

Generali PPF Asset Management a.s.

ANNUAL REPORT 2010

Note

The financial statements have been prepared in Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.

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Independent auditor's report

to the shareholder of Generali PPF Asset Management, a.s.

We have audited the financial statements of Generali PPF Asset Management, a.s., identification number 25629123, with registered office Evropská 2690/17, Prague ("the Company") for the year ended 31 December 2010 disclosed in the annual report on pages 19 to 45 and issued the opinion dated 11 March 2011 and disclosed on pages 17 to 18.

Report on the Annual Report

We have verified that the other information included in the annual report of the Company for the year ended 31 December 2010 is consistent with the financial statements referred to above. The Statutory Representative is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements based on our verification procedures.

Auditor's Responsibility

We conducted our verification procedures in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the annual report which describes matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

Opinion

In our opinion, the other information included in the annual report of the Company for the year ended 31 December 2010 is consistent, in all material respects, with the financial statements.

*PricewaterhouseCoopers Audit, s.r.o., Kateřinská 40/466, 120 00 Prague 2, Czech Republic
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**Shareholder of Generali PPF Asset Management, a.s.
Independent auditor's report**

Report on review of the Report on Relations

In addition we have also reviewed the accompanying report on relations between the Company and its controlling party and between the Company and the other persons controlled by the same controlling party for the year ended 31 December 2010 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Statutory Representative of the Company. Our responsibility is to express our opinion on the Report based on performed review.

Scope of Review

We conducted our review in accordance with Audit standard 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the Report is free of material factual misstatement. A review is limited primarily to inquiries of Company personnel, analytical procedures and examination, on a test basis, of factual accuracy of data. A review therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Report has not been properly prepared, in all material respects, in accordance with the requirements of Article 66a of the Commercial Code.

29 April 2011

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Ing. Petr Kříž
Statutory Auditor, Licence No. 1140

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

Information about Generali PPF Asset Management a.s.

Date of establishment:	3 December 1997
Registered office:	Prague 6, Dejvice, Evropská 2690/17, Post code: 160 41
Registered capital:	CZK 52 million
Auditor for 2009:	PricewaterhouseCoopers Audit, s.r.o.
Board of Directors:	Kateřina Jirásková – Member of the Board of Directors Petr Dobiáš – Member of the Board of Directors
Supervisory Board:	Jiří Šmejč – Chairman of the Supervisory Board Marcel Dostal – Member of the Supervisory Board Pavel Horák – Member of the Supervisory Board
Company management:	Kateřina Jirásková – Chief Executive Officer
Main activities:	portfolio management and related investment services, investment consulting, securities trading

Area of Business:

Provision of these core investment services:

Core investment services

- Pursuant to Section 4(2)(a) of Act No. 256/2004 Coll., on Undertaking on the Capital Market (the "Act"): reception and transmission of orders regarding investment instruments, in relation to the investment instruments under Section 3(1)(a) through (k) of the Act;
- Pursuant to Section 4(2)(b) of the Act: execution of orders in relation to investment instruments for a client's account, in relation to the investment instruments under Section 3(1)(a) through (k) of the Act;
- Pursuant to Section 4(2)(c) of the Act: dealing with investment instruments on own account, in relation to investment instruments under Section 3(1)(a) through (k) of the Act;
- Pursuant to Section 4(2)(d) of the Act: management of assets of a client under a contract with the client, if an investment instrument is part of such assets, in relation to investment instruments under Section 3(1)(a) through (k) of the Act;
- Pursuant to Section 4(2)(e) of the Act: investment consulting regarding investment instruments, in relation to investment instruments under Section 3(1)(a) through (k) of the Act;
- Pursuant to Section 4(2)(g) of the Act: underwriting or placement of investment instruments with the obligation to underwrite them;
- Pursuant to Section 4(2)(h) of the Act: placement of investment instruments without the obligation to underwrite them.

Ancillary investment services

- Pursuant to Section 4(3)(a) of the Act: custody of investment instruments, including related services, in relation to investment instruments under Section 3(1)(a) through (k) of the Act;
- Pursuant to Section 4(3)(c) of the Act: provision of advice to undertakings on capital structure, industrial strategy and related matters, and services relating to corporate transformations or business transfer;
- Pursuant to Section 4(3)(d) of the Act: provision of investment recommendations and investment opportunity analyses or other similar general recommendations regarding trading investment instruments, in relation to investment instruments under Section 3(1)(a) through (k) of the Act.

Sole shareholder:

CZI Holdings N.V.
Amsterdam, Strawinskylaan 933, Post code: 1077XX,
Kingdom of Netherlands
Business ID No.: 342 45 976

Changes and amendments registered in the Commercial Register during the prior accounting period:

The following changes were registered in the Commercial Register during the prior accounting period:

25 May 2010 – Registration of termination and reappointment of Mr Jiří Šmejč to the Supervisory Board (office expired on 1 March 2010 and reappointment was made on 1 March 2010)

Other information about the company

The company's registered share capital amounts to CZK 52 million. As at 31 December 2010, the company's equity amounted to CZK 399 million. In 2010, the company generated profit in the amount of CZK 181 million. The table below sets out some other quantitative indicators:

1. Capital figures

- a. aggregate information on the conditions and main characteristics of capital and capital components, including instruments as per Section 55b of Decree No. 123/2007, Coll.:

The company's capital amounts to CZK 215,761 thousand and comprises a Tier 1 component amounting to CZK 216,799 thousand less deductible items totalling CZK 1,038 thousand. The total original capital amount (Tier 1 component) is made up of paid basic capital of CZK 52,000 thousand, statutory reserve funds amounting to CZK 10,400 thousand and retained profits from previous periods amounting to CZK 155,468 thousand less intangible assets amounting to CZK 1,069 thousand.

Other information about the company (continued)

b. Capital figures as per Section 1(b) to (f) of Appendix 30 of Decree No. 123/2007, Coll.:

Date		31.12.2010
A	B	CZK thousand
Capital	1	215,761
Original capital (Tier 1)	2	216,799
Paid up authorised capital incorporated in the Commercial Register	3	52,000
Treasury stock	4	-
Share premium	5	-
General reserve and retained profits	6	165,868
Statutory reserve	7	10,400
Other reserve from division of profits	8	-
Retained profits from previous periods	9	155,468
Profit for the accounting period after taxation	10	-
Unrecovered losses from previous periods	11	-
Final exchange differences from consolidation	12	-
Profit for the current accounting period	13	-
Loss for the current accounting period	14	-
Net profit from capitalisation of future income from securitisation	15	-
Profit/loss from valuation of liabilities at fair value due to credit risk	16	-
Other deductible items from original capital	17	1,069
Goodwill	18	-
Intangible assets other than goodwill	19	1,069
Negative valuation difference from changes in the fair value of realisable capital instruments	20	-
Participating securities issued by a person with a qualified participation in the bank	21	-
Additional capital (Tier 2)	22	-
Primary additional capital – excess coverage of expected credit losses (using IRB)	23	-
Secondary additional capital	24	-
Subordinated debt A	25	-
Positive valuation difference from changes in the fair value of realisable shares and investment certificates	26	-
Deductible items from original and additional capital (Tier 1 + Tier 2)	27	1,038
Capital investments above 10% into banks and other financial institutions	28	-
Capital investments above 10% into insurance companies	29	-
Capital investments up to 10% into institutions and financial institutions	30	-
Significant prudential adjustments with respect to market valuation or model valuation	31	-
Exposure from securitisation with a 1250% risk weight	32	-
Insufficient coverage of expected credit losses (using IRB)	33	-
Reinforcement of other than significant prudential adjustments above subordinated debt B	34	1,038
Free supply deduction	35	-
Capital to cover market risk (Tier 3)	36	-
Subordinated debt B	37	-
Other than significant prudential adjustments with respect to market valuation or model valuation	38	-

Other information about the company (continued)

2. Capital requirement figures

Date		31.12.2010
A	B	CZK thousand
Total capital requirement	1	55,805
Total capital requirement for credit risk	2	17,569
Total capital requirement for credit risk (using STA)	3	17,569
Total capital requirement for credit risk using STA for exposure	4	17,569
Capital requirement using STA for exposure towards central governments and banks	5	-
Capital requirement using STA for exposure towards regional governments and local authorities	6	-
Capital requirement using STA for exposure towards public bodies and others	7	-
Capital requirement using STA for exposure towards international development banks	8	-
Capital requirement using STA for exposure towards international organisations	9	-
Capital requirement using STA for exposure towards institutions	10	17,247
Capital requirement using STA for corporate exposure	11	89
Capital requirement using STA for retail exposure	12	-
Capital requirement using STA for exposure secured on real estate	13	-
Capital requirement using STA for overdue exposure	14	-
Capital requirement using STA for regulatorily high risk exposure	15	-
Capital requirement using STA for covered bond exposure	16	-
Capital requirement using STA for short-term exposure towards institutions and corporate exposure	17	-
Capital requirement using STA for exposure towards collective investment funds	18	-
Capital requirement using STA for other exposure	19	233
Total capital requirement for exposure using STA in IRB	20	-
Capital requirement using STA in IRB for exposure towards central governments and banks	21	-
Capital requirement using STA in IRB for exposure towards institutions	22	-
Capital requirement using STA in IRB for corporate exposure	23	-
Capital requirement using STA in IRB for retail exposure	24	-
Capital requirement using STA in IRB for share exposure	25	-
Capital requirement using STA in IRB for other exposure	26	-
Capital requirement for credit risk using STA for securitised exposure	27	-
Total capital requirement for credit risk using IRB	28	-
Total capital requirement for credit risk using IRB for selected exposure	29	-
Capital requirement using IRB for exposure towards central governments and banks	30	-
Capital requirement using IRB for exposure towards institutions	31	-
Capital requirement using IRB for corporate exposure	32	-
Capital requirement using IRB for retail exposure	33	-
Capital requirement for credit risk using IRB for share exposure	34	-
Capital requirement for credit risk using IRB for securitised exposure	35	-
Capital requirement for credit risk using IRB for other exposure	36	-
Capital requirement for settlement risk	37	-

