.

Depreciation of fixed assets for individual categories of assets are as follows:

Category of assets Depreciation period in years	2007	2006
Software, licences and other intangible assets	4	3
Selected low value tangible assets	2	2
Vehicles	4	4
Machinery and equipment	4-6	3-5
Other equipment	4-12	4-12
Technical improvement of a leased building	8	8

The depreciation period in years is established pursuant to the estimated useful life of the fixed assets.

3.2 Non-Current Financial Assets

Valuation

Securities and equity investments are carried at cost upon acquisition. The cost of securities or equity investments includes direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

At the date of acquisition of the securities and equity investments, the Company categorises these non-current financial assets based on their underlying characteristics as equity investments in subsidiaries and associates or debt securities held to maturity or securities and equity investments available for sale.

As of the balance sheet date, the Company records:

- Equity investments in subsidiaries and associates at cost;
- Debt securities held to maturity at cost increased to reflect interest income (including amortisation of premium or discount, if any); and
- Securities and equity investments available for sale at fair value if determinable. If it is not possible to determine the fair value, the acquisition cost valuation is used.

In the year ended 31 December 2007, securities and equity investments available for sale were measured at acquisition cost. In the year ended 31 December 2006, the securities were measured at fair value and the change in fair value was recognised in equity as part of gains and losses from the revaluation of assets and liabilities.

For details about the change in the valuation methodology refer to Note 3.13.

If the carrying value of non-current financial assets that are not revaluated at the balance sheet date decreases, the difference is considered a temporary impairment and is recognised as a provision.

At the balance sheet date, securities and equity investments available for sale denominated in a foreign currency are re-translated using the exchange rate of the Czech National Bank prevailing as of that date, and any resulting foreign exchange rate gains or losses are treated as a component of fair value or the value established under the equity method of accounting.

3.3 Inventory

Purchased inventory is valued at acquisition costs. Acquisition cost includes the purchase cost and indirect acquisition costs such as custom fees, freight costs and storage fees during transportation, commissions, insurance charges and discounts.

3.4 Receivables

Upon origination, receivables are stated at their nominal value. Doubtful and bad amounts are subsequently reduced by the relevant provisions.

The Company accounts for factoring receivables on a 'gross' basis. The factoring receivables are recognised in nominal amount through assets as short-term trade receivables and the related payables to suppliers and the Company's clients, as appropriate, are recognised through liabilities as short-term trade payables. The short-term receivables represent the nominal amount of the Company's receivables from end customers.

The prepayments made with respect to the provision of recourse factoring are posted to the short-term prepayments

account (a component of the short-term trade receivables line in the balance sheet).

Provisioning

In respect of tax non-deductible provisions, the Company continuously applied the methodology adopted in 2003. The aggregate volume of receivables past their due dates by greater than 30 days was provisioned at 25 percent. This coefficient is based on the value of tax non-deductible provisions from previous years, respecting the reasonable estimate and the prudence principle.

3.5 Loans

Loans are reported at their nominal value. Interest expenses on these loans are accrued and included in the profit or loss for the period.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

3.6 Reserves

Reserves are liabilities of uncertain timing or amount. A reserve is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reasonably reliable estimate can be made of the amount of the obligation. Reserves are used exclusively for the purposes they were created for. Reserve balances are reviewed annually, and the reserves are reversed or carried forward based on the review results.

Payroll cost reserves were reclassified as estimated payables as a result of the change in the methodology (refer to Notes 3.12. and 3.13.).

3.7 Translation of Foreign Currencies

Transactions in foreign currencies are translated using the fixed exchange rate of the Czech National Bank prevailing on the last day of the previous calendar month in which the transaction was carried out.

As of the balance sheet date, all foreign currency assets and liabilities are retranslated using the ruling CNB foreign exchange rate as of that date and any resulting translation gains

and losses were recorded through the current year's financial income or financial expenses, as appropriate.

During the reporting period, foreign exchange rate differences arising from spot transactions were posted directly to income or expenses, while foreign exchange rate difference arising from swap transactions (refer to Note 3.8.) were recorded to profit or loss only after completion.

At the balance sheet date, financial investments denominated in a foreign currency were translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign currency translation differences have been included in the gains or losses arising from the re-measurement of assets and liabilities.

3.8 Derivative Financial Transactions

The Company enters into hedging currency swaps to hedge the currency risk arising from foreign exchange rate fluctuations related to the financing of factoring prepayments denominated in foreign currencies. Assets include factoring prepayments denominated in foreign currencies while liabilities reflect bank loans and overdrafts.

All derivative financial transactions concluded during the year were designated as hedges of future cash flows. The Company maintains documentation for hedging derivatives and tests hedging effectiveness. The Company's criteria for a derivative instrument to be accounted for as a hedge are as follows:

- At the inception of the hedge, the documentation identifies the hedged item and the hedging instrument, defines the risk that is being hedged and the approach to establishing and documenting whether the hedge is effective, and the hedging relationship is formally documented;
- The hedge is highly effective (that is, within a range of 80 percent to 125 percent); and
- The hedge effectiveness can be measured reliably and is assessed on an ongoing basis.

Valuation

Derivative financial instruments are carried at cost at the acquisition date. The cost of derivative financial instruments includes direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

As of the balance sheet date, financial derivative instruments are accounted for at fair value. The fair value is determined on the basis of a qualified fair valuation of all anticipated cash flows associated with hedging derivatives.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a legally enforceable contract, a forecasted future transaction, groups of assets, groups of liabilities, legally enforceable contracts or forecasted future transactions with similar characteristics where the same type and category of risk is the subject of the hedge.

Receivables and payables arising from changes in fair values of hedging derivatives are retained on the balance sheet over the term of the hedge. The gains or losses are taken to income or expenses in the same period in which the income or expenses associated with the hedged item are recognised. Gains or losses arising from changes in fair values of hedging derivatives contracted under cash flow hedging that are attributable to unhedged risks are recorded as expenses or income from derivative transactions at the measurement date.

