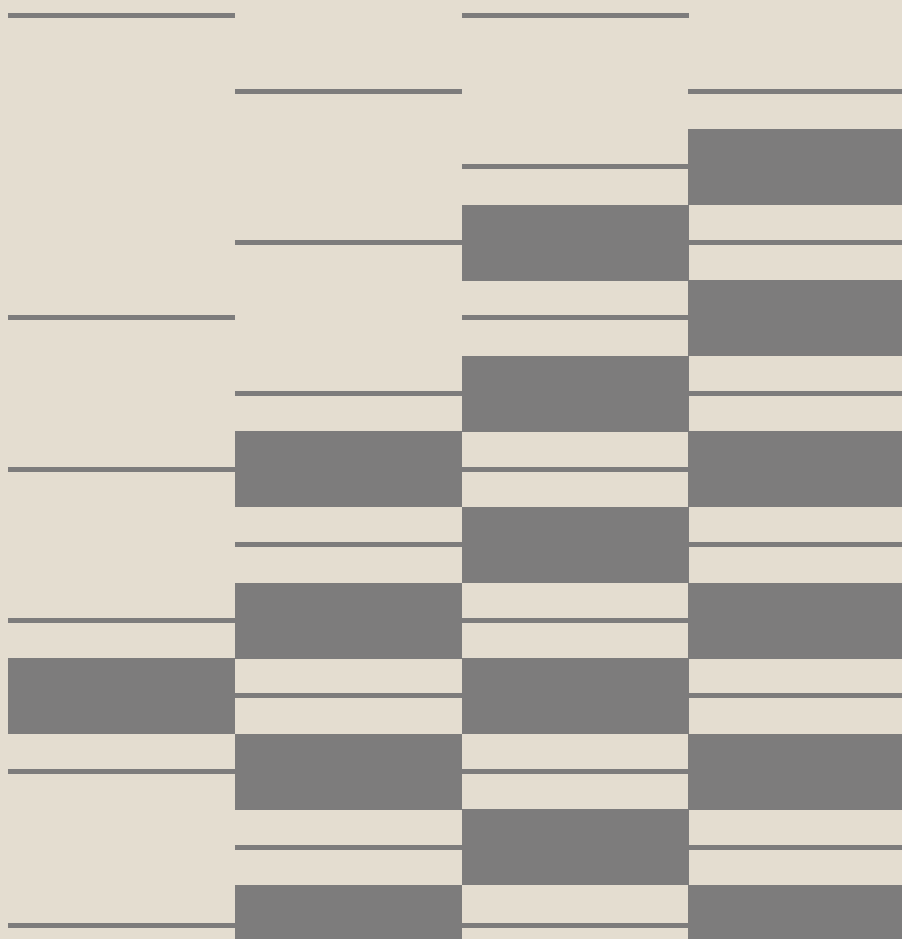


# Annual Report 2003

**PIVOVARY**

**STAROPRAMEN**



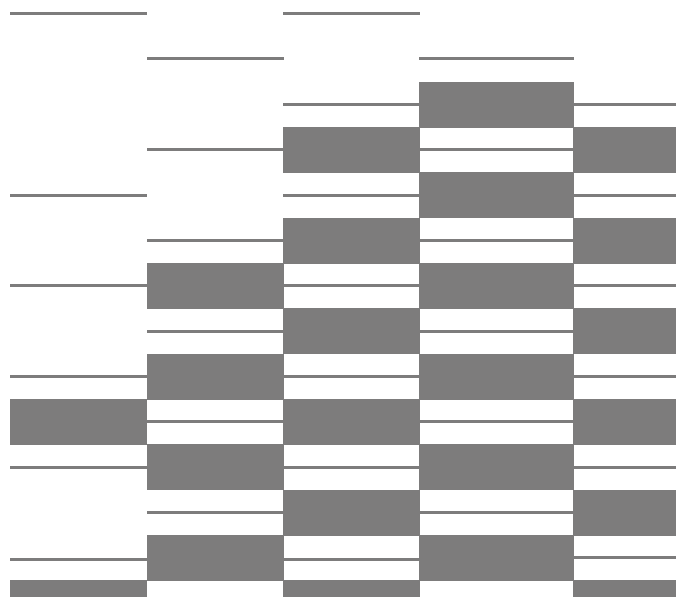
## Main Products



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### **OUR VISION:**

To create enduring bonds with consumers by providing the brands and experiences that bring people together.



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Pivovary Staropramen a.s. (until 13 October 2003 operating under the name Pražské pivovary, a.s.) was established on 5 May 1992 as a joint-stock company under the Commercial Code (Act No. 513/1991 Coll.), as then amended, and is recorded in the Commercial Register maintained by the Prague Municipal Court in Part B, Entry No. 1512.

In accordance with Article 5 of the Company's Articles of Association, the Company's principal business is the industrial production of beverages. Additional businesses are: accommodation services, cargo road motor transport, catering services, exchange office activities, real property management and purchase of goods for the purpose of their further sale and resale.

In January, 1997, Pražské pivovary, a.s. merged with the companies Pivovar Ostravar, a.s. and Pivovary Vratislavice nad Nisou, a.s. to form a single legal entity bearing the name Pražské pivovary, a.s. At the present time, the Company owns real property, in which it operates breweries, in Prague 5, Prague 4 and in Ostrava. It also owns and operates a warehouse facility in Prague–Radotín.

Pivovary Staropramen a.s. is the second largest beer producer in the Czech Republic. Its share of the domestic beer market is 14%. Pivovary Staropramen is the number-three Czech beer exporter. Export represents 14% of the Company's total beer production.

The majority shareholder of Pivovary Staropramen is Interbrew Central European Holding B.V., with a 99.6% equity stake.

The Company is not dependent on any patents, licenses, industrial, commercial or financial contracts or new production processes that would be of fundamental importance for the Company's business or profitability, with the exception of credit agreements with Interbrew Central European Holding B.V. dated 31 March 2001. At the present time the Company is not involved in any material litigation whose result could have a serious impact on the Company's business activity. The Company has operated as a going concern during the 2003 accounting period and in the three preceding accounting periods.

## Financial Highlights

	2003	2002	2001
Domestic beer sales (hl '000)	2,359	2,238	2,219
Export (hl '000)	370	349	310
Total beer sales (hl '000)	2,729	2,587	2,529
Revenue from merchandise and own products and services (CZK '000)	3,165,992	2,929,695	2,674,446
Operating profit (loss) (CZK '000)	186,865	102,004	212,730
Profit (loss) from financial operations (CZK '000)	52,142	-15,025	-119,795
Profit (loss) of current accounting period (CZK '000)	-45,324	74,932	-179,438
Dividend per share (CZK)	0	0	0
Number of employees	1,090	1,185	1,192
<b>Changes in Equity (CZK '000):</b>			
Registered capital	3,434,949	3,434,949	1,717,474
Retained earnings from previous years	0	0	0
Accumulated losses from previous years	-1,001,466	-1,069,651	-2,884,054
Profit (loss) of current period	-45,324	74,932	-179,438
Legal reserve fund	74,416	70,669	70,669
Capital contributions	-23,449	0	0
Social fund	1,694	48	146
<b>Total</b>	<b>2,440,820</b>	<b>2,510,947</b>	<b>-1,275,203</b>

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Dear shareholders,

In 2003, under the new company name Pivovary Staropramen a.s., we managed to increase our domestic sales volumes by 5.4% in a market that grew by only 1.5%. In this way, we confirmed our position as a growing number two and increased our domestic market share by 0.6% to 14.3%.

We continued to improve our financial performance in 2003. Earnings reached CZK 238.6 million, which represents an increase of CZK 134.2 million (+128%) compared to the previous year. This extraordinary earnings result allowed us to claim our tax loss from 1997–1998. So, after deferred tax of CZK 283.9 million is deducted, the total earnings result for the fiscal year is CZK –45.3 million.

The company's total sales volume reached 2.7 million hectolitres, up 5.5% from the year before.

Excellent results were achieved in the domestic market, where overall sales totaled 2.36 million hectolitres. One considerable factor in this performance was significant, 6.8% growth in sales of the Staropramen brand. Staropramen Granát had a fantastic year – thanks to strong media support and other factors, its sales surged by 293%. In the Braník brand, production volume rose by 6.8%.

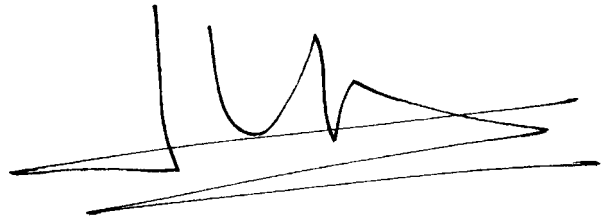
Pivovary Staropramen exports were up year-on-year by 6.4% (371,000 hectolitres), not including production under license, which grew by 113%. Pivovary Staropramen's fastest-growing export markets were Russia (85% – including production under license), Sweden (41%), Slovakia (27%) and Great Britain (14% – including production under license). One factor helping to strengthen Staropramen's position in foreign markets is the fact that Pivovary Staropramen's majority owner, Interbrew, made Staropramen part of its global premium brands portfolio last year, as one of just six brands with this status.

In 2003 we successfully completed the SAP software system implementation project. SAP at Pivovary Staropramen will have 630 end users and we will be one of the first companies in the world to implement the newest application, SAP CRM, including sales using handheld computers, which will give us a significant competitive advantage in our home market. SAP was put into real-time operation in the beginning of January, 2004.

## Chairman's Report

A major capital investment project of 2003 was the start of a planned upgrade of Staropramen Brewery, including the installation of CK tanks with a price tag of approximately EUR 10 million.

Our success in 2003 will be a good foundation on which to build further growth in 2004. Strong support for key brands, increased productivity and efficiency in production and distribution will drive growth in our market share. Future investments will be directed to areas and projects that will assure high standards of quality and further growth in sales with the objective of reinforcing our position in the Czech Republic beer market.



**Vincent Lefere**  
Chairman of the Board of Directors



# Summary of Company Operations

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## Staropramen Granát

Staropramen Granát, which was officially christened in 2002 at the Staropramen Brewery Celebration, saw record sales in 2003. By year end 2003, this brand's volumes were up by a total of 293% compared with the previous year. Sales of Granát were supported by a successful television advertising campaign. For the 2003 Christmas season, a special gift package of this semi-dark lager was launched. This package features an unconventional triangular shape and contains nine 0.5-litre bottles and an original Granát glass.