Other information about the company (continued)

2. Capital requirement figures (continued)

Date		31.12.2010
A	B	CZK thousand
Total capital requirement for position, currency and commodity risk	38	-
Total capital requirement for market risk using the standard approach (STA)	39	-
Capital requirement using STA for interest risk	40	-
Capital requirement using STA for share risk	41	-
Capital requirement using STA for currency risk	42	-
Capital requirement using STA for commodity risk	43	-
Capital requirement for market risk using an approach based on internal models	44	-
Total capital requirement for operational risk	45	38,236
Capital requirement for operational risk using BIA	46	38,236
Capital requirement for operational risk using TSA	47	-
Capital requirement for operational risk using ASA	48	-
Capital requirement for corporate portfolio exposure risk	49	-
Capital requirement for other corporate portfolio instruments	50	-

3. Index ratios

1. Capital adequacy ratio	30.93%
2. Debt / Equity I (total liabilities excluding customers' assets / equity excluding customers' assets)	8.99%
3. Debt / Equity II (total liabilities excluding customers' assets / equity)	9.88%
4. Return on average assets (ROAA, assets excluding customers' assets)	47.36%
5. Return on average equity (ROAE)	91.66%
6. Return on sales (net profit / income from investment services)	50.94%
7. Administrative expenses per employee	CZK 2,562.14

Additional information

During 2010, the company incurred no research and development costs.

During 2010, the company acquired none of its own shares nor the shares of the controlling party.

The company has no foreign branches.

Report of the Board of Directors

Characteristics of economic and financial market trends in 2010

1. The global economic revival carried over into the Czech economy

The global economic growth revival that began in 2009 continued in 2010. Dramatic improvement in year-round performance compared with 2009 was seen in developing economies and particularly in developed economies. The GDP in the Eurozone grew by 1.7%: far more than originally expected at the end of 2009. Exports and creation of reserves were the main driving force behind revival in the

Eurozone. As a consequence the Czech economy, which is centred around export and is thus strongly dependent on development within the Eurozone, profited. In 2010 the Czech GDP grew by 2.2% – again, the main forces behind the growth were net exports and reserves. There was also a slight revival in respect of household consumption, but at the close of the year private

DEVELOPMENT OF SELECTED VARIABLES		2008	2009	2010
World GDP (IMF)	(actual change in %)	2.8	(0.6)	5.0
Eurozone GDP	(actual change in %)	0.3	(4.0)	1.7
Czech GDP	(actual change in %)	2.5	(4.1)	2.2
EMU inflation	(HICP, average in %)	3.3	0.3	1.6
Czech inflation	(CPI, average in %)	6.3	1.0	1.5
Oil price	(Brent, average in \$)	97.7	62.0	79.7
EUR/USD	(annual average)	1.47	1.39	1.33
EUR/CZK	(annual average)	24.94	26.44	25.29
FED	(basic interest in %, year end)	0.25	0.25	0.25
ECB	(basic interest in %, year end)	2.50	1.00	1.00
ČNB	(basic interest in %, year end)	2.25	1.00	0.75
10Y IRS USD	(in %, year end)	2.60	3.96	3.36
10Y IRS EUR	(in %, year end)	3.74	3.58	3.30
10Y IRS CZK	(in %, year end)	3.19	3.54	3.14
S&P 500	(level at year end)	903.2	1,115.1	1,257.6
Eurostoxx 50	(level at year end)	2,447.6	2,965.0	2,792.8
PX	(level at year end)	858.2	1,117.3	1,224.8

Sources: Bloomberg, IMF

consumption wavered, this surely in connection with slowing wage growth and fears due to the economising (budgetary) measures that came into effect from January 2011. Investment figures (gross fixed capital formation) were mainly supported by the so-called solar boom in the second half of the year, but still showed an overall decline for the whole of last year. In 2011 it can be expected that the Czech economy's growth will slow down in relation to the budget savings and the subsiding solar boom. Notwithstanding, thanks to the global economy's continued solid growth, GDP growth should not drop very far below 2.0%. Gross fixed capital formation can be expected to see a steady resurgence considering the growing capacity utilisation within the economy.

Despite the economic revival, inflation remained low as both the Czech economy and mature economies are still operating beneath their potential. Year-on-year inflation did not reach the inflation goal (2.0%) until the close of last year, due to increased commodity prices (crude oil, foodstuffs). The absence of demand inflation pressure and the relaxed currency economy within the largest mature economies made it possible for the ČNB to keep its interest rates very low and even, in spring 2010, to lower them slightly by 25bp resulting in a 2T repo rate of 0.75%. However, the oil price trends will continue to represent a significant inflation risk for the Czech economy and for the whole world in general in 2011.

Payment balance trends in 2010 were propitious for the Czech crown because as the ČNB's foreign exchange reserves grew thanks to the payment balance trend, the Czech crown strengthened almost 4.5% on average over the entire year. Last year public finances showed a deficit corresponding to 4.8% GDP, whereas the originally targeted year-round deficit had been set at 5.3%. The coming into power of the centre-right government following the spring 2010 elections and that government's efforts to lower the public finance deficit and gradually stabilise public debt have also improved the outlook for the years ahead. Employment market developments (always delayed compared with the economic cycle) stabilised within the Czech economy during 2010 (in terms of the unemployment level), and the first quarter of this year saw a year-on-year decline in unemployment that was stronger than generally expected

2. Developments on the financial markets faced the contradicting factors of economic revival and the credit crisis in the Eurozone

Generally, the year 2010 can absolutely be characterised as one of virtually zero interest rates (both in the Czech Republic and elsewhere) and pronounced volatility spanning all asset classes. As mentioned above, all asset classes were affected primarily by the following factors:

- Economic data – good, far above expectations at the beginning of the year with an almost "V-shaped" recovery, a rather pronounced correction during the summer months (fears of a "double dip" scenario) and a follow-up return to the positive trajectory during the fourth quarter.
- "Quantitative easing" – economic revival without demand inflation pressure (growth below potential), combined with fears over the sustainability of the revival, made the relevant central banks keep their monetary-policy interest rates very low. In the case of the American FED and the central bank of Japan, bond purchase programs were increased further.
- Corporate results – last year's pleasant surprise in respect of profit margins as well as overall profits.
- Credit crisis in the Eurozone – the problems being faced by Greece and Ireland, as well as speculation about problems being faced by other states, profoundly affected both the absolute direction of developments within the individual asset classes and the strong regional divergence.

Development on the stock market was very different from the previous year. Shares oscillated within the relatively broad range of -11 to +6% (measured from the level at the beginning of 2010), thereafter growing almost continuously until the end of the year.

The year 2010 was no less interesting from the perspective of investment into credit instruments. On the one hand, the market was supported by relatively strong macro data, improving balances within firms, etc., which led to a narrowing in credit spreads. On the other hand, problems connected with the credit crisis in peripheral European states lead to a broadening of credit spreads in all (state and otherwise) issuers connected with the crisis. Again, the upshot of these diametrically opposed influences was high volatility and strong regional divergence.

G2 government bond yields in 2010 dropped to one of the lowest levels of all time (around 2.5%) – first stricken by the disinflation scenarios and then also by the credit crisis in the Eurozone, where investors' risk aversion caused a further drop in German government bond revenues and, conversely, a revenue growth, for example, in 10-year government bonds in problematic countries of as much as 11% (Greece). The improved economic situation worldwide at the end of the year led to a partial normalisation of the absolute level of G2 yields. Czech government bond yields more or less copied the trend of the most mature economies; the temporary credit spread expansion to 130bp was caused by panic over the escalating credit crisis, but subsequently the Czech credit was again valued with a corresponding spread of approximately 70bp (at the end of the year).

The year 2010 from the perspective of portfolio performance

As in 2009, despite high volatility we believe that the year 2010 went beyond expectations in terms of success on the level of both strategic allocation (long-term investment strategy recommended to clients) and tactical allocation (revenues in excess of the benchmark representing the investment strategy approved by the client).