3.9 Taxation

3.9.1 Depreciation of Fixed Assets for Tax Purposes

Depreciation of fixed assets for tax purposes is calculated using the accelerated method.

3.9.2 Current Tax Payable

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

3.9.3 Deferred Taxation

Deferred taxation is calculated from all temporary differences between the accounting and tax values using the income tax rate that is expected to apply in the tax period when the deferred tax liability is settled or the deferred tax asset is realised. The deferred tax asset is recognised only if it is likely to be offset against taxable income.

3.10 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash at hand, cash in bank or term deposits.

3.11 Revenues

'Sales of goods and services' include factoring charges and interest on funding based on the issued invoices as well as the income from the provision of know-how and other income relating to supplies provided by the credit insurance company. These are recognised based on the insured events list at the moment of the provision of cash proceeds by the insurance company.

Interest claims are recognised as 'Interest income'.

Revenues are recognised on an accruals basis.

3.12 Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates and assumptions used will not significantly differ from the actual results and outcomes in future accounting periods.

3.13 Year-on-Year Changes in Valuation, Depreciation and Accounting Policies and the Comparative Period

In the year ended 31 December 2007, the Company changed its bookkeeping software. Since 1 May 2007, the Company has used the SAP system. Following the migration to the SAP/E3P system and in order to bring into line accounting procedures within the Česká spořitelna, a. s. Group, of which the Company is a part, the following changes have been made:

In the year ended 31 December 2006, the Company recognised reserves predominantly for payroll costs, bonuses, health insurance and social security in the total amount of CZK 9,365 thousand. The balances of the relevant accounts were transferred to 'Estimated payables' in 2007. This change is also accompanied by a change in the use of profit and loss accounts, from the 'Recognition of other reserves' in 2006 to 'Payroll costs, social security and other social costs' in 2007.

In order to bring into line accounting procedures within Česká spořitelna, a. s. Group, the treatment of accounting for securi-

ties and equity investments available for sale changed from the 'fair value' measurement to the 'acquisition cost' valuation (refer to Note 3.2.). The revaluation of securities in the amount of CZK 9,694 thousand, gains and losses from the revaluation of assets and liabilities of CZK 7,310 thousand and the related deferred tax of CZK 2,382 thousand were reversed in 2007.

The depreciation periods of certain categories of current and recently acquired tangible and intangible fixed assets were changed (refer to Note 3.1.). Given this change, the calculated depreciation of assets for the year ended 31 December 2007 decreased by approximately CZK 680 thousand as compared to the depreciation charge that would have been determined using the original method of depreciation.

For this reason, the amounts and balances presented in the financial statements are not fully comparable. The total impact into financial statements is not significant, and therefore the comparatives were not adjusted.

3.14 Risk Management

Risks associated with the funding of ceded receivables are mitigated by using the services of insurance companies and by cooperating with partners within the international association of factoring companies (the Company is a member of the FCI and IFG association). The Company places specific emphasis on the significance of diversifying the receivable portfolio which allows for the amounts recovered to sufficiently cover the partial payments made to clients and allow the Company to exercise a lien.

The Company has implemented a series of new measures and work procedures designed to improve operational risk management over time and to eliminate fraudulent activities by clients.

The Company performs a regular assessment of the impact of exchange rate risks and takes appropriate steps on an ongoing basis to balance assets and liabilities denominated in foreign currencies. The lending method in the form of overdraft foreign exchange accounts enables the Company to manage the balancing of foreign exchange assets and liabilities and notably mitigate foreign exchange risks.

With regard to interest rate risk, the Company uses one-month rates both for assets and liabilities.

4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

4.1 Fixed Assets

4.1.1 Intangible Fixed Assets

Cost

CZK thousand	Balance at 31 Dec 2005	Additions	Disposals	Balance at 31 Dec 2006	Additions	Disposals	Balance at 31 Dec 2007
Start-up costs	863	0	0	863	0	-863	0
Software	13,238	466	-2,118	11,586	3,580	-6,413	8,753
Licences, know-how	0	0	0	0	682	0	682
Intangible FA under construction	0	979	0	979	388	-979	388
Total	14,101	1,444	-2,118	13,428	4,650	-8,255	9,823

Accumulated Amortisation and Provisions

CZK thousand	Balance at 31 Dec 2005	Additions	Disposals	Balance at 31 Dec 2006	Additions	Disposals	Balance at 31 Dec 2007
Start-up costs	863	0	0	863	0	863	0
Software	9,205	1,687	-869	10,023	1,279	-6,413	4,889
Licences, know-how	0	0	0	0	77	0	77
Intangible FA under construction	0	0	0	0	0	0	0
Total	10,068	1,687	-868	10,886	1,356	-7,276	4,966

Net Book Value

	Balance at 31 Dec 2006	Balance at 31 Dec 2007
Start-up costs	0	0
Software	1,563	3,864
Licences, know-how	0	605
Intangible FA under construction	979	388
Total	2,542	4,857

The largest investment in the intangible fixed assets in the years ended 31 December 2007 and 2006 included the technical improvement regarding the extension of the functionality of the HoC product and accounting system.

Amortisation of Intangible Fixed Assets Charged to Expenses

In the year ended 31 December 2007, amortisation of intangible fixed assets was CZK 1,356 thousand (CZK 1,687 thousand for the year ended 31 December 2006).