## Ostravar Strong

In late November and early December 2003, a new beer, Ostravar Strong, was launched. Brewed in the Ostravar brewery, Ostravar Strong is a robust, 14-degree beer with alcohol content 6.0% and a higher content of extract. It will be appreciated especially by lovers of strong beer with robust taste. The new beer is intended primarily for the Off-Trade.

## Stella Artois

After a long period of preparations and specialized testing, in November 2003 Braník Brewery began brewing the Belgian lager, Stella Artois, under license. The Stella Artois brewed in Braník is designated for distribution in the Czech and Slovak Republics. Production under license allows the company to reduce the costs of importing this brand and support its further development.

## Staropramen Brewery Celebration

The fourth annual Staropramen Brewery Celebration took place with a record turn-out: over 23,000 people visited this traditional Prague event. The Brewery Celebration offered a rich program of music, attractions from the Staropramen Chlapark roadshow, and excellent beer. New this year was a Beer Connoisseurs Corner, where visitors could taste Belgian specialties. Many visitors also took advantage of the opportunity to go on the Staropramen Brewery tour.

## Summary of Company Operations

### Ostravar Brewery Celebration

The weather for the fifth annual Ostravar Brewery Celebration was excellent and over 11,000 people attended the event. In addition to the record turn-out, the Brewery Celebration also broke the previous year's record for the amount of special Ostravar yeast lager consumed. The most popular features on the program were performances by music groups and various beer-related contests.

### Staropramen Chlapark

During the period from May to September, the new Staropramen Chlapark regional roadshow stopped at a total of seven cities of the Czech Republic. The Chlapark brought with it lots of attractions, music, adrenaline-pumping contests and exquisite beer. Every Chlapark attracted an average of eight to ten thousand visitors, who sat at a 40-meter long sport bar, and many of whom also visited a tent where Belgian specialty beers were served. The program also included a "right blokes" team tournament in which a total of 108 teams participated.

### Stella Artois Draught Master

2003 was the first year of the Stella Artois Draught Master championship in the Czech Republic. The championship, in which contestants put on display their skills in the serving and drawing of Belgian specialty beers, was organized by Pivovary Staropramen in cooperation with Interbrew. The winner of the Czech championship round went on to represent the Czech Republic in the International Final Round held in Brussels, Belgium. The objective of the event was to improve beer culture and serving quality, as well as to increase awareness of the Stella Artois brand.

### Sazka Arena

In November 2003, Pivovary Staropramen became the official gastronomy partner of the Sazka Arena and Staropramen beer was named the official beer of the Arena. Pivovary Staropramen will provide refreshment and dining services at the Sazka Arena in 26 fast-food stands and four restaurants. One of the factors that contributed to the Sazka Arena deal was Pivovary Staropramen's experience in operating Staropramen branded pubs.

### SAP

The SAP software system installation project was approved in June 2002, and active implementation work commenced in November 2002. The project began with an analysis and description of strategic processes in the company as they should be in the nearest future. The result was an integrated solution proposal covering all the basic processes and areas of company operation. Since implementation had a major impact in terms of changes in company processes and organization, thorough preparations for these changes were made concurrently with the process of setting up the SAP system. For the project to be a success, it was necessary for the project team to work closely with company management, and this collaboration went very well. A team

## Summary of Company Operations

of 15 outside consultants from SAP took part in the implementation. The project included both the standard SAP modules and the Customer Relations Management module, SAP CRM, the purpose of which is to optimize customer services through a Customer Services Center and through Sales Representatives equipped with pocket computers with mobile connections to the SAP system. SAP was put into real-time operation at Pivovary Staropramen in the beginning of January, 2004. It has 630 end users. Its start-up went relatively smoothly, without any serious problems. Pivovary Staropramen is one of the first companies in the world to implement SAP CRM including mobile sales, which will bring the company a major competitive advantage.

### Staropramen Brewery Upgrade

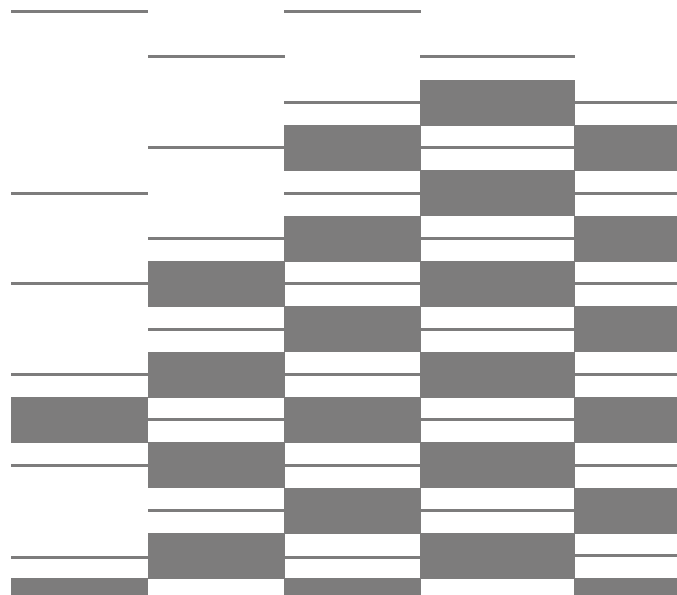
September 2003 saw the start of Phase Two of the planned upgrade of Staropramen Brewery with the installation of CK tanks. This phase of the upgrade is part of the long-term development plan for Staropramen Brewery. CK tanks are a modern, long-standing beer brewing technology with positive environmental features – they reduce energy consumption and improve workplace conditions for employees.

### Employee Benefits

The favorable earnings performance allowed Pivovary Staropramen to beef up its employee benefits program in 2003, giving company employees a total of CZK 1.6 million in non-monetary benefits within a new system of benefit options. The new system takes into account employees' individual interests, allowing them to choose from several areas – culture, sports, product purchases or consumption in Staropramen branded pubs.

### Corporate Name Change

On 13 October 2003, the company officially changed its name from Pražské pivovary, a.s. to Pivovary Staropramen a.s. The new name was selected after thorough consideration based on the results of a professional survey that showed very low awareness of the company's then-current name. The new corporate name gives business partners and the public a better idea of who we are and, at the same time, indirectly supports the company's flagship brand, Staropramen. Along with the new corporate name, the company also unveiled a new corporate logo and corporate identity.



## Summary of Company Operations

### Awards

In 2003, beers in our portfolio won a number of awards that speak to their indisputable quality and give company employees a reason to be satisfied with their honest, hard work.

Braník Beer was given recognition in 2003 in the form of third place in the Pivex Golden Cup tasting competition and second place in the Czech Beer 2003 competition. Also in the Pivex Golden Cup competition, Pivovary Staropramen received Quality Certificates for the beers Staropramen Premium and Ostravar Premium.

Ostravar Premium, which is brewed at Ostravar Brewery, was named "Czech Republic Beer of the Year" for 2003. In the pale draught beer category, Ostravar Originál took second place and Braník placed third. Staropramen Černý came in second in the "dark lager" category and Staropramen Světlý was second in the "Reporters' Choice" ranking.

The Friends of Beer Association, which produces its own ranking of the best Czech beer brands each year, chose Staropramen Granát as the best our beer market has to offer in the semi-dark beer category. At the same time, Staropramen placed second in the category "pale ten-degree beer".

We also racked up several successes in this year's Pivní kurýr trade journal readers survey. Staropramen Světlý was voted "Ten-Degree Beer of the Year" for 2004. Staropramen Ležák took third place in the category "Czech Brewmasters Award 2003" and the specialty beer Velvet won third place in the category "Brewmasters Award – Specialty of the Year 2003". In this survey, Staropramen Brewery placed third in the category "Brewery of the Year 2004". In addition, Pivovary Staropramen's Production and Technical Director, František Šámal, won the special "Editors' Prize 2003" in recognition of his excellent work.

## Summary of Company Operations



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**Staropramen Granát** First place, Friends of Beer Association, semi-dark beer category

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**Staropramen Světlý** Second place, Czech Republic Beer of the Year 2003, "Reporters' Choice" category  
Second place, Friends of Beer Association, "pale ten-degree beer" category  
"Ten-degree Beer of the Year 2004", Pivní kurýř survey

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**Staropramen Černý** Second place, Czech Republic Beer of the Year 2003

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**Staropramen Ležák** Third place, Pivní kurýř survey, "Czech Brewmasters Award 2003"

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**Braník** Third place, Pivex Golden Cup – Beer of the Year 2003  
Second place, Czech Beer 2003 competition  
Third place, Czech Republic Beer of the Year 2003

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**Ostravar Premium** Czech Republic Beer of the Year 2003  
Quality Certificate, Pivex Golden Cup – Beer of the Year 2003

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**Ostravar Originál** Second place, Czech Republic Beer of the Year 2003

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**Velvet** Third place, Pivní kurýř survey, "Brewmasters' Award – Specialty of the Year 2003"