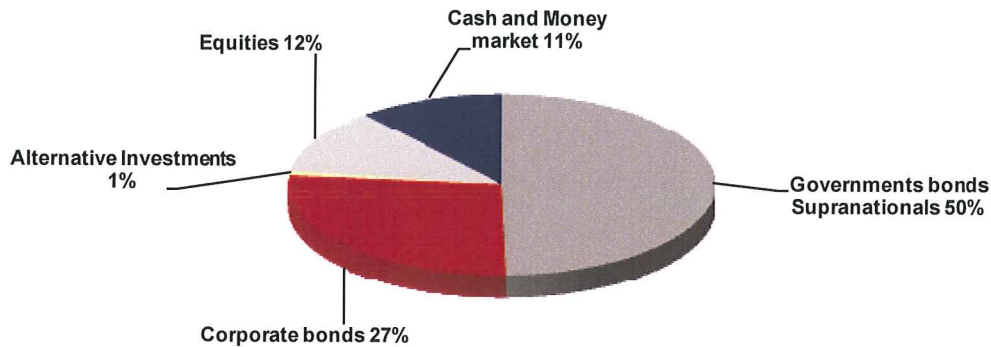
We see the following as being the main factors and conditions behind this success in the strategic field:

- Concentration of strategic allocation on credit investment and shares
- Focus on the fundamental health of the firm in the credit investments field. We managed to avoid investing into credits connected with the credit crisis in peripheral Europe, targeting individual issuers from "healthy" states and primarily those in our own region
- Focus on the CEE region and Russia when investing into shares
- Early interception of further interest rate decline trends

Tactical allocation was also a source of further revenues for our clients' portfolios. The main factors behind this were the following:

- Correct timing of investments into credit, particularly in our region, Russia and the US financials
- The "buy the dip" strategy, which we applied consistently throughout the year in respect of the portfolios' share components
- Transfer to the short end of the Czech government bonds curve.

AuM according to asset classes (December 31 2010)



As a consequence of the aforementioned facts, we were able to credit revenues to our clients at both the strategic allocation and the tactical allocation levels which (compared with the forecast at the beginning of 2010 and taking into account the almost zero interest rates and the high volatility) went beyond our expectations.

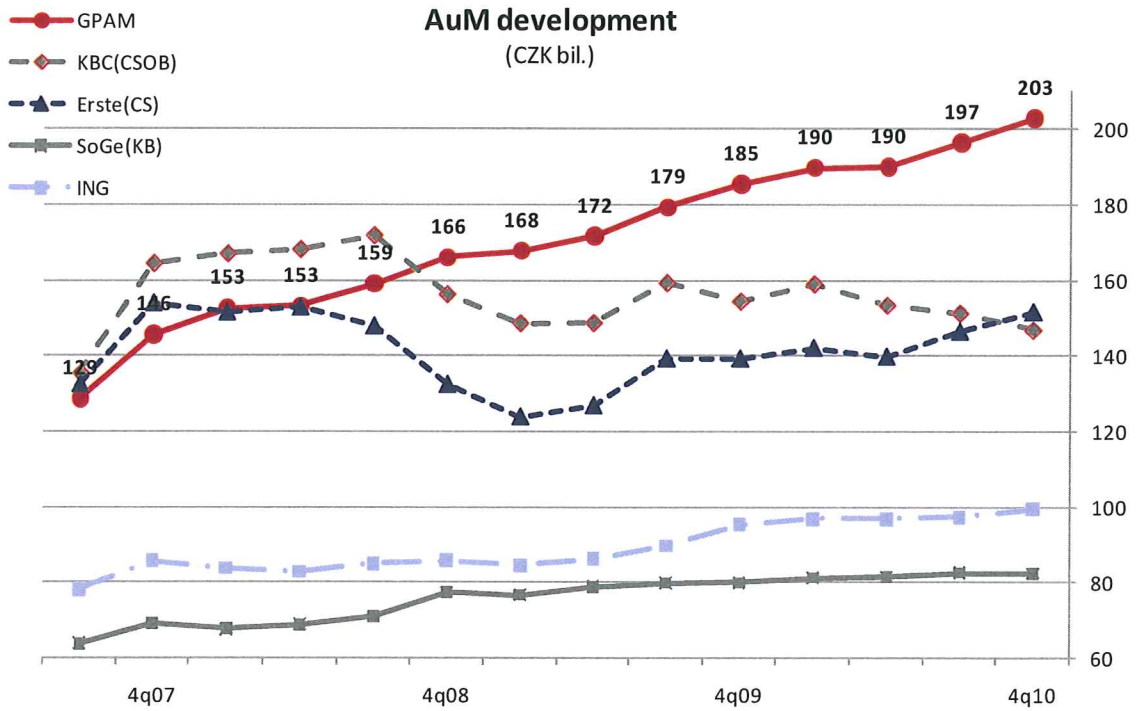
In the case of mixed portfolios with long maturity bonds, the appreciation was in excess of 8% p.a., the returns coming basically from all the asset classes. Owing to the low credit risk, mixed short-duration portfolios brought returns of more than 5.2% p.a. to our clients. Outstanding results were also achieved by our managed unit trusts. For example, the ČP Invest corporate bond fund was the most successful in its category with a return of 8.4% p.a. for 2010, confirming its long-standing privileged position on the Czech market.

Company performance, AuM, position on the Czech market

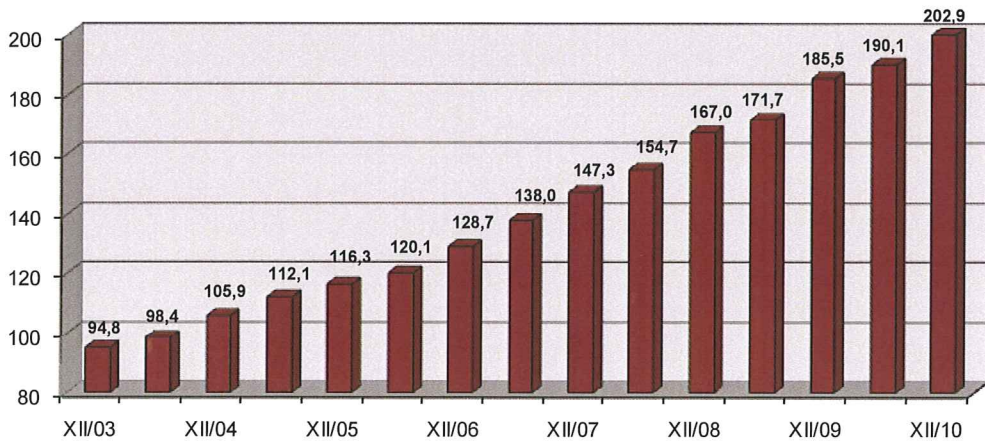
The year 2009 was an excellent one for our company and its economic results, but above all for the results of our clients from the perspective of performance of the portfolios under our management. Nonetheless, it can be stated that 2010 did not stay back in this evaluation, surpassing our expectations in many respects and in this area also.

- Our clients' portfolios frequently appreciated to very attractive levels.
- The company's profit rose to a record level of more than CZK 180 million.
- Assets under management reached nearly CZK 203 billion, testifying to the company's position as a leader on the Czech market. According to data from the Czech Capital Market Association of the CR:
 - we are the asset manager with the biggest AuM on the institutional client market, with a market share of over 36%
 - we are number 1 on the entire Czech market, with a market share of over 25%

- we have long been the fastest growing large asset management firm. In the past three years the volume of assets under management has increased by almost 40% while growth on the market as a whole was only 11%. Ever since asset management statistics began to be monitored in the Czech Republic for the year 2006, Generali PPF Asset Management has been the only large player on the market that has been constantly growing.



Assets under Management (CZK bln)



Conclusion

The past year has exceeded our expectations in many respects. Despite high volatility on the market and virtually zero interest rates, we consider it one of our main successes to have achieved unexpectedly good results across all our portfolios.

Our long-term objectives remain unchanged: we want to know our clients' needs in detail and build relationships that are based on trust and backed up by high-quality services and long-term, outstanding results.

We want to actively focus our complete attention on the individual needs of each of our clients and continue to be as successful as possible in achieving a balance between return and risk for all our current and potential clients, and for every individual portfolio.

Our employees are the backbone of our achievements. Without their daily efforts and extraordinary flexibility, we could never have achieved such success for our clients. They all deserve a warm thank you for that and so much more.

Prague, 31 March 2011



Petr Dobiáš
Member of the Board of Directors
Generali PPF Asset Management a.s.



Kateřina Jirásková
Member of the Board of Directors
Generali PPF Asset Management a.s.

Generali PPF Asset Management a.s.,

with its registered office in Prague 6, Dejvice, Evropská 2690/17, Post code: 160 41,
Business ID Number: 25629123, registered in the Commercial Register maintained
by the Municipal Court in Prague under file No. B. 5073 on 3 December 1997

Report of the Board of Directors on the Business Performance and State of Assets, ordinary financial statements of Generali PPF Asset Management a.s. for the 2010 accounting period

One of the main tasks of today's decision of the sole shareholder acting in the capacity of the General Meeting of Generali PPF Asset Management a.s. is to approve the financial results of Generali PPF Asset Management a.s. for the 2010 accounting period.

The balance sheet of Generali PPF Asset Management a.s. as at 31 December 2010 shows assets totalling CZK 438,116 thousand structured as follows:

- Cash in hand: CZK 65 thousand
- Due from banks: CZK 423,642 thousand
- Due from non-banking entities: CZK 11,498 thousand
- Long-term tangible and intangible fixed assets: CZK 2,107 thousand
- Other assets: CZK 368 thousand
- Prepayments and accrued income: CZK 436 thousand

Liabilities totalling CZK 438,116 thousand are structured as follows:

- Other liabilities: CZK 25,461 thousand
- Equity: CZK 398,680 thousand
- Provisions for taxes: CZK 13,975 thousand

Equity comprises the following:

- Company's registered share capital in the amount of CZK 52,000 thousand
- Reserve funds and other revenue reserves: CZK 10,400 thousand
- Retained earnings from previous periods: CZK 155,468 thousand
- Profit of the current accounting period: CZK 180,812 thousand


Generali PPF Asset Management a.s. was not obliged to create a reserve due to existence of liabilities and receivables in foreign currency.