4.2 TANGIBLE FIXED ASSETS

COST

CZK thousand	Balance at 31 Dec 2005	Additions	Disposals	Balance at 31 Dec 2006	Additions	Disposals	Balance at 31 Dec 2007
Structures	439	0	0	439	0	0	439
Individual movable assets	18,673	2,665	-1,669	19,669	2,819	-4,756	17,732
- Machinery and equipment	12,444	357	-63	12,738	2,819	-4,096	11,461
- Vehicles	6,229	2,308	-1,606	6,931	0	-660	6,271
Tangible FA under construction and prepayments	0	744	0	744	890	-1,634	0
Total	19,112	3,409	-1,669	20,852	3,709	-6,390	18,171

Accumulated Depreciation

CZK thousand	Balance at 31 Dec 2005	Additions	Disposals	Balance at 31 Dec 2006	Additions	Disposals	Balance at 31 Dec 2007
Structures	231	8	0	239	58	0	297
Individual movable assets	14,050	2,409	-1,355	15,104	1,871	-3,549	13,426
- Machinery and equipment	9,196	1,401	-44	10,553	1,104	-2,889	8,768
- Vehicles	4,854	1,008	-1,311	4,551	767	-660	4,658
Tangible FA under construction and prepayments	0	0	0	0	0	0	0
Total	14,281	2,417	-1,355	15,343	1,929	-3,549	13,723

Net Book Value

CZK thousand	Balance at 31 Dec 2006	Balance at 31 Dec 2007
Structures	200	142
Individual movable assets	4,565	4,306
- Machinery and equipment	2,185	2,693
- Vehicles	2,380	1,613
Tangible FA under construction and prepayments	744	0
Total	5,509	4,448

In the year ended 31 December 2007, investments in tangible assets predominantly related to hardware equipment. In the year ended 31 December 2006, the acquisition of tangible fixed assets relates predominantly to the replacement of company cars and hardware equipment.

Depreciation of Tangible Fixed Assets Charged to Expenses

Depreciation of tangible fixed assets was CZK 1,871 thousand (CZK 2,417 thousand for the year ended 31 December 2006).

4.3 Non-Current Financial Assets

Factoring Slovenskej sporiteľne, a. s.

Since late 2002, the Company has held a 10 percent investment in Factoring Slovenskej sporiteľne, a. s., a subsidiary of Slovenská sporiteľna, a. s. The share capital of the former company is SKK 30,000 thousand. As of 31 December 2007, the entity reported unaudited equity of SKK 148,560 thousand (2006: SKK 155,916 thousand).

This investment is classified within securities and equity investments available for sale. The cost of the financial investment of the Company represents SKK 3,300 thousand, i.e. CZK 2,613 thousand (2006: CZK 2,635 thousand). As of 31 December 2007, this equity investment is recognised at cost due to the announced significant decline in the profit of Factoring Slovenskej sporiteľne, a. s. that was caused by the provisioning due to the decrease in quality of factoring receivables.

As of 31 December 2006, this investment was recognised at fair value of CZK 12,451 thousand. For details about the change in the valuation methodology refer to Note 3.13.

ERSTE FACTORING d.o.o.

In 2005 and 2006, the Company was involved in the establishment of another factoring company within the Erste Bank Group in Croatia. ERSTE FACTORING d.o.o. was founded in Zagreb, having share capital of HRK 5,000 thousand in which the Company owns 2.5 percent of shares. As of 31 December 2007, the entity reports unaudited equity of HRK 11,437 thousand (2006: HRK 1,500 thousand).

This investment is classified within securities and equity shares available for sale. The cost of the investment amounted to HRK 125 thousand, i.e. CZK 454 thousand (2006: CZK 503 thousand). As of 31 December 2007, this investment was recognised at cost. As of 31 December 2006, it was recognised at fair value of CZK 152 thousand. For details about the change in the valuation methodology refer to Note 3.13.

4.4 Inventory

As of 31 December 2007, the Company holds goods of CZK 211 thousand (2006: CZK nil), comprising chip cards used in recording 1.CA qualified signature certificates.

4.5 Receivables

4.5.1 Long-Term Receivables – Deferred Tax Assets

For detailed information about deferred tax assets refer to Note 4.16.

4.5.2 Short-Term Receivables

CZK thousand	Balance at 31 Dec 2007		Balance at 31 Dec 2006	
Trade receivables		6,877,961		6,986,755
- customers		4,700,950		4,593,719
- bills of exchange to be collected		0		43,057
- prepayments made		2,250,922		2,440,737
- other balances		0		20
- provisions		-73,911		-90,778
State - tax receivables		507		405
Short-term prepayments made		571		943
Estimated balances		0		0
Other receivables		803		78
Total		6,879,842		6,988,181

The above receivables principally comprise factoring receivables, which are reported in the balance sheet line 'trade receivables'.

The line 'Customers' includes nominal values of factoring receivables and the line 'Prepayments made' includes prepayments made for receivables under recourse factoring.

Other receivables also include the fair value of a hedging derivative.

CZK thousand	Balance at 31 Dec 2007		Balance at 31 Dec 2006	
	Positive	Negative	Positive	Negative
Fair value	210	0	0	0
Nominal value	23,699	23,501	0	0

4.5.3 Aging of Trade Receivables

Year CZK thousand	Category	Before due date					Overdue 1 year and greater	Total
			0-30 days	31-60 days	61-90 days	91-365 days		
2007	Short-term	5,533,619	1,001,025	232,829	46,439	26,421	111,539	6,951,872
	Provisions	0	0	-37,272	-6,732	-2,172	-27,735	-73,911
2006	Short-term	5,571,511	1,154,801	149,986	76,785	87,796	36,654	7,077,533
	Provisions	0	0	-26,148	-13,386	-15,306	-35,938	-90,778

The average maturity of receivables from customers of the Company's factoring clients in 2007 was 52 days (2006: 51 days).

Provisioning for accounting purposes is established by a percentage derived from the historical balance of losses and management's experience in respect of the recovery rates of distressed receivables. Given the limited availability of historical data regarding loss percentage rates, the Company was prudent in determining the risk coefficient.

Of the aggregate amount of provisions, provisions of CZK 10,476 thousand (2006: CZK 10,476 thousand) are tax-deductible. Tax-deductible provisions are recognised against receivables in the bankruptcy proceedings assigned to the Company before the legislative changes took effect. In 2006, the amount of tax-deductible provisions was decreased by a receivable in the bankruptcy proceedings written off based on an approved allocation resolution.