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# Financial Statements

## BALANCE SHEET IN FULL FORMAT AS AT 31 DECEMBER 2003 (IN TCZK)

Ident.	A S S E T S	line	2003			2002
			Gross	Adjust.	Net	Net
a	b	c	1	2	3	4
	<b>TOTAL ASSETS (L.02+03+31+62)</b>	<b>001</b>	<b>7 206 186</b>	<b>-3 152 936</b>	<b>4 053 250</b>	<b>4 130 878</b>
<b>A.</b>	<b>Receivables for subscribed registered capital</b>	<b>002</b>				<b>23</b>
<b>B.</b>	<b>Fixed assets (L.04+13+23)</b>	<b>003</b>	<b>5 273 072</b>	<b>-2 979 484</b>	<b>2 293 588</b>	<b>2 379 512</b>
B.I.	Intangible fixed assets (L.05 to 12)	004	179 844	-74 849	104 995	37 729
B.I.1.	Incorporation expenses	005				
2.	Research and development	006				
3.	Software	007	80 470	-70 838	9 632	15 567
4.	Royalties	008	12 941	-4 011	8 930	1 708
5.	Goodwill	009				
6.	Other intangible fixed assets	010				
7.	Intangible fixed assets under construction	011	84 433		84 433	14 083
8.	Advance payments for intangible fixed assets	012	2 000		2 000	6 371
B.II.	Tangible fixed assets (L.14 to 22)	013	5 019 042	-2 861 778	2 157 264	2 291 915
B.II.1.	Land	014	210 311		210 311	210 311
2.	Buildings, halls and structures	015	1 037 815	-474 025	563 790	599 669
3.	Property, plant and equipment	016	2 646 343	-1 846 834	799 509	955 844
4.	Cultivated areas	017				
5.	Livestock	018				
6.	Other tangible fixed assets	019	945 742	-509 666	436 076	420 900
7.	Tangible fixed assets under construction	020	55 281		55 281	42 360
8.	Advance payments for tangible fixed assets	021	55 772		55 772	21 788
9.	Adjustments to acquired fixed assets	022	67 778	-31 253	36 525	41 043
B.III.	Long-term investments (L.24 to 30)	023	74 186	-42 857	31 329	49 868
B.III.1.	Investments in group undertakings	024	56 844	-31 458	25 386	37 480
2.	Investments in associated companies	025				
3.	Other long-term securities and ownership interests	026	6 229	-6 229		
4.	Intercompany loans	027				
5.	Other long-term investments	028	11 113	-5 170	5 943	12 388
6.	Long-term investments (provisional value)	029				
7.	Advance payments for long-term investments	030				
<b>C.</b>	<b>Current assets (L.32+39+47+57)</b>	<b>031</b>	<b>1 699 117</b>	<b>-140 829</b>	<b>1 558 288</b>	<b>1 536 968</b>
C.I.	Inventories (L.33 to 38)	032	194 564	-23 862	170 702	194 153
C.I. 1.	Raw materials	033	93 776	-23 862	69 914	87 129
2.	Work-in-progress and semi-finished products	034	53 160		53 160	57 484
3.	Finished goods	035	44 646		44 646	40 658
4.	Livestock	036				
5.	Goods for resale	037	2 982		2 982	8 882
6.	Advance payments for inventory	038				
C.II.	Long-term receivables (L.40 to 46)	039	400 493		400 493	676 271
C.II.1.	Trade receivables	040				
2.	Receivables from group undertakings	041				
3.	Receivables from associated companies	042				
4.	Receivables from shareholders/owners and alliance partners	043				
5.	Estimated receivables	044				
6.	Other receivables	045				
7.	Deferred tax asset	046	400 493		400 493	676 271
C.III.	Short-term receivables (L.48 to 56)	047	470 908	-116 967	353 941	362 465
C.III.1.	Trade receivables	048	438 138	-116 967	321 171	283 885
2.	Receivables from group undertakings	049				
3.	Receivables from associated companies	050				
4.	Receivables from shareholders/owners and alliance partners	051				
5.	Social security and health insurance	052				
6.	Tax receivables and state subsidies receivable	053				296
7.	Other advances paid	054	32 770		32 770	27 805
8.	Estimated receivables	055				49 577
9.	Other receivables	056				902
C.IV.	Short-term financial assets (L.58 to 61)	057	633 152		633 152	304 079
C.IV.1.	Cash	058	6 509		6 509	7 231
2.	Bank accounts	059	626 643		626 643	296 848
3.	Short-term securities and ownership interests	060				
4.	Short-term investments (provisional value)	061				
D.I.	Accruals and deferrals (L. 63+64+65)	062	233 997	- 32 623	201 374	214 375
D.I.1.	Prepaid expenses	063	233 997	- 32 623	201 374	213 362
2.	Complex prepaid expenses	064				
3.	Accrued revenue	065				1 013

# Financial Statements

## BALANCE SHEET IN FULL FORMAT AS AT 31 DECEMBER 2003 (IN TCZK)

Ident.	L I A B I L I T I E S	line	2003	2002
a	b	c	5	6
	<b>TOTAL LIABILITIES AND EQUITY (L.67+84+117)</b>	<b>066</b>	<b>4 053 250</b>	<b>4 130 878</b>
<b>A.</b>	<b>Equity (L.68+72+77+80+83)</b>	<b>067</b>	<b>2 440 820</b>	<b>2 510 947</b>
A.I.	Registered capital (L.69+70+71)	068	3 434 949	3 434 949
A.I.1.	Registered capital	069	3 434 949	3 434 949
2.	Own shares held (-)	070		
3.	Changes in registered capital	071		
A.II.	Capital contributions (L.73 to 76)	072	-23 449	
A.II.1.	Share premium	073		
2.	Other capital contributions	074		
3.	Revaluation of assets and liabilities	075	-23 449	
4.	Revaluation reserve on transformations	076		
A.III.	Reserve funds (L.78+79)	077	76 110	70 717
A.III.1.	Statutory reserve fund / Undistributable reserves	078	74 416	70 669
2.	Statutory and other reserves	079	1 694	48
A.IV.	Retained earnings (L.81+82)	080	-1 001 466	-1 069 651
A.IV.1.	Retained profits	081		
2.	Accumulated losses	082	-1 001 466	-1 069 651
<b>A.V.</b>	<b>Profit (loss) for the current period (+/-)</b>	<b>083</b>	<b>-45 324</b>	<b>74 932</b>
<b>B.</b>	<b>Liabilities (L.85+90+101+113)</b>	<b>084</b>	<b>1 607 622</b>	<b>1 616 143</b>
B.I.	Provisions (L.86 to 89)	085	9 900	14 198
B.I.1.	Tax-deductible provisions	086		
2.	Provision for pensions and other similar payables	087		
3.	Income tax provision	088		
4.	Non-deductible provisions	089	9 900	14 198
B.II.	Long-term liabilities (L.91 to 100)	090	1 000 000	1 000 000
B.II.1.	Trade payables	091		
2.	Liabilities to group undertakings	092	1 000 000	1 000 000
3.	Liabilities to associated companies	093		
4.	Liabilities to shareholders/owners and alliance partners	094		
5.	Long-term advances received	095		
6.	Debentures and bonds issued	096		
7.	Long-term bills of exchange payable	097		
8.	Estimated payables	098		
9.	Other long-term payables	099		
10.	Deferred tax liability	100		
B.III.	Short-term liabilities (L.102 to 112)	101	597 722	601 945
B.III.1.	Trade payables	102	92 624	156 174
2.	Liabilities to group undertakings	103		
3.	Liabilities to associated companies	104		
4.	Liabilities to shareholders/owners and alliance partners	105		
5.	Payables to employees	106	20 387	1 969
6.	Payables to social security and health insurance	107	11 702	11 298
7.	Tax liabilities	108	111 474	97 781
8.	Short-term advances received	109	158 215	155 708
9.	Debentures and bonds issued	110		
10.	Estimated payables	111	168 810	144 923
11.	Other payables	112	34 510	34 092
B.IV.	Bank loans and overdrafts (L.114+115+116)	113		
B.IV.1.	Long-term bank loans	114		
2.	Short-term bank loans	115		
3.	Short-term financial liability	116		
C.I.	Accruals and deferrals (L.118+119)	117	4 808	3 788
C.I. 1.	Accrued expenses	118	3 788	3 788
2.	Deferred revenues	119	1 020	

# Financial Statements

## PROFIT AND LOSS ACCOUNT (IN FULL FORMAT) AS AT 31 DECEMBER 2003 (IN TCZK)

Ident.	TEXT	Line	Accounting period	
			2003	2002
a	b	c	1	2
I.	Revenue from goods	01	29 684	16 924
A.	Cost of goods sold	02	18 345	10 302
<b>+</b>	<b>Gross profit (L. 01-02)</b>	<b>03</b>	<b>11 339</b>	<b>6 622</b>
II.	Revenue from production (L. 05+06+07)	04	3 153 804	2 966 006
II.1.	Revenue from own products and services	05	3 136 308	2 912 771
II.2.	Change in inventory of own production	06	3 439	4 919
II.3.	Own work capitalized	07	14 057	48 316
B.	Cost of sales (L. 09+10)	08	2 257 673	2 025 037
B.1.	Materials and consumables	09	1 030 019	1 006 707
B.2.	Services	10	1 227 654	1 018 330
<b>+</b>	<b>Added value (L. 03+04-08)</b>	<b>11</b>	<b>907 470</b>	<b>947 591</b>
C.	Personnel expenses (L. 13 to 16)	12	460 035	444 103
C.1.	Wages and salaries	13	334 387	324 627
C.2.	Remuneration of board members	14	888	888
C.3.	Social security and health insurance expenses	15	117 931	114 152
C.4.	Social expenses	16	6 829	4 436
D.	Taxes and charges	17	4 538	5 114
E.	Depreciation of intangible and tangible fixed assets	18	404 060	431 536
III.	Proceeds from disposals of fixed assets and raw material (L. 20+21)	19	89 919	66 661
III.1.	Proceeds from disposals of fixed assets	20	67 008	37 293
III.2.	Proceeds from disposals of raw material	21	22 911	29 368
F.	Net book value of fixed assets and raw material sold (L. 23+24)	22	97 519	62 132
F.1.	Net book value of fixed assets sold	23	73 010	37 258
F.2.	Raw material sold	24	24 509	24 874
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	25	-37 942	-1 980
IV.	Other operating revenues	26	185 899	93 545
H.	Other operating expenses	27	68 213	64 888
V.	Adjustments to operating revenues	28		
I.	Adjustments to operating expenses	29		
<b>*</b>	<b>Operating profit (loss)</b> <b>(L. 11-12-17-18+19-22-25+26-27+28-29)</b>	<b>30</b>	<b>186 865</b>	<b>102 004</b>
VI.	Proceeds from sale of securities and ownership interests	31	80 238	
J.	Securities and ownership interests sold	32	28 881	
VII.	Revenue from long-term investments (L. 34+35+36)	33		
VII.1.	Revenue from intercompany securities and ownership interests	34		
VII.2.	Revenue from other long-term securities and ownership interests	35		
VII.3.	Revenue from other long-term investments	36		
VIII.	Revenue from short-term financial investments	37		
K.	Financial assets expenses	38		
IX.	Revenue from revaluation of securities and derivatives	39		
L.	Expenses for revaluation of securities and derivatives	40		
M.	Change in provisions and adjustments relating to financial activity	41	-15 468	-9 534
X.	Interest revenue	42	5 279	7 593
N.	Interest expense	43	245	2 284
XI.	Other financial revenue	44	13 293	40 111
O.	Other financial expenses	45	33 010	69 979
XII.	Adjustments to financial revenues	46		
P.	Adjustments to financial expenses	47		
<b>*</b>	<b>Profit (loss) from financial operations</b> <b>(L. 31-32+33+37-38+39-40+41+42-43+44-45+46-47)</b>	<b>48</b>	<b>52 142</b>	<b>-15 025</b>
Q.	Income tax on ordinary profit (loss) (L. 50+51)	49	283 905	29 465
Q.1.	- current	50		
Q.2.	- deferred	51	283 905	29 465
<b>**</b>	<b>Profit (loss) on ordinary activities after taxation</b> <b>(L. 30+48-49)</b>	<b>52</b>	<b>-44 898</b>	<b>57 514</b>
XIII.	Extraordinary revenue	53		79 201
R.	Extraordinary expenses	54	426	61 783
S.	Income tax on extraordinary profit (loss) (L. 56+57)	55		
S.1.	- current	56		
S.2.	- deferred	57		
<b>*</b>	<b>Extraordinary profit (loss) (L. 53-54-55)</b>	<b>58</b>	<b>-426</b>	<b>17 418</b>
T.	Transfer of profit or loss to partners	59		
<b>***</b>	<b>Profit (loss) for the accounting period (L. 52+58-59)</b>	<b>60</b>	<b>-45 324</b>	<b>74 932</b>