Main data from the Income statement:

- Profit on ordinary activities before taxation for the accounting period: CZK 223,486 thousand
- Income tax: CZK 42,674
- Profit after taxation for the current accounting period: CZK 180,812 thousand

Prague, 31 March 2011


.....
Kateřina Jirásková
Member of the Board of Directors
Generali PPF Asset Management a.s.


.....
Petr Dobiáš
Member of the Board of Directors
Generali PPF Asset Management a.s.

Generali PPF Asset Management a.s.,
with its registered office in Prague 6, Dejvice, Evropská 2690/17, Post code: 160 41,
Business ID Number: 25629123, registered in the Commercial Register maintained
by the Municipal Court in Prague under file No. B. 5073 on 3 December 1997

**Data about the amount of the base for calculation of the contribution to the
Securities Traders' Guarantee Fund**

As a securities trader, Generali PPF Asset Management a.s. pays an annual contribution of 2% of the volume of income from fees and commissions for investment services provided for the last calendar year, but no less than CZK 10,000, to the Securities Traders' Guarantee Fund in accordance with Article 129 of Act No. 256/2004 Coll., on Business Activities on the Capital Market, as amended. This contribution is payable by 31 March each year for the preceding year.

Income from fees and commissions for investment services provided in 2009 amounted to CZK 354,946 thousand; the contribution to the Securities Traders' Guarantee Fund was calculated at 2% of this volume of income from fees and commissions, and an amount of CZK 7,099 thousand was settled on 28 March 2011 by bank transfer to the bank account of the Securities Traders' Guarantee Fund.

GENERALI PPF ASSET MANAGEMENT a.s.

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2010

Note

The financial statements have been prepared in Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.



Independent auditor's report

to the shareholder of Generali PPF Asset Management, a.s.

We have audited the accompanying financial statements of Generali PPF Asset Management, a.s., identification number 256 29 123, with registered office at Evropská 2690/17, Praha 6 ("the Company"), which comprise the balance sheet as at 31 December 2010, the income statement and statement of changes in equity for the year then ended and notes, including a summary of significant accounting policies ("the financial statements").

Statutory Representative's Responsibility for the Financial Statements

The Statutory Representative is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation, and for such internal controls as the Statutory Representative determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of the Czech Republic, International Standards on Auditing and the related application guidance of 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.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Kateřinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.

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Shareholder of Generali PPF Asset Management, a.s.
Independent auditor's report

Auditor's Responsibility (continued)

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 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 Company's preparation of the financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of the 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 the Company as at 31 December 2010 and its financial performance for the year then ended in accordance with Czech accounting legislation.

11 March 2011

PricewaterhouseCoopers Audit, s.r.o.
represented by partner

Petr Kříž
Statutory Auditor, Licence No. 1140

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

Generali PPF Asset Management a.s.
 Residence: Evropská 2690/17, P.O.Box 177
 Identification number: 25629123
 Legal form: joint-stock company
 Primary business: securities trader according to special law
 Date of preparation: 11 March 2011

BALANCE SHEET AS AT 31 DECEMBER 2010

	<u>Note</u>	<u>31 December 2010</u> CZK'000	<u>31 December 2009</u> CZK'000
<u>Assets:</u>			
Cash		65	73
Due from banks	3	423,642	342,176
of which: a) repayable on demand		4,762	9,372
b) other receivables		418,880	332,804
Due from nonbanking entities-other	4	11,498	11,852
Long-term intangible fixed assets	5	1,069	920
Long-term tangible fixed assets	5	1,038	2,439
Other assets	6	368	177
Prepayments and accrued income		<u>436</u>	<u>501</u>
Total assets		<u>438,116</u>	<u>358,138</u>
<u>Liabilities:</u>			
Other liabilities	8	25,461	20,536
Provisions for taxes	7	13,975	21,142
Share capital paid up	9	52,000	52,000
Statutory reserve fund		10,400	10,400
Retained earnings from previous periods		155,468	106,097
Profit for the accounting period		<u>180,812</u>	<u>147,963</u>
Total liabilities		<u>438,116</u>	<u>358,138</u>

OFF-BALANCE SHEET AS AT 31 DECEMBER 2009

<u>Off-balance sheet liabilities:</u>	<u>Note</u>	<u>31 December 2010</u> CZK'000	<u>31 December 2009</u> CZK'000
Assets held under custody	10	150	172
Assets under management	10	<u>204,584,938</u>	<u>186,869,356</u>
Total off-balance sheet liabilities		<u>204,585,088</u>	<u>186,869,528</u>

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<u>Note</u>	<u>2010</u> CZK'000	<u>2009</u> CZK'000
Interest and similar income	11	6,386	5,965
Fee and commission income	12	354,946	302,135
Fee and commission expense	13	(224)	(376)
Net loss from financial transactions	14	(403)	(299)
Other operating income	15	2,861	826
Other operating expense	16	(14,754)	(12,004)
Administrative expense	17	(124,302)	(108,215)
of which: a) staff costs		(85,643)	(71,462)
of which: aa) wages and salaries		(66,947)	(56,995)
ab) social and health insurance		(15,117)	(10,903)
b) other administrative expenses		(38,659)	(36,753)
Depreciation of long-term tangible and intangible fixed assets	5	<u>(1,024)</u>	<u>(2,735)</u>
Profit on ordinary activities before taxation		223,486	185,297
Income tax	7, 18	<u>(42,674)</u>	<u>(37,334)</u>
Profit for accounting period after taxation		<u>180,812</u>	<u>147,963</u>

GENERALI PPF ASSET MANAGEMENT a.s.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital	Statutory reserve fund	Retained earnings	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Balance as at 31 December 2008	52,000	10,400	155,393	217,793
Net profit for the accounting period	-	-	147,963	147,963
Dividends	<u>-</u>	<u>-</u>	<u>(49,296)</u>	<u>(49,296)</u>
Balance as at 31 December 2009	<u>52,000</u>	<u>10,400</u>	<u>254,060</u>	<u>316,460</u>
Net profit for the accounting period	-	-	180,812	180,812
Dividends	<u>-</u>	<u>-</u>	<u>(98,592)</u>	<u>(98,592)</u>
Balance as at 31 December 2010	<u>52,000</u>	<u>10,400</u>	<u>336,280</u>	<u>398,680</u>

1 GENERAL INFORMATION

Generali PPF Asset Management a.s. (hereinafter referred to as “the Company”) was incorporated on 3 December 1997. The Company's business activity is management of the portfolios of institutional clients and related investment services, investment consulting, securities trading and the provision of supplementary investment services.

The departments of the Company are as follows: a Portfolio Management department, a Market Analysis department, a Risk Management department, a Project Management department, an Internal Processes department (this includes the Back Office and administrative section and the Middle Office section), a Financial department, a Commerce section and a Compliance section. IT Support (which is outsourced to an external provider from the Group) and the Internal Audit function also fall within the competence of the Internal Processes department.

The Company is owned by the sole shareholder:

CZI Holdings N.V.
Tower B, Strawinskylaan 933
1077XX Amsterdam
The Netherlands
Identification code: 342 45 976

2 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements, comprising a balance sheet, statements of income and of changes in equity and accompanying notes, are prepared in accordance with the Act on accounting and the applicable accounting rules for financial institutions set by the Ministry of Finance of the Czech Republic. The financial statements are prepared under the historical cost convention.

The financial statements are rounded to thousands of Czech Crowns (“CZK’000”) unless otherwise stated and are not consolidated.

(b) Transaction date

Transaction date refers to, in particular, the day of payment or takeover of a currency; the day of purchase or sale of a foreign currency and securities; the day payment or collection is made from the client's bank account; the day (foreign currency) funds are credited according to the incoming report from the bank; or the day of negotiating a securities transaction.

2 ACCOUNTING POLICIES (continued)

(c) Foreign currencies

Financial assets and liabilities denominated in foreign currencies are translated to Czech Crowns at the exchange rate announced by the Czech National Bank ("CNB") effective at the balance sheet date. Resulting foreign exchange gains and losses are recognised in Gains less losses from financial transactions.

(d) Fee and commission income

The custody and management fee and the fee for advisory service is recognised based on the applicable service contracts, on an accrual basis.

(e) Interest income

Interest income is recognised for all interest bearing instruments on an accrual basis using the effective interest method based on the acquisition cost.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows until maturity or the nearest change of interest rate to the net carrying amount of the financial asset.

(f) Receivables

Receivables originated by the Company are stated at nominal value less allowances.

(g) Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. All provisions are presented in liabilities.

In the reporting period, the Company creates a provision for tax due and recognises this in liabilities only in the amount of the tax underpayment due. In the event that the tax advance payments exceed the anticipated tax payable, then the provision for tax due is not recognised and the anticipated overpayment of tax advance payments (the difference between advances paid and the provision created) is recognised in assets as a receivable.

2 ACCOUNTING POLICIES (continued)

(g) Provisions (continued)

The Company recognises the full anticipated amount of tax due as an expense in the appropriate income statement line. Release or utilisation of provision is recognised together with income tax due.