As of 31 December 2007, non-deductible provisions grew by CZK 63,435 thousand against tax-deductible provisions (2006: CZK 80,301 thousand). A non-tax deductible provision is determined according to the current methodology as a 25 percent share of the total volume of receivables overdue by greater than 30 days.

As of 31 December 2007, the Company charged off bad and assigned receivables in the amount of CZK 26,663 thousand (2006: CZK 53 thousand) due to their uncollectability.

4.6 Current Financial Assets

Cash in bank includes balances on current accounts payable on demand.

4.7 Temporary Assets

Temporary assets primarily comprise deferred expenses arising from fees for bank guarantees and are recognized into income for the year in which they were earned.

4.8 Shareholder's Equity

4.8.1 Share Capital

The subscribed, paid-up and registered share capital was CZK 84,000 thousand and consisted of 280 shares with a nominal value of CZK 300 thousand per share.

The shares are not publicly traded, are registered and carry voting rights.

4.8.2 Distribution of the 2006 Profit

During 2007, the Company's sole shareholder acting in the capacity as the General Meeting approved the utilisation of the 2006 profit of CZK 21,281 thousand to allocate CZK 1,064 thousand to the statutory reserve fund and to allocate CZK 217 thousand to the social fund. The remaining CZK 20,000 thousand was paid out in dividends. Of the accumulated profit of prior years of CZK 19,461 thousand, CZK 340 thousand was allocated to the social fund.

4.8.3 Gains and Losses Arising from the Revaluation of Assets and Liabilities

As of 31 December 2007, the revaluation difference of CZK 129 thousand arose from the foreign exchange rate gains and losses relating to securities available for sale and hedging derivatives.

In 2006, the revaluation difference of CZK 7,310 thousand arose from revaluation of securities and equity investments available for sale at fair value. As of 31 December 2007 and 2006, the revaluation differences were decreased by the relevant deferred tax (refer to Note 4.16).

For details about the change in the valuation methodology refer to Note 3.13.

4.9 Reserves

CZK thousand	Other reserves
Balance at 31 December 2005	7,548
Charge of reserves	9,365
Use of reserves	-7,548
Balance at 31 December 2006	9,365
Charge of reserves	0
Use of reserves	-9,365
Balance at 31 December 2007	0

As of 31 December 2006, the Company recognised a reserve in the amount of CZK 9,365 thousand for payroll costs.

Due to the change of accounting for the estimated balances raised for payroll costs, the Company released the reserve in the amount of CZK 9,365 thousand as of 31 December 2007.

For details about the change in accounting for estimated payables refer to Note 3.13.

4.10 Payables

4.10.1 Trade Payables

CZK thousand	Balance at 31 Dec 2007	Balance at 31 Dec 2006
Trade payables	4,003,185	4,178,825
Payables to employees	1,147	945
Payables arising from social security and health insurance	684	599
State – tax payables and subsidies	3,291	2,317
Estimated payables	16,769	5,404
Other payables	0	17
Total	4,025,076	4,188,107

The payables to suppliers represent expected payments in respect of ceded receivables from the Company's clients under non-recourse factoring and the aggregate amount of ceded receivables under recourse factoring.

Estimated payables include predominantly estimates for the operating services that were received but not invoiced. As of 31 December 2007, estimated payables also include payroll cost estimates. For details about the change in accounting for estimated payables refer to Note 3.13.

Due to the nature of factoring services, payables are paid after the client becomes entitled to the payment. The Company records no overdue payables.

4.11 Bank Loans

2007

Bank/creditor	Purpose	Balance at 31 Dec 2007	Interest rate	Maturity	Collateral form
Česká spořitelna	operating – EUR overdraft	109,885	1,M Euribor+ ČS margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating – USD overdraft	63,155	1,M Libor+ČS margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating – GBP overdraft	1,811	1,M Libor+ČS margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating – SKK overdraft	18,841	1,M Bribor+ČS margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating – PLN overdraft	27,112	1,M Wribor+ ČS margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating – CHF overdraft	19,170	1,M Libor+ČS margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating – HUF overdraft	754	1,M Bubor+ČS margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating – RON overdraft	22,208	1,m Rorbor+ČS margin	30 Jan 2010	uncollateralised
Total intercompany bank loans		262,936			
Oberbank	operating – USD current account	162,702	1,M Libor+ Ober margin	31 Dec 2009	ČS bank guarantees
Oberbank	operating – EUR current account	26,620	1,M Euribor+ Ober margin	31 Dec 2009	ČS bank guarantees
Oberbank	operating – USD current account	200,000	1,M Libor+ Ober margin	31 Dec 2009	ČS bank guarantees
UniCredit Bank	operating – CZK current account	800,000	1 O/N Pribor+ HVB margin	31 Dec 2009	ČS bank guarantees
Commerzbank	operating – CZK current account	1,346,000	1,M Pribor+ CMB margin	unspecified	ČS bank guarantees
Commerzbank	operating – USD current account	0	1,M Libor+ CMB margin	unspecified	ČS bank guarantees
Commerzbank	operating – EUR current account	53,240	1,M Euribor+ CMB margin	unspecified	ČS bank guarantees
Total external bank loans		2,588,562			
Total bank loans		2,851,498			