# Financial Statements

## CASH FLOW STATEMENT (NON-CONSOLIDATED) AS AT 31 DECEMBER 2003 (IN TCZK)

	2003	2002
<b>P. Cash and cash equivalents, beginning of year</b>	<b>304 079</b>	<b>78 131</b>
<b>Net operating cash flow</b>		
<b>Z. Accounting profit (loss) from ordinary activities</b>	<b>239 007</b>	<b>86 979</b>
A.1. Non-cash transactions	362 825	473 748
A.1.1. Depreciation of fixed assets	408 965	490 607
A.1.2. Change in:	-48 892	-11 515
A.1.2.1. adjustments to acquired assets	4 518	4 519
A.1.2.2. provisions and other adjustments	-53 410	-16 034
A.1.3. Profit(-) Loss(+) on sale of fixed assets	6 002	-35
A.1.4. Profit(-) Loss(+) on sale of securities	-51 357	
A.1.5. Revenue from dividends and profit distribution		
A.1.6. Expense and revenue interests accounted for	-5 034	-5 309
A.1.7. Other non-cash transactions	53 141	
<b>A.* Net operating cash flow before financial items, changes in working capital and extraordinary items</b>	<b>601 832</b>	<b>560 727</b>
A.2. Current assets	-5 397	70 586
A.2.1. Change in receivables and other temporary assets	24 163	-40 360
A.2.2. Change in short-term liabilities and other temporary liabilities	-34 779	60 811
A.2.3. Change in inventory	5 219	40 221
A.2.4. Change in short term financial assets		9 914
<b>A.** Net operating cash flow before financial balances, taxation and extraordinary items</b>	<b>596 435</b>	<b>631 313</b>
A.3. Interest paid excluding amounts capitalised	-245	-2 284
A.4. Interest received	5 279	7 593
A.5. Income tax paid on ordinary income		
A.6. Receipts and disbursement from extraordinary items	-426	17 418
A.7. Dividends received and profit shares		
<b>A.*** Net operating cash flow</b>	<b>601 043</b>	<b>654 040</b>
<b>Investment activity</b>		
B.1. Acquisition of fixed assets	-422 994	-365 790
B.1.1. Acquisition of tangible fixed assets	-338 120	-333 085
B.1.2. Acquisition of intangible fixed assets	-84 874	-30 330
B.1.3. Acquisition of long-term investments		-2 375
B.2. Proceeds from sales of fixed assets	152 355	37 293
B.2.1. Proceeds from sales of tangible and intangible fixed assets	67 008	37 293
B.2.2. Proceeds from sale of financial investments	85 347	
B.3. Advances and loans to related persons		
<b>B.*** Net cash flow from investment activity</b>	<b>-270 639</b>	<b>-328 497</b>
<b>Financial activity</b>		
C.1. Change in long-term liabilities and bank loans		-3 105 054
C.2. Increase and decrease in equity from specified transactions	-1 331	3 005 459
C.2.1. Subscription of shares and investments	23	3 005 557
C.2.2. Equity paid to shareholders		
C.2.3. Other cash contributions from partners and shareholders		
C.2.4. Loss settlement from partners		
C.2.5. Payments from funds created from net profit	-1 354	-98
C.2.6. Dividends paid and profit shares including paid withholding tax		
<b>C.*** Net cash flow from financial activity</b>	<b>-1 331</b>	<b>-99 595</b>
<b>F. Net increase or decrease in cash balance</b>	<b>329 073</b>	<b>225 948</b>
<b>R. Cash and cash equivalents, end of period</b>	<b>633 152</b>	<b>304 079</b>

# Notes to the Financial Statements

## (non-consolidated)

Year ended 31 December 2003 (in thousands of Czech crowns "TCZK")

### 1. Fundamentals

Corporate name: Pivovary Staropramen a.s.  
Legal form: joint stock company  
Registered office: Nádražní 84  
150 54 Praha 5  
Identification no.: 45273693  
Tax identification no.: 005-45273693  
Bank contact: Citibank a.s.  
Evropská 178, Praha 6

### 2. Description and principal activities

▪ Establishment and description of the Company  
Pivovary Staropramen a.s. ("the Company") was established on 5 May 1992 within the first wave of privatisation. The principal businesses of the Company are primarily production of beverages and further accommodation services, operation of road transport, innkeeper's trade, currency exchange activities, administration of real estate and purchase of goods for resale and selling goods. During 2003 the Company has changed its corporate name Pražské pivovary, a.s. to Pivovary Staropramen a.s. This change was entered into the Commercial Register on the 13 October 2003.

▪ Ownership structure  
The shareholders of the Company as at 31 December 2003 are:

Interbrew Central European Holding B.V.	99.6%
Other	0.4%

In 2000, the majority shareholder of the Company changed as a result of the acquisition of Bass Brewers Ltd. by Interbrew N.V. The shares held by BASS Machine Holdings Ltd. (80%) were transferred to Interbrew Central European Holding B.V. The effective date of the transfer of the majority stake was 25 August 2000. After this date, Interbrew Central European Holdings acquired additional shares and thus increased its interest in the Company to 99.6%.

▪ Members of the board of directors and supervisory board as at 31 December 2003

Members of the Board of Directors	Members of the Supervisory Board
VINCENT LEFERE (Chairman)	DR. ING. PAVEL FERKL (Chairman)
ING. FRANTIŠEK ŠÁMAL (Deputy Chairman)	ING. IVAN ŠÍMA
ING. DANA RAKOVÁ	ING. JAN MAČEJOVSKÝ
PEDRO PICK	ING. PETR SLÁMA
ING. JOSEF ZIELENIEC	JAROSLAV SVOBODA
	KAREL SLÁNSKÝ

▪ Organisational structure  
The Company operates three breweries, the brewery in Prague 5, in Prague 4 and the brewery in Ostrava. The production in individual breweries is the responsibility of the production department. The distribution of products is the responsibility of the distribution department. The Company also has a separate office in Ostrava, which is responsible for domestic trade and marketing in Moravia. The finance department, commercial services and export sales are centralised in Prague.

## Notes to the Financial Statements

- Organisational chart of the Company:

<b>Managing Director</b> VINCENT LEFERE	Production and Technical Director FRANTIŠEK ŠÁMAL
	Director of Distribution Channels VLADIMÍR BALACH
	Personnel and IS Director JAN MAČEJOVSKÝ
	Finance Director DANA RAKOVÁ
	Export Director PETRA ELIÁŠOVÁ
	Marketing Director MAREK TOVARYŠ
	Sales Director VLADIMÍR VAVŘICH
	Company Secretary IVAN ŠÍMA

### 3. Significant accounting policies

- (a) Tangible and intangible assets

Tangible and intangible fixed assets are stated at acquisition cost; invoiced price plus costs of acquisition (duty, freight etc.).

Low value tangible assets costing less than TCZK 40 and low value intangible assets acquired since 1999 and costing less than TCZK 60, except for the assets stated below, are charged to the profit and loss account at the moment of receipt of a supplier's invoice. These assets are recorded off balance sheet.

Dispense equipment, awnings, signboards and packaging (compact crates, kegs and pallets) costing less than TCZK 40 are recorded as low value tangible assets depreciated over the specified period of time (see the table below).

The cost of internally produced assets includes direct material, wages and overheads directly related to the production of the asset until the asset is put in use.

## Notes to the Financial Statements

Depreciation in 2003 is provided using the following methods and over the periods stated:

Assets	Basis	Period
Buildings	straight-line	20, 10 and 5 years
Production equipment	straight-line	15, 10, 8 and 5 years
Packaging	straight-line	10, 7 and 5 years
Furniture	straight-line	10 years
IT equipment, copy machines	straight-line	5 years
PC and other related equipment	straight-line	3 years
Vehicles and transport equipment	straight-line	5 years
Equipment, material, furniture located at the customers' premises	straight-line	5 years
Software	straight-line	3 years

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term or their estimated useful lives.

▪ (b) Long-term investments

Long-term investments in subsidiaries and associated companies are accounted for at cost. In case the value of the investment has been permanently impaired, the value of the investment is reduced to its market value. An adjustment is created when there is a temporary reduction in value.

Available-for-sale securities and ownership interests are remeasured at fair value at the balance sheet date. Gains/losses arising are not included in the net profit or loss for the period until they are realised and are recorded as changes in "Revaluation of assets and liabilities" in equity.

▪ (c) Short-term investments

Short-term investments are carried at cost and comprise securities held for trading, held-to-maturity debt securities due within one year, own shares and own bonds.

At the balance sheet date, short-term investments are remeasured at fair value. This remeasurement is recorded in revenues (expenses) from short-term investments.

Until the end of 2001, short-term investments were carried at cost, or at cost less an adjustment based on the difference between the book value and market value or the value of share of equity, if the market value could not be determined. Adjustments were created for each security separately.

Income from these investments is included in revenues from short-term investment.

▪ (d) Inventories

Raw material inventory and purchased dispense equipment are stated at standard cost adjusted for price variances from acquisition cost.

Work in progress and finished goods inventories are stated at cost, which includes the cost of direct materials, direct labour and an allocation of manufacturing overheads proportionate to the stage of completion.

Merchandise is stated at standard cost adjusted for price variances from acquisition cost.

▪ (e) Establishment of adjustments and provisions

*Inventory*

Adjustments to inventory are created when the inventory is considered obsolete.