(h) Long-term tangible and intangible fixed assets

Tangible fixed assets are recorded at cost and depreciated by applying the straight-line basis over their estimated useful lives (starting from the month after being put into use). The estimated useful life of the asset is usually set according to the tax life or contractually as a right of use for a definite period. Intangible fixed assets are amortised by applying the straight-line basis (on a monthly basis), starting from the month after being put into use, for the duration of the useful life.

The periods of depreciation / amortisation for individual categories of tangible and intangible fixed assets are as follows:

Software	36 months or the duration contractually fixed
Royalties	72 months
Low value intangible fixed assets	24 - 48 months
Machinery and equipment	3 - 4 years
Motor vehicles	4 years
Inventory	4 - 5 years
Low value tangible fixed assets	2 - 4 years

Based on the decision of the Company, intangible assets with a unit cost of less than CZK 60,000 and tangible assets with a unit cost of less than CZK 40,000 and a useful life longer than one year are depreciated based on the estimated useful life of the asset applying the percentage rate for individual months after being put into use.

Other intangible and tangible assets not recognised as long-term fixed assets are expensed in the period in which they were acquired and recorded in the operational evidence.

2 ACCOUNTING POLICIES (continued)

(i) Value added tax

As at 1 January 2009 the Company became part of a group, which is registered for value added tax (hereinafter "VAT"), whereas representative member of the group is Česká pojišťovna a.s. To a large extent, the Company together with the group realise tax-exempt supplies without the entitlement to a tax deduction, but also make supplies that are entitled to a tax deduction as well as taxable supplies. Therefore, the group reduces the tax deduction in respect of taxable supplies received. At the end of the calendar year, the group settles the tax deduction entitlement in respect of reduced supplies.

(j) Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base using the full liability method. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which this asset can be utilized.

The approved tax rate for the period in which the Company expects to utilize the asset is used for the deferred taxation calculation.

(k) Staff costs, pensions and social fund

Staff costs are included in Administrative expense and they include also board emoluments.

The Company makes contributions on behalf of its employees to a defined contribution pension plan. Contributions paid by the Company are accounted for directly as an expense.

The Company makes regular pension plan contributions to the state budget.

(l) Related parties

In accordance with Decree No. 501/2002 Coll. and IAS 24, related parties are considered related upon meeting the following conditions:

- a) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- b) the party is an associate of the entity;

2 ACCOUNTING POLICIES (continued)

(l) Related parties (continued)

- c) the party is a joint venture in which the entity is a venturer;
- d) the party is a member of the key management personnel of the entity or its parent;
- e) the party is a close member of the family of any individual referred to in (a) or (d);
- f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the contractually agreed sharing of control over an economic activity

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

Material transactions, outstanding balances and pricing policies with related parties are disclosed in Notes 3, 4, 6, 8, 9, 11, 12, 13 and 18.

(m) Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are reflected in the financial statements in the case that these events provide further evidence of conditions, which existed at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to preparation of the financial statements that are indicative of conditions which arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves reflected in the financial statements.

GENERALI PPF ASSET MANAGEMENT a.s.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2010

3 DUE FROM BANKS

	<u>31 December 2010</u>	<u>31 December 2009</u>
	CZK'000	CZK'000
Current accounts with banks	4,762	9,372
Term deposits with banks	418,236	332,457
Other due from companies	<u>644</u>	<u>347</u>
	<u>423,642</u>	<u>342,176</u>
of which from related parties	422,679	341,500

Other receivables due from companies as at 31 December 2010 represent a receivable due from a credit institution from the EU arising from financial activities in the amount of CZK 644,000 (31 December 2009: CZK 347,000). The Company does not have balances on foreign bank accounts in the reporting periods.

The Company predominantly uses the banking services of the related company PPF banka a.s., with which it has funds deposited totalling CZK 422,679 (31 December 2009: CZK 341,500,000).

4 DUE FROM NONBANKING ENTITIES

(a) Receivables by type of debtor

	<u>31 December 2010</u>	<u>31 December 2009</u>
	CZK'000	CZK'000
Receivables from non financial organizations - physical entities	961	2,125
Receivables from non financial organizations - legal entities	148	2
Receivables from financial organizations - collective investment entities	5,034	3,930
Receivables from financial organizations - insurance companies	<u>5,355</u>	<u>5,795</u>
	<u>11,498</u>	<u>11,852</u>

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

4 DUE FROM NONBANKING ENTITIES (continued)

(b) Receivables from related parties

	31 December			31 December
	<u>2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>2010</u>
	CZK'000	CZK'000	CZK'000	CZK'000
Receivables against non financial organizations				
- legal entities	2	3,451	(3,305)	148
of which :				
Educa Foundation, Říčany, Identification number: 26748118	1	98	(99)	-
Open Gate - Boarding school, Říčany, Identification number: 27089941	1	64	(62)	3
Generali PPF Holding B.V.	-	3,225	(3,080)	145
Receivables against financial organizations				
- collective investment entities	3,930	156,465	(155,360)	5,035
of which :				
ČP Invest investiční společnost, a.s., Prague 1, Identification number: 43873766	325	18,875	(18,588)	612
Penzijní fond České pojišťovny a.s., Prague 1, Identification number: 61858692	3,453	129,488	(129,397)	3,544
Generali penzijní fond a.s., Prague 1, Identification number: 63998475	152	6,412	(6,378)	186
Generali PPF Invest PLC, 33 Sir John Rogerson's Quasy, Dublin 2, Ireland	-	1,690	(997)	693
Receivables against financial organizations - insurance companies	4,643	181,031	(180,879)	4,795
of which :				
Česká pojišťovna a.s., Prague 1, Identification number: 45272956	2,281	89,103	(89,122)	2,262
Česká pojišťovna zdraví a.s., Prague 10, Identification number: 49240749	28	1,151	(1,148)	31
Generali Slovensko poisťovňa, a.s., Bratislava, Identification number: SK 2021000487	475	17,202	(17,273)	404
Česká pojišťovna s.r.o., Moscow	101	860	(961)	-
CP Reinsurance Company Ltd., Nicosia	14	21	(35)	-
Generali Pojišťovna a.s., Prague 2, Identification number: 61859869	861	36,551	(36,416)	996
GP Reinsurance EAD, Bulgaria	<u>883</u>	<u>36,143</u>	<u>(35,924)</u>	<u>1,102</u>
Total receivables from related parties	<u>8,575</u>	<u>340,947</u>	<u>(339,544)</u>	<u>9,978</u>

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

5 LONG-TERM INTANGIBLE AND TANGIBLE FIXED ASSETS

Long-term intangible fixed assets

	<u>Software</u> CZK'000	<u>Other</u> CZK'000	<u>Total</u> CZK'000
At 1 January 2009			
Cost	5,520	1,511	7,031
Accumulated amortisation and impairment	<u>(4,228)</u>	<u>(1,330)</u>	<u>(5,558)</u>
Net book amount	<u><u>1,292</u></u>	<u><u>181</u></u>	<u><u>1,473</u></u>
Year ended 31 December 2009			
Opening net book value	1,292	181	1,473
Additions	306	-	306
Amortization charge	<u>(766)</u>	<u>(93)</u>	<u>(859)</u>
Closing net book value	<u><u>832</u></u>	<u><u>88</u></u>	<u><u>920</u></u>
At 31 December 2009			
Cost	5,826	1,511	7,337
Accumulated amortization and impairment	<u>(4,994)</u>	<u>(1,423)</u>	<u>(6,417)</u>
Net book amount	<u><u>832</u></u>	<u><u>88</u></u>	<u><u>920</u></u>
Year ended 31 December 2010			
Opening net book amount	832	88	920
Additions	550	66	616
Amortization charge	<u>(415)</u>	<u>(52)</u>	<u>(467)</u>
Closing net book value	<u><u>967</u></u>	<u><u>102</u></u>	<u><u>1,069</u></u>
At 31 December 2010			
Cost	6,376	1,577	7,953
Accumulated amortization and impairment	<u>(5,409)</u>	<u>(1,475)</u>	<u>(6,884)</u>
Net book amount	<u><u>967</u></u>	<u><u>102</u></u>	<u><u>1,069</u></u>