2006

Bank/creditor	Purpose	Balance at 31 Dec 2007	Interest rate	Maturity	Collateral form
Česká spořitelna	operating – EUR overdraft	92,323	1,M Euribor+ČS margin	31 Oct 2007	uncollateralised
Česká spořitelna	operating – USD overdraft	179,785	1,M Libor+ČS margin	31 Oct 2007	uncollateralised
Česká spořitelna	operating – GBP overdraft	1,868	1,M Libor+ČS margin	31 Oct 2007	uncollateralised
Česká spořitelna	operating – SKK overdraft	23,785	1,M Bribor+ČS margin	31 Oct 2007	uncollateralised
Česká spořitelna	operating – PLN overdraft	18,707	1,M Wribor+ČS margin	31 Oct 2007	uncollateralised
Total intercompany bank loans		316,468			
Oberbank	operating – USD current account	187,884	1,M Libor+Ober margin	30 June 2007	ČS bank guarantees
Oberbank	operating – EUR current account	27,495	1,M Euribor+Ober margin	30 June 2007	ČS bank guarantees
HVB Bank	operating – CZK current account	550,000	1,M Pribor+HVB margin	28 Dec 2007	ČS bank guarantees
HVB Bank	operating – USD current account	167,008	1,M Libor+HCV margin	28 Dec 2007	ČS bank guarantees
Commerzbank	operating – CZK current account	1,140,000	1,M Pribor+ CMB margin	unspecified	ČS bank guarantees
Commerzbank	operating – USD current account	313,140	1,M Pribor+ CMB margin	unspecified	ČS bank guarantees
Commerzbank	operating – EUR current account	54,990	1,M Pribor+ CMB margin	unspecified	ČS bank guarantees
Total external bank loans		2,440,517			
Total bank loans		2,756,985			

The average amount of the loans received from Group entities was CZK 280,469 thousand during 2007 (2006: CZK 311,607 thousand). The Company paid interest charges on these loans in the amount of CZK 11,702 thousand (2006: CZK 11,449 thousand) to Česká spořitelna, a. s.

As of 31 December 2007, Česká spořitelna, a. s., as the sole shareholder, provided the following bank guarantees as collateral for the loans granted by companies outside the Group: a guarantee to Commerzbank in the amount of CZK 3,000,000 thousand due on 31 January 2010, a guarantee to UniCredit Bank of CZK 1,500,000 thousand due on 31 January 2010 and to Oberbank in the amount of CZK 500,000 thousand due on 31 January 2010.

As of 31 December 2006, Česká spořitelna, a. s., as the sole shareholder, provided the following bank guarantees as collateral for the loans granted by companies outside the Group: a guarantee to Commerzbank in the amount of CZK 1,700,000 thousand due on 31 January 2007, a guarantee to HVB Bank of CZK 800,000 thousand due on 5 February 2007 and to Oberbank in the amount of CZK 250,000 thousand due on 30 June 2007.

4.12 Temporary Liabilities

Temporary liabilities predominantly include accrued loan interest and operating liabilities.

4.13 Financial Assets and Liabilities Denominated in Foreign Currencies (Gross)

2007

	CZK	USD	EUR	PLN	SKK	Other currencies	Total
Non-current financial assets	0	0	0	0	0	454	454
Short-term receivables	6,342,173	251,271	255,269	27,336	26,811	50,893	6,953,753
Short-term financial assets	107,767	1,097	580	0	0	0	109,444
Deferred expenses and accrued income	3,693	0	0	0	0	9	3,702
Total	6,453,633	252,368	255,849	27,336	26,811	51,356	7,067,353
Short-term payables	3,928,970	23,308	58,482	240	7,095	6,981	4,025,076
Bank loans	2,346,000	225,857	189,745	27,112	18,841	43,943	2,851,498
Accrued expense and deferred income	1,032	0	0	0	0	0	1,032
Total	6,276,002	249,165	248,227	27,352	25,936	50,924	6,877,606

2006

	CZK	USD	EUR	PLN	SKK	Other currencies	Total
Non-current financial assets	0	0	0	0	12,451	152	12,603
Long-term receivables	61	0	481	0	0	0	542
Short-term receivables	4,847,531	1,769,424	392,903	18,672	50,429	0	7,074,294
Short-term financial assets	67,847	373	152	0	0	0	68,372
Deferred expenses and accrued income	1,866	0	137	0	0	0	2,003
Total	4,917,305	1,769,797	393,673	18,672	62,880	152	7,162,479
Short-term payables	3,029,889	920,963	206,473	0	27,062	3,720	4,188,107
Bank loans	1,688,287	849,530	174,808	18,707	23,785	1,868	2,756,985
Accrued expense and deferred income	2,120	0	0	0	0	0	2,120
Total	4,720,296	1,770,493	381,281	18,707	50,847	5,588	6,947,212

4.14 Details of Income by Principal Activity

CZK thousand	Balance at 31 Dec 2007			Balance at 31 Dec 2006		
	In-country	Cross-border	Total	In-country	Cross-border	Total
Fee income	78,679	3,792	82,471	82,280	3,589	85,869
Advisory services	0	1,387	1,387	0	1,223	1,223
Other income	72	0	72	2,406	1,176	3,582
Output	78,751	5,179	83,930	84,686	5,988	90,674
Interest income	114,001	18,682	132,683	103,722	11,267	114,989
Total income from operations	192,752	23,861	216,613	188,408	17,255	205,663

Fee income includes the fees paid to the factor. Advisory services include income from the lease of the information system to Group entities.

Interest income includes interest on prepayments made under factoring arrangements.

4.15 Other Operating and Financial Expenses and Income

CZK thousand	Balance at 31 Dec 2007	Balance at 31 Dec 2006
Other operating income	4,359	12,144
of which: income from the sale of a receivable	1,893	1,079
of which: insurance proceeds	1,106	10,149
of which: other	1,360	916
Other operating expenses	-39,843	-9,904
of which: the value of the assigned/written off receivables	-26,663	-58
of which: credit insurance	-8,796	-6,030
of which: other	-4,384	-3,816
Total other operating result	-35,484	2,240

CZK thousand	Balance at 31 Dec 2007	Balance at 31 Dec 2006
Other financial income	130,509	189,820
of which: FX gains	105,837	189,751
of which: income from currency swaps	24,659	0
of which: other	13	68
Other financial expenses	-123,644	-204,215
of which: FX losses	-103,159	-192,327
of which: banking guarantees and letters of guarantee	12,454	10,324
of which: other	-8,031	-1,564
Total Total other financial result	6,865	-14,395