For inventory without movement for more than 21 months, the Company creates 100% adjustments.

Adjustments to dispense equipment inventory are created in the amount of 100% of cost of returned used dispense equipment.

Adjustments to merchandise are recorded based on a specific identification of its obsolescence.

## Notes to the Financial Statements

### *Accounts receivable*

The Company creates adjustments to receivables from customers based on aging of receivables and based on an analysis of the credit status of individual customers. For receivables that are more than 90 days overdue, the Company creates 50% adjustments; for receivables that are more than 180 days overdue – 100% adjustments. Additionally, adjustments for doubtful accounts are also established based on an analysis of the credit status of individual customers.

The Company records 100% adjustments to receivables from contractual distributors that are more than 1 month overdue. It also creates adjustments to receivables that are less than 1 month overdue based on an analysis of the credit status of individual contractual distributors.

### *Fixed assets*

Adjustments to fixed assets are created based on an analysis of the assets' impairment.

### *Other investments*

The Company creates adjustments to loans provided to distributors based on an analysis of the distributors' credit status.

#### ▪ (f) Foreign exchange differences

For foreign currency translation, the Company applies the official rate of the Czech National Bank effective as at the first day of the relevant month of a transaction. During the year, exchange gains and losses are only recognised when realised at the time of settlement.

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

#### ▪ g) Leased assets

Lease assets are expensed on a straight-line basis over the lease term. Where an asset is purchased on the termination of the lease, it is recorded at its acquisition price.

#### ▪ (h) Taxation

Corporate income tax comprises current income tax and the change in deferred tax. Current income tax includes tax calculated from the tax basis using the current tax rate and any adjustment of tax payable for previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which this asset can be utilized. Deferred income tax asset is included in other long-term receivables.

#### ▪ (i) Contributions to clients

The Company provides its clients with bonuses based on expected future sales. Bonuses under TCZK 100 are charged to the profit and loss account in the year in which they were provided and bonuses over TCZK 100 are deferred and released to the profit and loss account over a five-year period.

## Notes to the Financial Statements

### 4. Comparability of information

As a result of amendments in accounting procedures, there are changes in the financial statements, which may result in the non-comparability of data. In order to minimise this some reclassifications have been made in the disclosure of the following items relating to the previous accounting period:

- Estimated receivables
- Deferred tax receivable
- Payables to group undertakings
- Estimated payables
- Revenue from sale of fixed assets
- Revenue from sale of raw material
- Net book value of fixed assets sold
- Raw material sold
- Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses
- Change in provisions and adjustments relating to financial activity

### 5. Tangible and intangible fixed assets

- (a) Intangible fixed assets

	Royalties	Software	Intangible FA under construction	Advances paid	Total
<b>Acquisition cost</b>					
Balance at 1/1/2003	2 751	78 795	14 083	6 371	102 000
Additions	300	1 675	80 240	2 659	84 874
Disposals	--	--	--	-6 830	-6 830
Transfers	9 890	--	-9 890	-200	-200
Balance at 31/12/2003	12 941	80 470	84 433	2 000	179 844
<b>Accumulated depreciation</b>					
Balance at 1/1/2003	1 043	63 228	--	--	64 271
Depreciation expense	2 968	7 610	--	--	10 578
Disposals	--	--	--	--	0
Balance at 31/12/2003	4 011	70 838	--	--	74 849
<b>Net book value 1/1/2003</b>	<b>1 708</b>	<b>15 567</b>	<b>14 083</b>	<b>6 371</b>	<b>37 729</b>
<b>Net book value 31/12/2003</b>	<b>8 930</b>	<b>9 632</b>	<b>84 433</b>	<b>2 000</b>	<b>104 995</b>

## Notes to the Financial Statements

### (b) Tangible fixed assets

	Land	Buildings	Machinery and equipment	Motor vehicles	Adjust. to acquired FA	Tangible FA under constr.	Advances paid	Total
<b>Acquisition cost</b>								
Balance at 1/1/2003	210 311	1 032 640	2 519 231	225 616	67 778	42 360	21 788	4 119 724
Additions	--	16 990	52 466	1 383	--	39 756	53 717	164 312
Disposals	--	-21 825	-148 065	-39 178	--	-685	-1 350	-211 103
Surpluses	--	--	167	--	--	--	--	167
Transfers	--	10 010	32 887	1 836	--	-26 150	-18 383	200
Balance at 31/12/2003	210 311	1 037 815	2 456 686	189 657	67 778	55 281	55 772	4 073 300
<b>Accumulated depreciation</b>								
Balance at 1/1/2003	--	418 909	1 592 220	178 845	26 735	--	--	2 216 709
Depreciation expense	--	52 073	156 557	15 896	4 518	--	--	229 044
Disposals	--	-13 033	-70 188	-37 194	--	--	--	-120 415
Transfers	--	--	--	--	--	--	--	--
Balance at 31/12/2003	--	457 949	1 678 589	157 547	31 253	--	--	2 325 338
<b>Adjustments</b>								
Balance at 1/1/2003	--	14 062	17 378	560	--	--	--	32 000
Increase / decrease	--	2 014	-6 795	-445	--	--	--	-5 226
Balance at 31/12/2003	--	16 076	10 583	115	--	--	--	26 774
<b>Net book value</b>								
<b>1/1/2003</b>	<b>210 311</b>	<b>599 669</b>	<b>909 633</b>	<b>46 211</b>	<b>41 043</b>	<b>42 360</b>	<b>21 788</b>	<b>1 871 015</b>
<b>31/12/2003</b>	<b>210 311</b>	<b>563 790</b>	<b>767 514</b>	<b>31 995</b>	<b>36 525</b>	<b>55 281</b>	<b>55 772</b>	<b>1 721 188</b>

### (c) Other tangible fixed assets

	Low value tangible assets	Pieces of art	Total
<b>Acquisition cost</b>			
Balance at 1/1/2003	828 616	262	828 878
Additions	173 808	--	173 808
Disposals	-56 944	--	-56 944
Transfers	--	--	0
Balance at 31/12/2003	945 480	262	945 742
<b>Accumulated depreciation</b>			
Balance at 1/1/2003	391 336	--	391 336
Depreciation expense	110 347	--	110 347
Disposals	--	--	0
Transfers	-17 771	--	-17 771
Balance at 31/12/2003	483 912	--	483 912
<b>Adjustment</b>			
Balance at 1/1/2003	16 642	--	16 642
Increase/decrease	9 112	--	9 112
Balance at 31/12/2003	25 754	--	25 754
<b>Net book value 1/1/2003</b>	<b>420 638</b>	<b>262</b>	<b>420 900</b>
<b>Net book value 31/12/2003</b>	<b>435 814</b>	<b>262</b>	<b>436 076</b>

### 6. Other low-value tangible assets

The Company recorded low value tangible fixed assets in accordance with the accounting policies described in note 3(a). The cumulative acquisition cost of low value tangible fixed assets that were kept off balance sheet and were still in use was TCZK 37 420 (2002 – TCZK 35 376).

# Notes to the Financial Statements

## 7. Long-term investments

- (a) Investments in subsidiaries and associates

	Percentage share	Nominal value of share	Equity (TCZK)	Total profit/loss in 2003 (TCZK)	Book value 2003 (TCZK)	Book value 2002 (TCZK)
Staropramen . – Slovakia s.r.o	100%	72 200 000 SKK	24 584	-816	56 844	54 294
Staropramen Prager Bier, Deutschland						27 790
<b>Total</b>					<b>56 884</b>	<b>82 084</b>

An adjustment of TCZK 31 458 (2002 – TCZK 29 136) was created to long-term investments as a result of the temporary decrease in equity of a subsidiary.

No dividends were received from long-term investments in 2003.

During 2003 100% of business share in Staropramen Prager Bier was sold to Interbrew Deutschland Vertriebs GmbH & Co. KG. Revenue from this sale amounts TCZK 80 238. An adjustment of TCZK 15 468 was released.

*Registered office of a subsidiary:*

Staropramen – Slovakia s.r.o.  
Košícká 52, Bratislava, Slovak republic

- (b) Other long-term securities

	Shares held	Nominal value of share in CZK	Book value 2003	Book value 2002
Výzkumný ústav pivovarský a sladařský a.s.	5 984	1 000	6 229	6 229
<b>Total</b>	<b>--</b>	<b>--</b>	<b>6 229</b>	<b>6 229</b>

The Company created an adjustment to Výzkumný ústav pivovarský a sladařský at 100% of cost, i.e., TCZK 6 229 (2002 – TCZK 6 229).

On the basis of the professional estimate made by the Company's management fair value of this investment is zero. Fair value adjustment was not recorded in 2003, because an adjustment at 100 % of cost was recorded in previous years.

- (c) Other long-term investments

Other long-term investments of TCZK 11 113 (2002 – TCZK 19 863) represent loans to customers.

An adjustment of TCZK 5 170 (2002 – TCZK 7 475) has been created.

## 8. Inventory

(a) Based on the stock-take performed as at 31 December 2003 the Company identified used dispense equipment and spare parts relating to disposed assets. The Company created an adjustment to this inventory of TCZK 17 206 (2002 – TCZK 17 123).

(b) The Company created an adjustment to obsolete raw materials and to materials with no move in last 21 months of TCZK 6 656 (2002 – TCZK 5 495).

## 9. Short-term receivables and payables

(a) Short-term trade receivables total TCZK 438 138 (2002 – TCZK 423 623), of which TCZK 82 329 (2002 – TCZK 166 378) are overdue. Decrease in receivables overdue is partially caused by their write-off of TCZK 13 292. The adjustment for doubtful trade accounts receivable as at 31 December 2003 totalled TCZK 116 967 (2002 – TCZK 139 738).

## Notes to the Financial Statements

### (b) Other receivables

In 2002 other receivables of TCZK 16 504 represented primarily the receivables resulting from payment of guarantee for other entities and were fully written off as at 31 December 2003. An adjustment to doubtful other receivables was realised as at 31 December 2003 (2002 – TCZK 15 602).

(c) Short-term trade accounts payable total TCZK 92 624 (2002 – TCZK 156 174). Short-term trade payables that were overdue as at 31 December 2003 totalled TCZK 30 063 (2002 – TCZK 1 334).

### 10. Deferred expenses

In compliance with the accounting policies stated in note 3(i), the Company defers bonuses to its clients. The Company has created an adjustment of TCZK 32 623 (2002 – TCZK 31 982) to provide for customers that do not comply with the agreed conditions.