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

5 LONG-TERM INTANGIBLE AND TANGIBLE FIXED ASSETS (continued)

Long-term operating tangible fixed assets

	Property and plant CZK'000	Equipment CZK'000	Motor vehicles CZK'000	Other CZK'000	Total CZK'000
At 1 January 2009					
Cost	1,696	135	4,813	1,432	8,076
Accumulated depreciation and impairment	<u>(1,069)</u>	<u>(135)</u>	<u>(1,894)</u>	<u>(1,164)</u>	<u>(4,262)</u>
Net book amount	<u>627</u>	<u>-</u>	<u>2,919</u>	<u>268</u>	<u>3,814</u>
Year ended 31 December 2009					
Opening net book amount	627	-	2,919	268	3,814
Additions	40	-	-	737	777
Disposals	(269)	-	-	(7)	(276)
Depreciation charge	<u>(187)</u>	<u>-</u>	<u>(1,313)</u>	<u>(376)</u>	<u>(1,876)</u>
Closing net book amount	<u>211</u>	<u>-</u>	<u>1,606</u>	<u>622</u>	<u>2,439</u>
At 31 December 2009					
Cost	1,351	135	4,813	1,763	8,062
Accumulated depreciation and impairment	<u>(1,140)</u>	<u>(135)</u>	<u>(3,207)</u>	<u>(1,141)</u>	<u>(5,623)</u>
Net book amount	<u>211</u>	<u>-</u>	<u>1,606</u>	<u>622</u>	<u>2,439</u>
Year ended 31 December 2010					
Opening net book amount	211	-	1,606	622	2,439
Additions	186	-	-	598	784
Disposals	(1)	-	(1,606)	(23)	(1,630)
Depreciation charge	<u>(127)</u>	<u>-</u>	<u>-</u>	<u>(428)</u>	<u>(556)</u>
Closing net book amount	<u>269</u>	<u>-</u>	<u>-</u>	<u>769</u>	<u>1,038</u>
At 31 December 2010					
Cost	1,401	135	-	2,186	3,722
Accumulated depreciation and impairment	<u>(1,132)</u>	<u>(135)</u>	<u>-</u>	<u>(1,417)</u>	<u>(2,684)</u>
Net book amount	<u>269</u>	<u>-</u>	<u>-</u>	<u>769</u>	<u>1,038</u>

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

5 LONG-TERM INTANGIBLE AND TANGIBLE FIXED ASSETS (continued)

Depreciation of long-term tangible fixed assets and amortization of long-term intangible fixed assets

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Depreciation of tangible fixed assets	468	1,876
Amortisation of intangible fixed assets	<u>556</u>	<u>859</u>
	<u>1,024</u>	<u>2,735</u>

6 OTHER ASSETS

	<u>31 December 2010</u>	<u>31 December 2009</u>
	CZK'000	CZK'000
Other debtors	337	150
Due from employees	23	6
Receivables against the Financial Office from excessive VAT deduction	8	8
Deferred tax assets (note 18)	<u>-</u>	<u>13</u>
	<u>368</u>	<u>177</u>
of which from related parties	316	150

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

7 PROVISIONS

The movement in provisions can be analyzed as follows:

	Provisions <u>for taxes</u> CZK'000
At 1 January 2009	7,080
Additions	36,999
Release of provisions to reflect tax advances paid	(15,857)
Release of provisions – other	<u>(7,080)</u>
At 31 December 2009	<u>21,142</u>
Additions	42,641
Release of provisions to reflect tax advances paid	(28,666)
Release of provisions - other	<u>(21,142)</u>
At 31 December 2010	<u>13,975</u>

The Company recognises provisions for income taxes. Tax liability represents management's best estimate at the balance sheet date.

8 OTHER LIABILITIES

	<u>31 December 2010</u> CZK'000	<u>31 December 2009</u> CZK'000
Liabilities for social and health insurance	1,684	817
Amounts due to state budget	2,171	1,751
Amounts due to employees	11,539	9,835
Payables from settlement with customers	61	52
Deferred tax	1	-
Anticipated liabilities	783	721
Other liabilities	<u>9,221</u>	<u>7,360</u>
	<u>25,460</u>	<u>20,536</u>
of which to related parties	2,445	1,362

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

8 OTHER LIABILITIES (continued)

As at 31 December 2010, anticipated liabilities are represented by uninvoiced operating expenses in the amount of CZK 783,000 (31 December 2009: CZK 721,000).

Other payables include a payable amounting to CZK 7,099,000 in respect of a contribution to the Guarantee Fund (31 December 2009: CZK 6,043,000).

9 EQUITY AND PROFIT DISTRIBUTION

Share capital

	<u>31 December 2010</u>	<u>31 December 2009</u>
	CZK'000	CZK'000
Issued and paid up	<u>52,000</u>	<u>52,000</u>

The Company is required under the Commercial Code to allocate 5 % of annual profit to a non-distributable statutory reserve fund until the balance reaches 20 % of share capital. The Company's statutory reserve fund reaches the required 20 %.

Profit distribution

The net profit of CZK 180,812,000 for 2010 is proposed to be distributed as follows:

	<u>2010</u>
	CZK'000
Dividends	144,560
Retained earnings	<u>36,252</u>
Net profit	<u>180,812</u>

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

10 CONTINGENCIES AND COMMITMENTS

	<u>31 December 2010</u>	<u>31 December 2009</u>
	CZK'000	CZK'000
<u>Assets held under custody</u>		
Shares	150	172
<u>Assets under management</u>		
Cash	21,447,420	19,439,954
Debt securities	155,668,270	146,733,271
Shares	10,676,147	7,955,173
Other assets	<u>16,793,101</u>	<u>12,740,958</u>
	204,584,938	186,869,355
	<u>204,585,088</u>	<u>186,869,529</u>

These assets are measured at fair value.

Management considers that no present obligations were associated with these fiduciary duties at 31 December 2010 nor 2009.

Assets held under management as at 31 December 2010 include assets received from related parties of CZK 203,515,392,000 (31 December 2009: CZK 185,691,562,000).

11 INTEREST AND SIMILAR INCOME

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Interest income from related parties	<u>6,386</u>	<u>5,965</u>

Interest income comprise interest income from current accounts of CZK 16,000 (2009: CZK 38,000) and interest income from term deposits of CZK 6,370,000 (2009: CZK 5,927,000).

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

12 FEE AND COMMISSION INCOME

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Asset management fees	347,703	297,593
Fees for advisory services	<u>7,243</u>	<u>4,542</u>
	<u>354,946</u>	<u>302,135</u>
of which from related parties	340,882	290,943

13 FEE AND COMMISSION EXPENSE

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Domestic and foreign transfers	(51)	(81)
Brokerage fee	<u>(173)</u>	<u>(295)</u>
	<u>(224)</u>	<u>(376)</u>
of which from parties	39	58

14 NET LOSS FROM FINANCIAL TRANSACTIONS

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Foreign exchange differences from trading with currency instruments	(8)	16
Other foreign exchange differences	<u>(395)</u>	<u>(315)</u>
	<u>(403)</u>	<u>(299)</u>

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

15 OTHER OPERATING INCOME

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Gains on sale of long-term fixed assets	1,541	21
Revenue from Kondor services and other analytical services	1,315	645
Other operating income	<u>5</u>	<u>160</u>
	<u>2,861</u>	<u>826</u>

16 OTHER OPERATING EXPENSE

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Contribution to Guarantee Fund	(7,099)	(6,043)
Contractual penalties	(39)	(85)
Unclaimed VAT	(5,593)	(5,228)
Property insurance and statutory liabilities	(177)	(348)
AKAT fee	(101)	(168)
Residual value of sold or disposed assets	(1,630)	(8)
Other operating expense	<u>(115)</u>	<u>(124)</u>
	<u>(14,754)</u>	<u>(12,004)</u>

17 ADMINISTRATIVE EXPENSE

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Staff costs	(85,643)	(71,462)
Rent and lease charges	(10,156)	(10,017)
Legal advisory charges	(118)	(49)
Services provided by the auditing company	(963)	(942)
of which: - statutory audit of financial statements	(836)	(800)
- other assurance services	(50)	(65)
- other non-audit services	(77)	(77)
Outsourced internal audit	(828)	(828)
Other administrative expenses	<u>(26,594)</u>	<u>(24,917)</u>
	<u>(124,302)</u>	<u>(108,215)</u>

Both members of the Board of Directors are executive members of the Company's seven-membered senior management of the Company.

GENERALI PPF ASSET MANAGEMENT a.s.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2010

17 ADMINISTRATIVE EXPENSE (continued)

Staff costs can be analyzed as follows:

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Wages and emoluments of Board of Directors and other members of senior management	(27,175)	(20,484)
Emoluments of Supervisory Board	(77)	(74)
Other wages, personal costs and emoluments of employees	(43,274)	(40,001)
Social costs and health insurance	<u>(15,117)</u>	<u>(10,903)</u>
	<u>(85,643)</u>	<u>(71,462)</u>

Staff statistics

	<u>2010</u>	<u>2009</u>
Average number of employees	50	50
Number of members of Board of Directors	2	2
Number of other members of senior management	5	5
Number of members of Supervisory Board	3	3

18 TAXATION

The income tax expense consists of the following:

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Current tax expense	(42,641)	(36,999)
Deferred tax income / (expense)	(14)	(232)
Adjustment of prior year tax expense	<u>(19)</u>	<u>(103)</u>
	<u>(42,674)</u>	<u>(37,334)</u>

GENERALI PPF ASSET MANAGEMENT a.s.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2010

18 TAXATION (continued)

Current tax can be analyzed as follows:

	<u>2010</u>	<u>2009</u>
	CZK'000	CZK'000
Profit before taxation	223,486	185,297
Non-taxable income		
Difference between accounting and tax depreciation	(116)	304
Release for estimated payables	-	(1,460)
	(189)	-
Non-deductible expenses	1,244	1,392
Other items	<u>(1)</u>	<u>(539)</u>
Net taxable profit	<u>224,424</u>	<u>184,994</u>
Current tax charge at 20 % (2009: 20 %)	<u>42,641</u>	<u>36,999</u>

The deferred tax asset (+) / liability (-) is calculated at 19 % (the rate enacted for 2010 and subsequent years) depending on the period of expected timing of the reversal of the temporary difference and can be analyzed as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
	CZK'000	CZK'000
<u>Deferred tax liability</u>		
Difference in net book values of fixed assets	(9)	-
<u>Deferred tax asset</u>		
Other tax non-deductible expenses	8	-
Difference in net book values of fixed assets	<u>-</u>	<u>13</u>
Net deferred tax asset (Note 6)	-	13
Net deferred tax liability (Note 6)	<u>(1)</u>	<u>=</u>

19 FINANCIAL RISKS

(a) Strategy in using financial instruments

The Company's strategy is to minimize any market risk that could arise from open positions in respect of interest, share and currency deals, which are sensitive to changes on financial markets.