4.16 Due and Deferred Income Tax

Due Tax

CZK thousand	31 Dec 2007	31 Dec 2006
Due tax	13,372	14,374
Additional tax assessment/tax returned for the prior period	-141	0
Total	13,231	14,374

The tax charge for the period can be compared to the profit per the profit and loss account as follows:

CZK thousand	Balance at 31 Dec 2007	Balance at 31 Dec 2006
Profit before tax	45,402	28,442
Tax at the local income tax rate of 24 % (2006: 24 %)	10,896	6,826
Tax effect of tax non-deductible items	2,811	7,479
Tax effect of tax-deductible items	-335	-69
Additional payment/recovery of tax for prior periods	-141	0
Tax payable	13,231	14,374
Current changes in the deferred tax	5,009	-7,213
Impact of the change in the tax rate on the deferred tax	-2,552	0
Total income tax on ordinary and extraordinary activities	15,688	7,161

The effective tax rate is 34.6 percent (2006: 25.2 percent).

Deferred Tax

The deferred tax asset (liability) can be analysed as follows:

Deferred tax arising from CZK thousand	Balance at 31 Dec 2007	Balance at 31 Dec 2006
Depreciation and amortisation of fixed assets	-401	-130
Revaluation of the financial investment	10	-2,384
Cash flow hedging	-42	0
Provisions against receivables	12,687	13,206
Estimated payables for social security and health insurance	505	0
Reserves	0	2,248
Total	12,759	12,940

Analysis of the change in the balance CZK thousand	Balance at 31 Dec 2007	Balance at 31 Dec 2006
Opening balance	12,940	6,814
Effect of the change of tax rate	2,552	0
Current changes charged against the profit and loss account	-5,009	7,213
Current changes charged against equity	2,276	-1,087
Total charges against the profit and loss account	-2,457	7,213
Total charges against the equity	2,276	-1,087
Total	12,759	12,940

In the years ended 31 December 2007 and 2006, the Company recognised the deferred tax asset of CZK 12,759 thousand and CZK 12,940 thousand, respectively.

5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

5.1 Staff Costs and Number of Employees

The following tables summarise the average number of the Company's employees and managers and staff costs for the years ended 31 December 2007 and 2006:

2007

CZK thousand	Number	Wages and salaries	Social security and health insurance	Other costs	Total staff costs
Employees	29	13,331	4,951	428	18,710
Management	7	11,167	3,907	145	15,219
Total	36	24,498	8,858	573	33,929

2006

CZK thousand	Number	Wages and salaries	Social security and health insurance	Other costs	Total staff costs
Employees	28	12,695	4,373	436	17,504
Management	5	9,539	3,339	78	12,956
Total	33	22,234	7,712	514	30,460

The number of employees is based on the average re-calculated headcount. Staff costs of management comprise costs of the Company's managing directors, two of which (2006: three) are also members of the Company's Board of Directors.

5.2 Loans, Borrowings, and Other Benefits Provided

During the years ended 31 December 2007 and 2006, the members of the Company's management received the following benefits in addition to their basic salaries:

2007†

CZK thousand	Board of Directors	Management
Life and pension insurance	23	59
Cars/other movable assets for both business and private purposes (figure increases the tax base of employees)	251	386

2006

CZK thousand

	Board of Directors	Management
Life and pension insurance	0	105
Cars/other movable assets for both business and private purposes (figure increases the tax base of employees)	0	444

5.3 Summary of Relations with Related Parties

Given that the Company is a member of the Česká spořitelna, a. s. Group, its cooperation with the parent company continued during 2007 and 2006, both with respect to acquisition operations and to raising finance from entities outside the Group to provide funding for other transactions.

As of 31 December 2007, receivables from Česká spořitelna amounted to CZK 89,186 thousand (2006: CZK 68,612 thousand). The above exclusively include receivables arising from current account balances.

As of 31 December 2007, payables to the parent company amounted to CZK 263,354 thousand (2006: CZK 316,467 thousand). These amounts predominantly related to balances on overdraft accounts.

For the year ended 31 December 2007, the Company recorded expenses in the aggregate amount of CZK 30,400 thousand (2006: 29,133 thousand). They predominantly include interest on received loans and fees for the issued bank guarantees. The income in the aggregate amount of CZK 1,937 thousand (2006: CZK 1,737 thousand) relates to received interest and fees from CS.

Česká spořitelna issued bank guarantees to the Company for loans received from entities outside the Česká spořitelna Group in the total amount of CZK 5,000,000 thousand (2006: CZK 3,000,000 thousand).

With respect to its subsidiary, Factoring Slovenskej sporitelne, a. s., the Company recognises receivables in the amount of CZK 18,120 thousand (2006: 17,576 thousand), which arise from factoring cooperation.

Other business partners within the Group include Informatika České spořitelny, a. s., which is a mediator for the Company's purchases of computer technology, Pojišťovna České spořitelny, a. s. (accident insurance for the Company's employees), and Penzijní fond České spořitelny, a. s. (retirement benefit policies for the Company's employees) and Consulting České spořitelny, a. s. (advisory services), Procurement Services GmbH and Procurement Services CZ, s.r.o. (outsourcing), and Erste Corporate Finance (advisory).

Overview of Supplies provided to the Company:

CZK thousand	Year ended 31 Dec 2007	Year ended 31 Dec 2006
Informatika České spořitelny, a. s.	85	2,171
Procurement Services GmbH	53	0
Procurement Services CZ, s. r. o.	57	0
Erste Corporate Finance, a. s.	750	0
Pojišťovna České spořitelny, a. s.	166	156
Penzijní fond České spořitelny, a. s.	227	189
Consulting České spořitelny, a. s.	15	310
Total	1,353	2,826

Overview of Supplies provided by the Company:

CZK thousand	Year ended 31 Dec 2007	Year ended 31 Dec 2006
Erste Factoring, d.o.o.	660	348
Factoring Slovenskej sporitel'ne, a. s.	719	839
Total	1,379	1,187

6. CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS

The Company maintains no contingent liabilities and off balance sheet commitments.