### 11. Adjustments

	Adjustments to tangible fixed assets	Adjustments to long-term investments	Adjust. to inventory	Adjustments to receivables	Adjustment to deferred expenses	Total
<b>Balance at 1/1/2003</b>	<b>48 642</b>	<b>58 308</b>	<b>22 618</b>	<b>156 399</b>	<b>31 982</b>	<b>317 949</b>
Additions	28 228	2 456	3 559	36 866	17 428	88 537
Releases	-24 342	-17 907	-2 315	-76 298	-16 787	-137 649
<b>Balance as at 31/12/2003</b>	<b>52 528</b>	<b>42 857</b>	<b>23 862</b>	<b>116 967</b>	<b>32 623</b>	<b>268 837</b>

### 12. Share capital

	Registered capital
Balance as at 31/12/2002	
137 397 952 bearer shares at CZK 25 per share	3 434 949
Balance as at 31/12/2003	
137 397 952 bearer shares at CZK 25 per share	3 434 949

Share capital of the Company total CZK 3 434 948 800 and is fully paid. Share capital is divided on 137 397 952 shares at CZK 25 per share. 13 644 746 shares (ISIN CZ0005111054) and 123 753 206 shares (ISIN 770970000293) are not marketable.

### 13. Equity

- (a) Movement in the individual components of equity

	Registered capital	Profit (loss) for the current period	Accumulated losses	Statut. reserve fund	Social fund	Revaluation of assets and liabilities	Total
<b>Balance at 1/1/2003</b>	<b>3 434 949</b>	<b>74 932</b>	<b>-1 069 651</b>	<b>70 669</b>	<b>48</b>	<b>--</b>	<b>2 510 947</b>
Additions to funds	--	-6 747	--	3 747	3 000	--	--
Reductions of funds	--	--	--	--	-1 354	--	-1 354
Profit transefer to reduce accumulated losses	--	-68 185	68 185	--	--	--	--
Loss for 2003	--	- 45 324	--	--	--	--	-45 324
Changes in valuation differences from revaluation	--	--	--	--	--	-23 449	-23 449
<b>Balance at 31/12/2003</b>	<b>3 434 949</b>	<b>-45 324</b>	<b>-1 001 466</b>	<b>74 416</b>	<b>1 694</b>	<b>-23 449</b>	<b>2 440 820</b>

- (b) Planned distribution of current year profit

The management of the Company expects that loss for the current period will be transferred to accumulated losses of the previous periods.

## Notes to the Financial Statements

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

<b>Balance at 1/1/2003</b>	--
Change in fair value of derivatives for trading	-31 576
Change in deferred tax relating to the revaluation of assets and liabilities	8 127
<b>Balance at 31/12/2003</b>	<b>-23 449</b>

### 14. Provisions

	Provision for untaken holiday	Provision for restructuring of the Company	Provision for litigations	Provision for bonuses to board members	Total
Balance at 1/1/2003	7 197	2 226	3 575	1 200	14 198
Additions to provisions	3 000	--	--	790	3 790
Release of provisions	-1 697	-2 226	-3 575	-590	-8 088
<b>Balance at 31/12/2003</b>	<b>8 500</b>	<b>--</b>	<b>--</b>	<b>1 400</b>	<b>9 900</b>

### 15. Bank loans

As at 31 December 2003 the Company has not drawn any short-term loans (2002 – TCZK 0).

### 16. Segment information

	Sales in 2003	Sales in 2002
Beer	2 549 040	2 327 527
Other products	42 799	47 022
Other services	36 312	17 075
Sales – restaurants	5 949	17 144
<b>Total sales of own products &amp; services</b>	<b>2 634 100</b>	<b>2 408 768</b>
<b>Total sales of merchandise</b>	<b>29 684</b>	<b>16 924</b>
Sale of fixed assets	67 008	37 293
Sale of other materials	22 911	29 368
<b>Total other sales</b>	<b>89 919</b>	<b>66 661</b>
<b>Total domestic sales</b>	<b>2 753 703</b>	<b>2 492 353</b>
<b>Export sales</b>	<b>502 208</b>	<b>504 003</b>
<b>Total</b>	<b>3 255 911</b>	<b>2 996 356</b>

### 17. Employees and executives

The average number of employees and executives and remuneration paid for the year ended December 2003 and December 2002 are as follows:

2003	Number of employees	Wages and salaries	Social security expenses	Social expenses
Employees	1 083	311 583	109 922	6 758
Executives	7	22 884	8 009	71
<b>Total</b>	<b>1 090</b>	<b>334 387</b>	<b>117 931</b>	<b>6 829</b>
2002	Number of employees	Wages and salaries	Social security expenses	Social expenses
Employees	1 173	297 196	104 551	4 436
Executives	12	27 431	9 601	--
<b>Total</b>	<b>1 185</b>	<b>324 627</b>	<b>114 152</b>	<b>4 436</b>

## Notes to the Financial Statements

### 18. Related parties

- (a) Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in note 9 above:

	Receivables at 31/12		Payables at 31/12	
	2003	2002	2003	2002
Staropramen – Slovakia	12 953	11 218	1	199
Staropramen Prager Bier, Deutschland	14 082	13 893	--	--
Bass Beers Worldwide Ltd.	--	--	--	226
Interbrew Export Licence	6 433	--	23	--
Cobrew	17	--	--	--
Sun Interbrew	5 566	--	--	--
Labatt Canada	1 177	--	--	--
Interbrew S.A.	--	725	40 257	57 110
Interbrew Belgium N.V.	--	--	666	190
Interbrew UK Ltd.	8 671	4 517	401	660
Trebjesa Brewery	104	323	--	--
Beck Italia	--	30 434	363	--
Borsodi Sorgyar Rt.	--	--	3 785	56
<b>Total</b>	<b>49 003</b>	<b>61 110</b>	<b>45 496</b>	<b>58 441</b>

- (b) Loans payable

	31/12/2003	31/12/2002
Loans provided in CZK (in TCZK)	1 000 000	1 000 000
<b>Total</b>	<b>1 000 000</b>	<b>1 000 000</b>

The loan of TCZK 1 000 000 is classified as long-term since the contract does not specify the maturity date and the loan is not understood to be paid within one year.

- (c) Directors' and Supervisory Board members' remuneration and loans

	Board of Directors		Supervisory Board	
	2003	2002	2003	2002
Number of members	5	7	6	6
Bonuses paid (in TCZK)	144	144	744	744

In 2003, members of the Board of Directors and members of the Supervisory Board received neither directors' fees nor dividends.

Members of the Board of Directors and Supervisory Board members do not own shares of the Company.

Members of management also use the Company's cars for private purposes.

None of the directors or members has ever been charged for legal violations in relation to business or property.

### 19. Income tax

- (a) Current tax

The Company does not record any income tax charged for 2003 due to the partial utilisation of tax losses brought forward.

- (b) Deferred tax

Deferred tax asset as at 31 December of TCZK 400 493 (2002 – TCZK 676 271) was recorded in long term receivables. Deferred tax – change for 2003 totalled TCZK 283 905 (2002 – TCZK 29 465). The Company recorded deferred tax receivable of TCZK 8 127 resulting from revaluation of financial derivatives to fair value. This deferred tax asset was not recorded as a revenue, but as a decrease of revaluation of assets and liabilities in equity.

## Notes to the Financial Statements

2003 deferred tax charge was affected by change of income tax rate from 31% to 28% in 2004, 26% in 2005 and 24% in 2006 as follows:

- Temporary differences as at 31 December 2003 were recalculated at 28% rate. Deferred tax receivable after recalculation is TCZK 450 883.
- Expected utilisation of tax loss carry-forward was recalculated at rates valid in 2005 and 2006 as stated above. Difference from using these tax rates totals TCZK 50 390. Deferred tax receivable previously calculated was reduced by this difference.

Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2003	2002	2003	2002	2003	2002
Tangible fixed assets	163 941	148 711	--	--	163 941	148 711
Intangible fixed assets	6 097	9 370	--	--	6 097	9 370
Long-term investments	--	1 956	--	--	--	1 956
Receivables	7 550	10 955	--	--	7 550	10 955
Provisions	--	2 921	--	--	--	2 921
Revaluation of assets and liabilities taken to equity	8 127	--	--	--	8 127	--
Tax loss carry-forwards to be utilised	253 836	492 443	--	--	253 836	492 443
Other temporary differences	11 332	9 915	--	--	11 332	9 915
<b>Tax (assets)/liabilities</b>	<b>450 883</b>	<b>676 271</b>	<b>--</b>	<b>--</b>	<b>450 883</b>	<b>676 271</b>
Adjustment resulting from use of 2005 and 2006 rates					-50 390	--
<b>Net tax (assets)/liabilities</b>					<b>400 493</b>	<b>676 271</b>

### 20. Leased assets

The Company is committed to payments under finance leases for motor vehicles and equipment as follows:

2003	Total lease payments	Paid to 31/12/2003	Due within 1 year	Due in the following years
Pallet trailers, trucks	3 159	2 455	467	237
Personal cars	24 929	20 943	3 205	781
<b>Total</b>	<b>28 088</b>	<b>23 398</b>	<b>3 672</b>	<b>1 018</b>

2002	Total lease payments	Paid to 31/12/2002	Due within 1 year	Due in the following years
Pallet trailers, trucks	4 773	3 085	983	705
Personal cars	38 558	25 898	9 314	3 346
<b>Total</b>	<b>43 331</b>	<b>28 983</b>	<b>10 297</b>	<b>4 051</b>

### 21. Contingencies and commitments

- (a) The Company has committed to capital expenditures relating to the expansion and modernization of its manufacturing facilities. The expenditures, estimated at TCZK 13 032, will be incurred in 2004.
- (b) The Company has provided a guarantee of TEUR 1 500 to its former subsidiary, Staropramen Prager Bier GmbH.