19 FINANCIAL RISKS (continued)

(b) Trading

The objective of the Company's activity is trading on behalf of clients in such a way that no open positions arise for the Company that could generate potential loss if the market conditions were to change.

(c) Risk management

The Company does not trade with financial instruments in significant volumes on its own account, and thus does not face any significant financial risks.

(d) Credit risk

The Company does not provide or draw any credits. Receivables from entities in the Czech Republic are mainly balances on current and investment bank accounts or fixed term deposits with banking institutions (as at 31 December 2010: CZK 422,998,000, of which CZK 418,236,000 was a fixed term deposit including accrued interest; as at 31 December 2009: CZK 341,829,000, of which CZK 332,457,000 was a fixed term deposit including accrued interest). Receivables from entities in Germany as at 31 December 2010 are a receivable in respect of financial services provided to a financial institution in Germany in the amount of CZK 644,000 (as at 31 December 2009: CZK 347,000). Other receivables from non banking entities arise from the commission for management of assumed values or from consulting, and are payable within one month.

Geographical segmentation

At 31 December 2010

Assets	<u>Domestic</u> CZK'000	European <u>union</u> CZK'000	<u>Total</u> CZK'000
Cash and cash deposits	65	-	65
Due from banks	422,998	644	423,642
Due from nonbanking entities	9,300	2,198	11,498
Other assets	<u>368</u>	<u>-</u>	<u>368</u>
Total assets	<u>432,731</u>	<u>2,842</u>	<u>435,573</u>

GENERALI PPF ASSET MANAGEMENT a.s.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2010

19 FINANCIAL RISKS (continued)

(d) Credit risk (continued)

Geographical segmentation (continued)

At 31 December 2009

Assets	Domestic	European	Other	Total
	CZK'000	union CZK'000	CZK'000	CZK'000
Cash and cash deposits	73	-	-	73
Due from banks	341,829	347	-	342,176
Due from nonbanking entities	10,379	1,372	101	11,852
Other assets	<u>177</u>	<u>-</u>	<u>-</u>	<u>177</u>
Total assets	<u>352,458</u>	<u>1,719</u>	<u>101</u>	<u>354,278</u>

(e) Market risk

The Company's strategy is to intermediate trade in investment instruments on behalf of clients without incurring any open positions on its own account that could generate a loss if the market conditions were to change.

(f) Currency risk

Foreign currency assets and liabilities, including off-balance sheet exposure, represent exposure of the Company towards currency risks. Realised and unrealised foreign exchange gains and losses are recorded directly into the income statement.

The table below summarizes the Company's exposure to currency risk. Included in the table are the Company's assets and liabilities at carrying amounts, categorized by currency.

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

19 FINANCIAL RISKS (continued)

(f) Currency risk (continued)

At 31 December 2010

Assets	<u>CZK</u> CZK'000	<u>EUR</u> CZK'000	<u>USD</u> CZK'000	<u>Other</u> CZK'000	<u>Total</u> CZK'000
Cash and cash deposits	18	1	24	22	65
Due from banks	420,503	3,108	31	-	423,642
Due from nonbanking entities	10,161	1,208	-	129	11,498
Other assets	<u>368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368</u>
	<u>431,050</u>	<u>4,317</u>	<u>55</u>	<u>151</u>	<u>435,573</u>
Liabilities					
Provisions	13,975	-	-	-	13,975
Other liabilities	<u>25,197</u>	<u>178</u>	<u>46</u>	<u>39</u>	<u>25,460</u>
	<u>39,172</u>	<u>178</u>	<u>46</u>	<u>39</u>	<u>39,435</u>
Net assets	<u>391,878</u>	<u>4,139</u>	<u>9</u>	<u>112</u>	<u>396,138</u>

At 31 December 2009

Assets	<u>CZK</u> CZK'000	<u>EUR</u> CZK'000	<u>USD</u> CZK'000	<u>Other</u> CZK'000	<u>Total</u> CZK'000
Cash and cash deposits	19	2	30	22	73
Due from banks	336,586	5,290	300	-	342,176
Due from nonbanking entities	11,093	561	101	97	11,852
Other assets	<u>177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177</u>
	<u>347,875</u>	<u>5,853</u>	<u>431</u>	<u>119</u>	<u>354,278</u>
Liabilities					
Provisions	21,142	-	-	-	21,142
Other liabilities	<u>20,276</u>	<u>257</u>	<u>3</u>	<u>-</u>	<u>20,536</u>
	<u>41,418</u>	<u>257</u>	<u>3</u>	<u>-</u>	<u>41,678</u>
Net assets	<u>306,457</u>	<u>5,596</u>	<u>428</u>	<u>119</u>	<u>312,600</u>

GENERALI PPF ASSET MANAGEMENT a.s.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2010

19 FINANCIAL RISKS (continued)

(g) Interest rate risk

The Company is exposed to interest rate risk since interest-bearing assets and liabilities have different maturity dates, periods of changes/adjustments of interest rates and volumes during these periods. The Company purposely does not carry out transactions that would generate positions sensitive to changes in market interest rates. The slight discrepancy between interest-rate-sensitive assets and payables of the Company, as outlined in the table below, arises only as a result of the Company's regular activity.

The book value of these assets and payables and the nominal (notional) value of interest rate derivatives are included in the period in which they mature or in which the interest rate changes, whichever occurs sooner. Due to anticipated early repayment or undefined maturity dates, certain assets or payables are allocated to individual periods based on expert evaluation.

The table below summarizes the Company's exposure to interest rate risks. Included in the table are the Company's interest bearing assets and liabilities at carrying amounts, categorized by the earlier of contractual, reprising or maturity dates. Non-interest bearing financial assets and liabilities are classified with other assets and other liabilities as not specified.

At 31 December 2010

	Within <u>3 months</u> CZK'000	3 - 12 <u>months</u> CZK'000	Not <u>specified</u> CZK'000	<u>Total</u> CZK'000
Assets				
Cash and cash deposits	-	-	65	65
Due from banks	423,642	-	-	423,642
Due from nonbanking entities	11,498	-	-	11,498
Other assets	<u>368</u>	<u>-</u>	<u>-</u>	<u>368</u>
	<u>435,508</u>	<u>-</u>	<u>65</u>	<u>435,573</u>
Liabilities				
Provisions	-	13,975	-	13,975
Other liabilities	<u>25,460</u>	<u>-</u>	<u>-</u>	<u>25,460</u>
	<u>25,460</u>	<u>13,975</u>	<u>-</u>	<u>39,435</u>
Net assets / liabilities (-)	<u>410,048</u>	<u>(13,975)</u>	<u>65</u>	<u>396,138</u>

GENERALI PPF ASSET MANAGEMENT a.s.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2010

19 FINANCIAL RISKS (continued)

(g) Interest rate risk (continued)

At 31 December 2009

Assets	Within <u>3 months</u> CZK'000	3 - 12 <u>months</u> CZK'000	Not <u>specified</u> CZK'000	<u>Total</u> CZK'000
Cash and cash deposits	-	-	73	73
Due from banks	342,176	-	-	342,176
Due from nonbanking entities	11,852	-	-	11,852
Other assets	<u>177</u>	-	-	<u>177</u>
	<u>354,205</u>	<u>-</u>	<u>73</u>	<u>354,278</u>
Liabilities				
Provisions	-	21,142	-	21,142
Other liabilities	<u>20,536</u>	-	-	<u>20,536</u>
	<u>20,536</u>	<u>21,142</u>	<u>-</u>	<u>41,678</u>
Net assets / liabilities (-)	<u>333,669</u>	<u>(21,142)</u>	<u>73</u>	<u>312,600</u>

(h) Liquidity risk

Liquidity risk is determined by the method of financing the Company's activities and management of their balance sheet positions. It includes both the risk of the ability to finance the Company's assets using instruments with suitable maturity as well as the ability to liquidate/sell assets for an acceptable price within an acceptable time frame.

The Company's strategy in respect of liquidity is to hold its assets in highly available means, mainly on current bank accounts as deposits payable upon request or in the form of fixed term deposits.

The Company does not state data relating to tangible and intangible fixed assets, capital funds and retained profit in the following tables due to uncertainty as to their currency position and maturity. The tables concerning interest rate sensitivity of assets and payables contain only interest-rate-sensitive assets and payables.