The Company is involved in no legal dispute, the outcome of which would significantly impact the Company's financial statements.

7. POST BALANCE SHEET EVENTS

No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

Report on Relations

between Related Parties under Section 66a (9) of the Commercial Code for the Year Ended 31 December 2007

Factoring České spořitelny, a. s., having its registered office address in Prague 8, Pobřežní 46, 186 00, Corporate ID: 25 62 93 52, incorporated in the Register of Companies, Section B, File 5075, maintained at the Municipal Court in Prague (hereinafter the “Company” or the “reporting entity”), is part of a business group (holding company) in which the following relations between the reporting entity and controlling entities and also between the reporting entity and entities controlled by the same controlling entities (hereinafter the “related entities”) exist.

This report on relations between the entities stated below was prepared in accordance with Section 66a (9) of the Commercial Code 513/1991 Coll., as amended, for the year ended 31 December 2007 (hereinafter the “reporting period”).

In the reporting period, the reporting entity and entities listed below entered into the contracts listed below and adopted or effected the following legal acts and other factual measures:

A. CHART OF THE WHOLE BUSINESS GROUP/THE ENTITIES WHOSE RELATIONS ARE DESCRIBED

Erste Bank der oesterreichischen Sparkassen AG

Česká spořitelna, a. s.	Erste & Steiermarkische Bank, d.d.
zpracovatel	Erste Factoring d. o. o.
Informatika České spořitelny, a. s.	Procurement Services GmbH
Pojišťovna České spořitelny, a. s.	Procurement Services CZ, s. r. o.
Consulting České spořitelny, a. s.	Slovenská spořitelňa, a. s.
Erste Corporate Finance, a. s.	Factoring Slovenskej sporiteľne, a. s.

B. CONTROLLING ENTITIES

- **Česká spořitelna, a. s.**, with its registered office at Olbrachtova 1929/62, 140 00, Prague 4, Czech Republic, Corporate ID: 45244782
Relation to the Company: directly controlling entity
For a description of relations refer to **Appendix 1**
- **Erste Bank der oesterreichischen Sparkassen AG**, with its registered office at Am Graben 21, Vienna, Austria, Corporate ID: 90003195
Relation to the Company: indirect controlling company – entity controlling Česká spořitelna, a. s.
Description of relations – **none**

C. OTHER RELATED PARTIES

Companies directly controlled by Česká spořitelna, a. s.:

- **Informatika České spořitelny, a. s.**, with its registered office in Prague 4, Antala Staška 32/1292, 140 00, Corporate ID 25631519
Relation to the Company: Fellow subsidiary of the Company
For a description of relations refer to **Appendix 2**
- **Consulting České spořitelny, a. s.**, with its registered office in Prague 3, Vinohradská 1632/180, 130 00, Corporate ID 63079798
Relation to the Company: Fellow subsidiary of the Company
For a description of relations refer to **Appendix 2**
- **Pojišťovna České spořitelny, a. s.**, with its registered office in Pardubice, nám. Republiky 115, 530 02, Corporate ID 47452820
Relation to the Company: Fellow subsidiary of the Company
For a description of relations refer to **Appendix 2**
- **Erste Corporate Finance, a. s.**, with its registered office in Prague 1, Na Perštýně 1/342, 110 00, Corporate ID 61058769
Relation to the Company: Fellow subsidiary of the Company
For a description of relations refer to **Appendix 2**

Companies controlled by other members of the ERSTE Bank, a.s. Group:

- **Erste & Steiermarkische Bank, d.d.**, with its registered office in Rijeka, Jadranski trg 3a, 51 000, Croatia, VAT 03337367
Relation to the Company: related entity directly controlled by Erste Bank
Description of relations – **none**
- **Procurement Services GmbH**, with its registered office at Brehmstrasse 12, 1010 Vienna, Austria
Relation to the Company: related entity directly controlled by Erste Bank
For a description of relations refer to **Appendix 2**
- **Slovenská sporiteľňa, a.s.**, with its registered office in Suché myto 4, 816 07 Bratislava, Slovak Republic, Corporate ID 00151653
Relation to the Company: related entity directly controlled by Erste Bank
Description of relations – **none**
- **Factoring Slovenskej sporiteľne, a.s.**, with its registered office in Bratislava, Priemyselná 1/a, 821 09, Slovakia, Corporate ID 35849665
Relation to the Company: reporting entity's related entity directly controlled by Slovenská sporiteľňa
For a description of relations refer to **Appendix 2**
- **ERSTE FACTORING d.o.o.**, with its registered office in Zagreb, Zaharova 7, 10 000, Croatia, VAT 080558484
Relation to the Company: related entity directly controlled by Erste & Steiermarkische Bank
For a description of relations refer to **Appendix 2**
- **Procurement Services CZ, s.r.o.**, with its registered office at Želetavská 1449/9, 14000, Prague 4 ("Procurement Services CZ")
Relation to the Company: related entity directly controlled by Procurement Services GmbH
For a description of relations refer to **Appendix 2**

Our review of the legal relations put in place between the reporting entity and the related parties indicates that the reporting entity suffered no detriment as a result of the contractual arrangements, other legal acts or other measures implemented, made or adopted by the reporting entity during the year ended 31 December 2007 in the interest, or at the initiative, of individual related parties.

The report was dealt with and approved by the Board of Directors of the Company on 4 February 2008.