## Report of the Board of Directors on the Relationships Between Related Entities

Report of the Board of Directors on the Relationships between the Controlling Entity and the Controlled Entity and on the Relationships between the Controlled Entity and Other Entities Controlled by the Same Controlling Entity in the period from 1 January 2003 to 31 December 2003 pursuant to Section 66a(9) Commercial Code (513/1991 Coll.), as amended

### I. CONTROLLED ENTITY:

- Pivovary Staropramen a.s.  
with its seat at Nádražní 84, 150 54 Prague 5, Czech Republic  
registered in the Commercial Register maintained by the Prague Municipal Court, Part B, Entry No. 1512  
ID Number: 45273693

### II. CONTROLLING ENTITIES:

- Interbrew N.V.  
with its seat at Vaartstraat 94, 3000 Leuven, Belgium  
majority share in Controlling Entity:
- Interbrew Central European Holding B.V.  
with its seat at Ceresstraat 19, 4811 CA Breda, Netherlands  
share in Controlled Entity: 99.6%

### III. OTHER RELATED ENTITIES THAT ARE PART OF THE BUSINESS GROUP AND WITH WHICH THE CONTROLLED ENTITY WAS IN A CONTRACTUAL RELATIONSHIP DURING 2003:

- Interbrew Belgium N.V.  
with its seat at Vaartstraat 94, 3000 Leuven, Belgium
- Cobrew N.V.  
with its seat at Vaartstraat 98, 3000 Leuven, Belgium
- IB Brewing Assistance Services Ltd.  
with its seat at 3th Dervis Street (Julia House), 1066 Nicosia, Cyprus
- SB Management Services Ltd.  
with its seat at 1 Lambousas Street, 1095 Nicosia, Cyprus
- SUN Breweries (C.I.S.) Ltd.  
with its seat at 33/35 Pier Road, JE4 8XB St. Helier, Jersey, Channel Islands
- Bass Beers Worldwide Ltd.  
with its seat at 1 Ropemaker Street, EC2Y 9SS London, Great Britain
- Kamenitza A.D.  
with its seat at 95 Kapitan Raicho Str., 4000 Plovdiv, Bulgaria
- Borsodi Sörgyár Rt.  
with its seat at Rákoczi út. 81, 3574 Böcs, Hungary
- Interbrew UK Ltd.  
with its seat at 500 Capability Green, LU1 3LS Luton, Great Britain
- Beck's Italia S.r.l.  
with its seat at Via Sanvito Silvestro 103, 21100 Varese, Italy
- Industrija piva i sokova Trebjesa A.D.  
with its seat at Njegoševa 18, 81400 Nikšić, Serbia and Monte Negro
- Interbrew Export & Licenses GmbH & Co. KG  
with its seat at Am Deich 18/19, 28365 Bremen, Germany

## Report of the Board of Directors on the Relationships Between Related Entities

- Interbrew Deutschland Vertriebs GmbH & Co. KG  
with its seat at Am Deich 18/19, 28199 Bremen, Germany
- Brands International – The Beer & Beverage Company GmbH  
with its seat at Otto-Lilienthal-Strasse 29, 28199 Bremen, Germany
- Oland Speciality Beer Company  
with its seat at King St. West 1183, M6K 3C5 Toronto, Canada

For the period from 1 January 2003 to 31 December 2003, no control agreement or other agreement with similar content or purpose was entered into between the Controlled Entity (see item I., above) and any Controlling Entity (see item II., above).

#### **IV. LIST OF AGREEMENTS AND DESCRIPTION OF PERFORMANCE THEREUNDER:**

- (1) Credit Agreement No. 2 dated 31 March 2001  
Credit Agreement No. 3 dated 31 March 2001  
between the Controlled Entity and Interbrew Central European Holding B.V.

Under Credit Agreement No. 2, Interbrew Central European Holding B.V. agreed to provide an amount of CZK 500,000,000 and under Credit Agreement No. 3 it agreed to provide an amount of CZK 500,000,000. Interest is agreed at EURIBOR (the EURIBOR rate is set for the relevant period by the Banking Federation of the European Union for EUR) and interest payments in any given year are made only if the company posts a profit in that year after settlement of all losses. All other terms of the agreements are standard. Based on the Credit Agreements, the Company received credit funds in a total amount of CZK 1,000,000,000 in the year 2001.

- (2) Current Account Agreement dated 30 April 2003  
between the Controlled Entity and Cobrew N.V.

Based on this agreement, four current accounts were opened in the Controlled Entity's name. The accounts are in the currencies EUR, CZK, GBP and USD. These accounts serve in particular for making payments to entities within the business grouping. The accounts bear interest at the market rates applicable to the individual currencies. The aggregate total balance on these accounts at 31 December 2003 was CZK 300,594,545.

- (3) Services Agreement dated 18 December 2001  
between the Controlled Entity and Interbrew N.V.

Based on this agreement, executive employees of Interbrew N.V. were seconded to the Controlled Entity for the purpose of providing technical and other specialized support and coordinating cooperation with related entities, especially in the area of export. Consulting activities included the areas of risk management, negotiation of insurance contracts, quality control, training, internal audit, legal and tax advice, implementation of a new information system, engineering, and marketing and purchasing advice. Costs to the Controlled Entity in 2003 totalled EUR 4,293,390.

- (4) Agreement on the Temporary Secondment of Employees dated 20 October 2001  
between the Controlled Entity and IB Brewing Assistance Services Ltd.

Under this agreement, an employee of the contractual partner, Mr. Vincent Lefere, was seconded to the Controlled Entity. Mr. Vincent Lefere acts as General Manager of the Controlled Entity. In accordance with this agreement, costs incurred by the Controlled Entity were paid to Interbrew N.V. within the framework of the Services Agreement.

- (5) Technical Assistance Agreement dated 4 December 2000  
between the Controlled Entity and Kamenitza A.D.

The subject matter of this agreement is the Controlled Entity's obligation to provide professional assistance in the process of producing "Slavena" beer in the Bulgarian Republic for the agreed monetary consideration. Neither party to the agreement realized any performance under this agreement in 2003.

## Report of the Board of Directors on the Relationships Between Related Entities

- (6) Second Distribution Agreement dated 1 November 1993 between the Controlled Entity and Bass Beers Worldwide Ltd. (formerly Bass Export Ltd.)

Neither of the parties to this agreement made any performance under the agreement in 2003.

- (7) Distribution Agreement dated 14 May 2002 between the Controlled Entity and Interbrew UK Ltd.

During 2003, contractual cooperation under this agreement included Interbrew UK Ltd. arranging for the storage, distribution and sale in the United Kingdom of beer brewed by the Controlled Entity: 35,831 hectolitres of beer, turnover CZK 38,570,492.

- (8) License Agreement dated 30 December 2003 between the Controlled Entity and Interbrew UK Ltd.

During 2003, contractual cooperation under this agreement included Interbrew UK Ltd. arranging for the production under license, distribution and sale in the United Kingdom of Staropramen beer: 21,597 hectolitres of beer, license fees EUR 215,970.

- (9) Cooperation Agreement dated 24 May 2002 between the Controlled Entity and Industrija piva i sokova Trebjesa A.D.

During 2003, contractual cooperation under this agreement included Industrija piva i sokova Trebjesa A.D. arranging for the storage, distribution and sale in Monte Negro of beer brewed by the Controlled Entity: 181 hectolitres of beer, turnover EUR 8,000.

- (10) Distribution Agreement dated 1 September 2002 between the Controlled Entity and Borsodi Sörgyár Rt.

During 2003, contractual cooperation under this agreement included Borsodi Sörgyár Rt. arranging for the storage, distribution and sale in Hungary of beer brewed by the Controlled Entity: 3,863 hectolitres of beer, turnover CZK 2,984,742.

- (11) Technology and Trademark License Agreement dated 25 March 2003 between the Controlled Entity and SB Management Services Ltd.

Under this agreement, a license to produce and distribute Staropramen beer in Russia and Ukraine, along with the right to sublicense, was granted to SB Management Services Ltd. During 2003, under this agreement, based on a sublicense duly granted in accordance with the terms of the agreement, Staropramen beer was produced under license and distributed and sold in Russia and Ukraine as follows: 139,250 hectolitres of beer, license fees EUR 696,249 (EUR 546,249 of which was paid and EUR 150,000 was used to cover marketing expenses in accordance with the agreement).

- (12) Agreement on Purchase and Sale of Shares dated 23 June 2003 between the Controlled Entity and Interbrew Central European Holding B.V.

Under this agreement, 1,564 shares of the Controlled Entity obtained by the Controlled Entity in a mandatory buyout of minority shareholders were sold to Interbrew Central European Holding B.V. for CZK 62,560.

- (13) Trademark Assignment Agreement dated 17 June 2003 between the Controlled Entity and SUN Breweries (C.I.S.) Ltd.

Under this agreement, the Premier trademark registered for the territory of Russia was assigned, for consideration, from the Controlled Entity to SUN Breweries (C.I.S.) Ltd. The consideration paid was USD 6,000.

- (14) Agreement on Transfer of Participating Interest (Kauf- und Abtretungsvertrag) dated 11 December 2003 between the Controlled Entity and Interbrew Deutschland Vertriebs GmbH & Co. KG

## Report of the Board of Directors on the Relationships Between Related Entities

Under this agreement, the Controlled Entity's participating interest in Staropramen Prager Bier Vertriebsgesellschaft GmbH was transferred, for consideration, to Interbrew Deutschland Vertriebs GmbH & Co. KG. The consideration paid was EUR 2,500,000.

- (15) Letter of Intent dated 9 December 2003  
between the Controlled Entity and Brands International – The Beer & Beverage Company GmbH

The Letter of Intent contains an understanding concerning the terms of distributing beer from the Controlled Entity's portfolio in the territory of Germany during the years 2004–2008.

- (16) Other contractual performance during 2003 in relation to affiliated entities:
  - a) Sale to and distribution by Interbrew Export & Licences GmbH & Co. KG of Controlled Entity beer on the basis of individual purchase orders (not the subject of any framework agreement or other similar agreement)

Arrangement by Interbrew Export & Licences GmbH & Co. KG for the storage, distribution and sale in the Interbrew export network (mainly Sweden, Poland, Israel and Latvia) of beer produced by the Controlled Entity: 43,840 hectolitres of beer, turnover CZK 55,745,314.

- b) Sale to and distribution by Oland Speciality Beer Company of Controlled Entity beer on the basis of individual purchase orders (not the subject of any framework agreement or other similar agreement)

Arrangement by Oland Speciality Beer Company for the storage, distribution and sale in Canada of beer produced by the Controlled Entity: 2,113 hectolitres of beer, turnover CZK 3,405,225.

- c) Sale to and distribution by Beck's Italia S.r.l. of Controlled Entity beer on the basis of individual purchase orders (not the subject of any framework agreement or other similar agreement)

Arrangement by Beck's Italia S.r.l. for the storage, distribution and sale in Italy of beer produced by the Controlled Entity: 9,201 hectolitres of beer, turnover CZK 6,026,838.