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

19 FINANCIAL RISKS (continued)

(h) Liquidity risk (continued)

At 31 December 2010

Assets	Within <u>3 months</u> CZK'000	3 - 12 <u>months</u> CZK'000	Not <u>specified</u> CZK'000	<u>Total</u> CZK'000
Cash and cash deposits	-	-	65	65
Due from banks	423,642	-	-	423,642
Due from nonbanking entities	11,498	-	-	11,498
Other assets	<u>368</u>	<u>-</u>	<u>-</u>	<u>368</u>
	<u>435,508</u>	<u>-</u>	<u>65</u>	<u>435,573</u>
Liabilities				
Provisions	-	13,975	-	13,975
Other liabilities	<u>25,460</u>	<u>-</u>	<u>-</u>	<u>25,460</u>
	<u>25,460</u>	<u>13,975</u>	<u>-</u>	<u>39,435</u>
Net assets / liabilities (-)	<u>410,048</u>	<u>(13,975)</u>	<u>65</u>	<u>396,138</u>

At 31 December 2009

Assets	Within <u>3 months</u> CZK'000	3 - 12 <u>months</u> CZK'000	Not <u>specified</u> CZK'000	<u>Total</u> CZK'000
Cash and cash deposits	-	-	73	73
Due from banks	342,176	-	-	342,176
Due from nonbanking entities	11,852	-	-	11,852
Other assets	<u>177</u>	<u>-</u>	<u>-</u>	<u>177</u>
	<u>354,205</u>	<u>-</u>	<u>73</u>	<u>354,278</u>
Liabilities				
Provisions	-	21,142	-	21,142
Other liabilities	<u>20,536</u>	<u>-</u>	<u>-</u>	<u>20,536</u>
	<u>20,536</u>	<u>21,142</u>	<u>-</u>	<u>41,678</u>
Net assets / liabilities (-)	<u>333,669</u>	<u>(21,142)</u>	<u>73</u>	<u>312,600</u>

GENERALI PPF ASSET MANAGEMENT a.s.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

20 SUBSEQUENT EVENTS

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2010.

These financial statements have been approved for submission to the General Meeting of shareholders by the Board of Directors.

Date of preparation

Signature of the statutory representative

11 March 2011

A handwritten signature in blue ink, appearing to read 'J. K. ...', is written over the signature line.

Report on Relations

In accordance with Section 66a (9) of Act No. 513/1991 Coll.,
the Commercial Code, as amended

For the accounting period from 1 January 2010 to 31 December 2010

In accordance with Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, as amended, the Board of Directors of Generali PPF Asset Management a.s. issued the report on relations of Generali PPF Asset Management a.s., a company with its registered office at Evropská 2690/17, 160 41 Prague 6, as the controlled party (the “Company”), CZI Holdings N.V., a company with its registered office at Strawinskylaan 933, Post code: 1077XX Amsterdam, Kingdom of the Netherlands, as the directly controlling party, and other parties controlled by the same controlling party (the “related parties”) for the accounting period from 1 January 2010 to 31 December 2010 (the “accounting period”).

During the accounting period, Generali PPF Asset Management a.s. was controlled by CZI Holdings N.V., which as the party controlling the Company, was as at 31 December 2010 a member of the group headed by Assicurazioni Generali S.p.A., a company with its registered office at the address Piazza Duca degli Abruzzi 2, Triest, Republic of Italy.

I. Controlled party (also referred to as related party)

Generali PPF Asset Management a.s., with its registered office in Prague 6, Dejvice, Evropská 2690/17, Post code: 160 41, Business ID Number: 25629123, registered in the Commercial Register maintained by the Municipal Court in Prague under file No. B. 5073 on 3 December 1997

II. Controlling party (also referred to as related party)

The party directly controlling the Company during the prior accounting period and as of the date of compilation of this annual report is CZI Holdings N.V., a company with its registered office at Strawinskylaan 933, Post code: 1077XX Amsterdam, Kingdom of the Netherlands. For the entire accounting period, CZI Holdings N.V. owned 104,000 pieces of registered common shares in the Company, each with a nominal value of CZK 500, representing a 100% share of the Company's voting rights.

III. List of agreements concluded with related parties in the prior accounting period and a description of these agreements

During the accounting period, the following agreements and transactions were entered into by and between the Company and the controlling party and between the Company and other related parties:

Company	ID No.	Agreement
CZI Holdings N.V.	34245976	Asset Management Agreement
		Announcement about termination of instance contract (joint instance of vehicles) - 5
		Agreement about travel insurance – 29 newly concluded contracts
Česká pojišťovna a.s.	45272956	Amendment No. 12 to the Asset Management Agreement dated 1 September 2003
Česká pojišťovna ZDRAVÍ a.s.	49240749	Amendment No. 10 to the Asset Management Agreement dated 31 October 2003

III. List of agreements concluded with related parties in the prior accounting period and a description of these agreements (continued)

Company	ID No.	Agreement
ČP INVEST investiční společnosti, a.s.	43873766	Amendment No. 11 to the Collective Investment Fund Asset Management Agreement dated 1 June 2007
		Amendment No. 12 to the Collective Investment Fund Asset Management Agreement dated 1 June 2007
		Amendment No. 13 to the Collective Investment Fund Asset Management Agreement dated 1 June 2007
		Amendment No. 14 to the Collective Investment Fund Asset Management Agreement dated 1 June 2007
Penzijní fond České pojišťovny a.s.	61858692	Amendment No. 5 to the Asset Management Agreement dated 19 December 2007
		Amendment No. 6 to the Asset Management Agreement dated 19 December 2007
Generali PPF Invest PLC	468417	First Supplemental Investment Management Agreement
Generali Slovensko poisťovňa, a.s.	35709332	Amendment No. 3 to the Asset Management Agreement dated 2 September 2008
Generali Pojišťovna a.s.	61859869	Amendment No. 5 to the Asset Management Agreement dated 13 October 2008
		Amendment No. 6 to the Asset Management Agreement dated 13 October 2008
		Amendment No. 7 to the Asset Management Agreement dated 13 October 2008
		Amendment No. 8 to the Asset Management Agreement dated 13 October 2008
		Amendment No. 9 to the Asset Management Agreement dated 13 October 2008
		Amendment No. 10 to the Asset Management Agreement dated 13 October 2008
		Amendment No. 11 to the Asset Management Agreement dated 13 October 2008
Generali Penzijní fond a.s.	63998475	Amendment No. 5 to the Asset Management Agreement dated 17 December 2008
		Amendment No. 6 to the Asset Management Agreement dated 17 December 2008
		Amendment No. 7 to the Asset Management Agreement dated 17 December 2008

III. List of agreements concluded with related parties in the prior accounting period and a description of these agreements (continued)

Company	ID No.	Agreement
GP Reinsurance EAD	200270243	Amendment No. 6 to the Asset Management Agreement dated 31 December 2008
		Amendment No. 7 to the Asset Management Agreement dated 31st December 2008
		Amendment No. 8 to the Asset Management Agreement dated 31st December 2008
		Amendment No. 9 to the Asset Management Agreement dated 31st December 2008
Generali PPF Holding B.V.	28239652	Asset Management Agreement
Generali Pojišťovna a.s.	61859869	Amendment No. 1 to the Service Agreement
Generali Penzijní fond a.s.	63998475	
První Callin agentura a.s.	27108562	
Generali PPF Holding B.V.	28239652	
ČP INVEST investiční společnosti, a.s.	43873766	
Česká pojišťovna a.s.	45272956	
Česká pojišťovna ZDRAVÍ a.s.	49240749	
Generali Servis s.r.o.	61509540	
Penzijní fond České pojišťovny a.s.	61858692	
Pankrác services s.r.o.	28256859	
Universální správa majetku a.s.	60192330	
Generali Development s.r.o.	44795084	
Generali Pojišťovna a.s.	61859869	
Generali Penzijní fond a.s.	63998475	
První Callin agentura a.s.	27108562	
Generali PPF Holding B.V.	28239652	
ČP INVEST investiční společnosti, a.s.	43873766	
Česká pojišťovna a.s.	45272956	
Česká pojišťovna ZDRAVÍ a.s.	49240749	
Generali Servis s.r.o.	61509540	
Penzijní fond České pojišťovny a.s.	61858692	
Pankrác services s.r.o.	28256859	
Universální správa majetku a.s.	60192330	
Generali Development s.r.o.	44795084	
Generali International Business Solutions Czech Branch, organizační složka	29044707	Amendment No. 2 to the Agreement on Fulfilment of Obligations resulting from participation in Group

IV. Other legal acts carried out on behalf of related parties

During the accounting period, no other legal acts were carried out on behalf of the controlling party or the Company or other related parties. If, however, legal acts were carried out by the controlling party on behalf of the related parties, these acts were of a general legal nature only, undertaken on the basis of conditions applicable to the controlling party for carrying out legal acts in relation to the Company in light of the fact that the controlling party is the Company's shareholder.

V. Other measures taken on behalf or at the request of the related parties

During the accounting period, no measures were adopted on behalf or at the request of the controlling party of other related parties, with the exception of general measures adopted by the Company in relation to the controlling party in light of the fact that the controlling party is the Company's shareholder.

VI. Actions taken and damages incurred by the controlled party and the method of reimbursement of damages

All of the mentioned agreements were concluded under conditions usual in commercial relations, just as all services under these agreements were provided and received under conditions usual in commercial relations, and the Company incurred no damages from these agreements.

VII. Final declarations

The report was prepared by the Board of Directors of the controlled party Generali PPF Asset Management a.s. on 30 March 2011 and presented to the Supervisory Board and the Auditor performing the audit of the financial statements. Due to its obligations under the law, the controlled party issues the annual report, an integral part of which should be the Report on Relations.

Prague, 30 March 2011

For the Board of Directors of the controlled party:



Kateřina Jirásková
Member of the Board of Directors
Generali PPF Asset Management a.s.