Lubomír Cívín
Chairman of the Board of Directors



Radmila Jakubová
Vice-Chairwoman of the Board of Directors

**APPENDIX 1 TO THE REPORT ON RELATIONS
DESCRIPTION OF RELATIONS WITH ČESKÁ SPOŘITELNA, A. S.**

1. Contracts

1.1 Purchase of Services

Current Account Contracts

In the prior reporting periods, the Company entered into current account contracts and used these accounts in the current accounting periods:

Name	Party to the contract	Contract date	Effective date	Performance description	Interest income on the balance on accounts	Detriment incurred
Current account contracts	Česká spořitelna, a. s.	1997 - 2007	1997-2007	Opening and administration of current accounts	CZK 737 thousand	None

Loans Received

In the reporting period, the Company entered into the following contracts under which it received the following funds:

Name	Party to the contract	Contract date	Effective date	Total loan	Average received amount	Paid interest and other fees in the year ended 31 Dec 2007	Detriment incurred
Overdraft account loan contracts	Česká spořitelna, a. s.	2003-2007	2003-2007	CZK 550 million	CZK 280 million	CZK 12,694 thousand	None

Other Purchases

In the reporting period, the Company entered into the following contracts under which it received services:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contracts for the granting of the right to use a logo	Česká spořitelna, a. s.	2001	2001–2007	The right to use the ČS, a. s. logo in the Company's logo	CZK 351 thousand	None
Contracts for participation	Česká spořitelna, a. s.	2003–2007	2003–2007	Contract for participation	CZK 1,422 thousand	None
Contract for outsourcing of services	Česká spořitelna, a. s.	2007	2007	Financial accounting, controlling, asset administration, purchase, human resources, internal audit, marketing, corporate communication	CZK 2,494 thousand	None

1.2 Sale of Services

Other Sales

In the reporting period, the reporting entity entered into the following contracts under which it provided services:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contract for co-operation	Česká spořitelna, a. s.	2005	2005–2007	Monitoring pledged receivables for ČS, TOP Export	CZK 1,200 thousand	None

2. OTHER CONTRACTUAL RELATIONS

Collateral received for the Company's Payables

The Company entered into the following contracts under which it received collateral for its payables to third parties in the current reporting period:

Name	Party to the contract	Contract date	Effective date	Performance description and amount	Consideration	Detriment incurred
Contract for the provision of bank guarantees and statement of guarantees	Česká spořitelna, a. s.	2003	2003-2007	Bank guarantee and statement of guarantee for Commerzbank AG, Prague branch	CZK 7,213 thousand	None
Contract for the provision of bank guarantees	Česká spořitelna, a. s.	2004	2004-2007	Bank guarantee for HVB Bank, a. s. for the provision of a loan	CZK 3,669 thousand	None
Contract for the provision of bank guarantees	Česká spořitelna, a. s.	2005	2005-2007	Bank guarantees for Oberbank AG, Czech Republic branch for the provision of a loan	CZK 1,572 thousand	None
Insurance contract	Česká spořitelna, a. s.	2005	2005-2007	Insurance of operational risks	CZK 590 thousand	None

**APPENDIX 2 TO THE REPORT ON RELATIONS
DESCRIPTION OF RELATIONS WITH THE FOLLOWING PARTIES:
CONSULTING ČESKÉ SPOŘITELNY, A. S.
POJIŠŤOVNA ČESKÉ SPOŘITELNY, A. S.
INFORMATIKA ČESKÉ SPOŘITELNY, A. S.
FACTORING SLOVENSKEJ SPORITELNE, A. S.
ERSTE FACTORING D.O.O.
ERSTE CORPORATE FINANCE, A. S.
PROCUREMENT SERVICES GMBH
PROCUREMENT SERVICES CZ, S. R. O.**

1. Contracts

1.1 Purchase of Services

In the reporting period, the Company entered into the following contracts under which it received services:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contract for cooperation	Consulting České spořitelny, a. s.	2002-2007	2002-2007	Consulting	CZK 15 thousand	None
Contract for outsourcing of services	Procurement Services GmbH	2007	2007	Group procurement services	CZK 53 thousand	None
Contract for outsourcing of services	Procurement Services CZ, s. r. o.	2007	2007	Group procurement services	CZK 57 thousand	None
Letter of appointment	Erste Corporate Finance, a. s.	2007	For an indefinite period	Consulting	CZK 750 thousand	None
Insurance contract	Pojišťovna České spořitelny, a. s.	2003	2003-2007	Employee accident and life insurance	CZK 166 thousand	None

1.2 Purchase of Goods

In the reporting period, the Company entered into the following contracts under which it received goods:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contracts for provision of computers	Informatika České spořitelny, a. s.	2003-2007	2003-2007	Provision of hardware	CZK 85 thousand	None

1.3 Sale of Services

In the reporting period, the reporting entity entered into the following contracts under which it provided services:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contract for the use of software	Factoring Slovenskej sporitel'ne, a. s.	2003	2003-2007	licence fees	CZK 719 thousand	None
Contract for the use of software	ERSTE FACTORING d.o.o.	2006	2006	licence fees	CZK 660 thousand	None

2. OTHER CONTRACTUAL RELATIONS

Performance Received for Services Arising from Factoring Co-operation

The Company entered into factoring contracts under which it received performance in the current reporting period:

Name	Party to the contract	Contract date	Effective date	Performance description and amount	Consideration	Detriment incurred
Factoring contracts	Factoring České spořitelny, a. s.	2004-2007	2007	Assignment, management and collection of receivables	CZK 183 thousand	None

Performance Granted for Services Arising from Factoring Cooperation

The Company entered into factoring contracts under which it provided performance in the current reporting period:

Name	Party to the contract	Contract date	Effective date	Performance description and amount	Consideration	Detriment incurred
Factoring contracts	Factoring České spořitelny, a. s.	2004-2007	2007	Assignment, management and collection of receivables	CZK 47 thousand	None

Factoring České spořitelny, a. s.

Pobřežní 46

186 00 Prague 8

Czech Republic

IČ: 25629352, DIČ: CZ25629352

Telephone: +420 246 003 311

Fax: +420 246 003 319

E-mail: factoring@factoringcs.cz

Internet: www.factoringcs.cz

Member of the Factors Chain International



Annual Report 2007

Production: Omega Design, s. r. o.