- d) Purchase by the Controlled Entity of beer from Interbrew Belgium N.V. on the basis of individual purchase orders (not the subject of any framework agreement or other similar agreement)

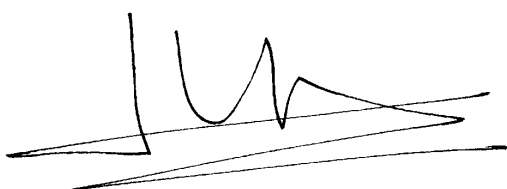
Under purchase agreements entered into in the form of de facto acceptance of purchase orders from the Controlled Entity, in 2003 Interbrew Belgium N.V. sold Stella Artois, Leffe, Hoegaarden, and Belle-Vue Kriek beer to the Controlled Entity for a total price of EUR 378,051.

### V. CONCLUSION:

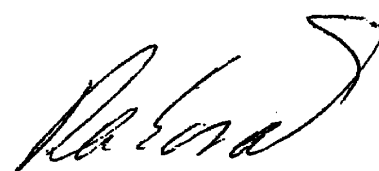
All the contracts set forth in Article IV, above, i.e. contracts with entities that are affiliated with each other within a business group, can be considered as standard and beneficial for both sides. Other than the above mentioned, no legal acts or other steps were taken in or against the interests of related entities. Performance by the Controlled Entity for the benefit of related entities did not cause any harm or damage to the assets or rights of the Controlled Entity.

Prague, 24 March 2004

The Board of Directors of Pivovary Staropramen a.s.



Vincent Lefere (Chairman)



Dana Raková (Member)

## Auditor's Report

Auditor's report to the shareholders of Pivovary Staropramen a.s.

On the basis of our audit, on 25 February 2004 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Pivovary Staropramen a.s. for the year ended 31 December 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements present, in all material respects, a true and fair view of the assets, liabilities, equity and financial position of Pivovary Staropramen a.s. as of 31 December 2003 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

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

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

Prague, 11 May 2004

*KPMG Česká republika Audit*

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

*Jan Martínek*  
Jan Martínek  
Licence number 1598

# Supervisory Board Report

In 2003, the Supervisory Board was composed as follows:

**members elected by the shareholders:** Petr Sláma, Jan Mačejovský, Ivan Šíma, Pavel Ferkl

**members elected by the employees:** Karel Slánský, Jaroslav Svoboda

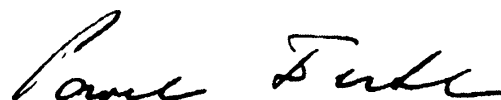
Regular Supervisory Board meetings in 2003 took place on March 21, April 25, July 30, October 30, and December 19.

Throughout the entire year, the Supervisory Board monitored the Company's business operations, the exercise by the Board of Directors of its powers, and compliance with applicable laws and regulations, the Company's Articles of Association, and General Meeting resolutions. Members of the Supervisory Board were provided with monthly financial reports as well as reports from meetings of the Board of Directors. They reviewed the quarterly balance sheets and the Finance Director presented financial plan fulfilment reports and reports on the Company's financial situation at all meetings of the Supervisory Board. They also discussed the 2004 budget. The Export Manager, the On-Trade Development Manager and the Production Director were invited to Supervisory Board meetings to report on their sections.

It is the duty of the Supervisory Board to pronounce at the General Meeting its opinion on the year-end financial statements for 2003, on the Board of Directors' profit allocation proposal and on the Board of Directors' report on relations between the Controlling and Controlled Entities and among the Controlled Entity and Other Entities Controlled by the Same Controlling Entity during the period from 1 January 2003 to 31 December 2003, pursuant to the provisions of Section 66a(9) Commercial Code (Act 513/1991 Coll.), as amended.

The Supervisory Board reviewed the documents prepared by the Company as of 31 December 2003. These documents consist of the year-end financial statements and the report on the relationships among related entities. The Supervisory Board has also studied the Auditor's Report. Based on its analysis, the Supervisory Board hereby states that, according to the facts available to it, the submitted documents present a true picture of the state of the Company as of 31 December 2003 and therefore it recommends that the General Meeting approve the said documents.

Prague, 31 March 2004



On behalf of the Supervisory Board  
of Pivovary Staropramen a.s.

**Pavel Ferkl**

Chairman of the Supervisory Board

## BOARD OF DIRECTORS:

### Chairman

- VINCENT LEFERE

Managing Director of Pivovary Staropramen a.s.

53, joined Interbrew in 1990, work experience includes human resources, distribution, and general management. Graduated from the University of Leuven (Law) and University of Brussels (Notary Public). Nationality: Belgian.

### Vice-Chairman

- FRANTIŠEK ŠÁMAL

Production and Technical Director of Pivovary Staropramen a.s.

52, joined Pivovary Staropramen in 1978. Graduated from the Prague Institute of Chemical Technology.

### Members

- DANA RAKOVÁ

Finance Director of Pivovary Staropramen a.s.

44, joined Pivovary Staropramen a.s. in 1998. Graduated from the Prague University of Economics.

- JOSEF ZIELENIEC

58, economist, university professor, senator.

Member of the Board of CERGE. Member of the Board of Pivovary Staropramen a.s. since April 1998. Minister of Foreign Affairs of the Czech Republic, 1992–1997.

- PEDRO PICK

69, Chairman of the Boards of Warren Partners, a.s., Spolchemie, a.s., consultant to A. T. Kearney, Vice-President of the Harvard Club of Prague, member of the Harvard University CFIA Visiting Committee and Dean's Council of J. F. Kennedy School of Government, and member of the Advisory Board of Instituto de Empresa Madrid.

### Notes:

- MICHAL KOTLÍN was a member and Vice Chairman of the Board of Directors until February 2003
- MIROSLAV JERSÁK was a member of the Board of Directors until April 2003
- MARJON VISSCHER was a member of the Board of Directors until December 2003
- FRANTIŠEK ŠÁMAL was elected Vice Chairman of the Board of Directors in February 2003
- DANA RAKOVÁ became a member of the Board of Directors in April 2003

## SUPERVISORY BOARD:

### Chairman

- PAVEL FERKL

75, worked at Pivovary Staropramen a.s. for 38 years, until 1997, most recently as advisor to the General Director.

Was active as a brewing expert in India, Venezuela, Iraq, Laos and China. Active member of the Master Brewers Association of the Americas. Graduate of the Prague Institute of Chemical Technology.

### Members

- IVAN ŠÍMA

Company Secretary of Pivovary Staropramen a.s., elected by the Annual General Meeting in June 2001.

40, joined Pivovary Staropramen a.s. in 1987. Graduated from the Czech Technical University, Mechanical Engineering Faculty.

# Corporate Governance

- **JAN MAČEJOVSKÝ**

Director of Human Resources and Information Systems of Pivovary Staropramen a.s., elected by the Extraordinary General Meeting in April 2003.

35, joined Pivovary Staropramen a.s. in 1993. Graduated from the Prague University of Economics.

- **PETR SLÁMA**

Key Accounts Director of Pivovary Staropramen a.s., elected by the Annual General Meeting in June 2002.

43, joined Pivovary Staropramen a.s. in 1998. Graduated from the Liberec Technical University.

- **JAROSLAV SVOBODA**

Trade Brewer, Pivovary Staropramen a.s., elected by the employees of the company in May 2002.

56, joined Pivovary Staropramen a.s. in 1969. Secondary technical school graduate.

- **KAREL SLÁNSKÝ**

Head of Fermentation, Pivovary Staropramen a.s., elected by the employees of the company in May 2002.

56, joined Pivovary Staropramen a.s. in 1971. Secondary technical school graduate.

Notes:

- DANA RAKOVÁ was a member of the Supervisory Board until April 2003
- JAN MAČEJOVSKÝ became a member of the Supervisory Board in April 2003

## **THE EXECUTIVE COMMITTEE:**

### **Managing Director**

- VINCENT LEFERE

### **Finance Director**

- DANA RAKOVÁ

### **Sales Director**

- VLADIMÍR VAVŘICH

### **Marketing Director**

- MAREK TOVARYŠ

### **Production and Technical Director**

- FRANTIŠEK ŠÁMAL

### **Logistics Director**

- VLADIMÍR BALACH

### **Director of Human Resources and Information Systems**

- JAN MAČEJOVSKÝ

### **Company Secretary**

- IVAN ŠÍMA

## Information for Shareholders

### COMPANY OWNERSHIP:

Principal shareholders of Pivovary Staropramen a.s. at 31 December 2003:

Interbrew Central European Holding B.V.	99.6%
Other investors	0.4%

### BASIC SHARE CAPITAL:

The basic share capital of Pivovary Staropramen a.s. totals CZK 3,434,948,800 and has been paid in full. The basic share capital is divided into 137,397,952 shares with a nominal value of CZK 25 per share. The shares are bearer shares of common stock, existing in booked form, and are not listed for trading in public markets; ISIN: CZ0005111054 (13,644,746 shares) and SIN: 770970000293 (123,753,206 shares).

### SHARE TRANSFERABILITY:

The share transferability is not restricted. The rights associated with the shares are exercised by the person shown in the register of booked securities kept by the Securities Centre of the Czech Republic. Transfer takes place when the respective transaction is registered on the basis of a booked security transfer registration order (Section 21(1) of Act 591/1992 Coll.). In this case "registration" is defined as the deduction of the respective share(s) from the seller's account for the benefit of the buyer.

### INVESTOR RELATIONS:

Shareholders may contact:

**Pivovary Staropramen a.s.**

Finance Department

Nádražní 84

150 54 Prague 5

Czech Republic

Tel.: +420 / 257 191 204

Fax: +420 / 257 320 578

**CONTACT ADDRESSES:**

Breweries:

**Staropramen Brewery**

Nádražní 84  
150 54 Praha 5  
Czech Republic  
Tel.: +420 / 257 191 111  
Fax: +420 / 257 191 288

**Braník Brewery**

Údolní 1/212  
147 00 Praha 4  
Czech Republic  
Tel.: +420 / 244 018 111  
Fax: +420 / 244 460 842

**Ostravar Brewery**

Hornopolní 57  
728 25 Ostrava 1  
Czech Republic  
Tel.: +420 / 596 650 111  
Fax: +420 / 596 650 301

**COMPANY HEADQUARTERS:****Pivovary Staropramen a.s.**

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150 54 Praha 5  
Czech Republic  
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