

Sarantis Polska S.A.

**05-500 Piaseczno
ul. Puławska 42C**

**Opinion and Report
on the Audit of the Financial Statements
drawn up for the Period January 1 - December 31, 2006**

**The opinion of an Independent Certified Auditor
for the Shareholders and the Supervisory Board of Sarantis Polska S.A.**

We carried out the audit of the enclosed financial statements of Sarantis Polska S.A. with its registered office in Piaseczno, 42C Puławskiej Street, consisting of:

- Introduction to the financial statements;
- Balance sheet as of December 31, 2006, showing total assets and liabilities amounting to **PLN 96,637,880.87**;
- Profit and loss account for the period from January 1, 2006 until December 31, 2006, showing the profit in the amount of **PLN 13,993,226.06**;
- Specification of the changes in equity showing an increase of equity by the amount of **PLN 8,323,891.16**;
- Cash flow statement showing a net cash increase in the period from January 1, 2006 to December 31, 2006 by the amount of **PLN 1,778,760.02**;
- Notes to the financial statements.

The Management Board of the Company shall be responsible for the preparation of these financial statements.

Our task was to audit and express our opinion on the reliability, regularity and clarity of these financial statements and the regularity of the accounting books constituting the basis for drawing these financial statements.

We carried out this audit according to the following provisions:

- 1) Chapter 7 of the Accounting Act of September 29, 1994 (Journal of Laws of 2002, no. 76, item 694),
- 2) Professional auditing standards issued by the Polish Chamber of the Certified Auditors.

We planned and carried out the audit of the financial statements in such a manner as to acquire reasonable assurance allowing us to express our opinion on the financial statements.

In particular, the audit included assessing the correctness of the accounting standards and significant estimates applied by the Company, as well as evaluating, to a great extent, on a sample basis – the source documents and accounting records, which provide the basis for the numbers and information included in the financial statements, as well as the overall evaluation of the financial statements.

We believe that the audit provided a sufficient basis to express a reliable opinion.

In our opinion, the audited financial statements, comprising numerical data and verbal clarifications:

- give a true and fair view of the proprietary and financial standing of Sarantis Polska S.A. as at December 31, 2006, as well as its financial result for the accounting year from January 1, 2005 to December 31, 2006,

- have been prepared in all material respects in accordance with the provisions (policy) of the above-mentioned Accounting Act, and on the basis of properly maintained accounting books,
- are consistent with the provisions of the law and provisions of the Company's Articles of Association influencing the contents of the financial statements.

The report of the Management Board on the activities of the Company is complete in the understanding of Art. 49 clause 2 of the Accounting Act, and the information included therein, derived from the audited financial statements, is compliant with it.

Warsaw, February 1, 2007

BDO Numerica Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Registration No. 523

Person conducting the audit
Małgorzata Szaniawska
Certified Auditor
Registration no. 10311/7685

Acting on behalf of BDO Numerica Sp. z o. o.
Hanna Sztuczyńska
Certified Auditor
Registration no. 9269/6955
Member of the Management Board

Sarantis Polska S.A.

**05-500 Piaseczno
ul. Puławska 42C**

**Report Supplementing the Opinion
on the Audit of the Financial Statements
drawn up as of December 31, 2006**

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I. GENERAL INFORMATION

1. General Information on the Company

1.1 Name and Legal Form

Pursuant to the notarial deed of September 14, 2004 Repertory A 4219/2004 the Company conducts business activity under business name Sarantis Polska S.A. Earlier, the Company operated under name S.D. Pack Plast International S.A. The business entity is a joint stock company operating in the territory of Poland according to the Polish law.

1.2 Registered Office

Piaseczno, 42C Puławska Street.

1.3 Core Business

According to the entry into the register the Company's core activity is:

- production of paper and cardboard products,
- publishing activity,
- typography,
- reproduction of recorded carriers of information,
- production of plastics,
- production of detergents for cleaning and cosmetic products,
- production of plastic products,
- production of home appliances, unclassified elsewhere,
- wholesale on commission,
- wholesale of home and personal use products,
- other wholesale,
- retail sale in non-specialized stores,
- retail sale of cosmetic products,
- other retail sale of new goods in specialized stores,
- retail sale of used articles in consignment stores,
- retail sale outside the stores network,
- other land transport,
- reloading and storage of goods,
- activity of other transport agencies,
- real property services for own account,
- real property services on commission,
- lease of motor cars,
- lease of other means of land transport,
- lease of plant and machinery,
- advisory within the scope of computer hardware,
- activity within the scope of computer software,
- data processing,
- activity related with databases,
- maintenance and repair of office accounting and calculation machines,
- IT-related activity,
- Market and research public opinion studies,
- Advisory within the scope of conducting business activities and management,
- activity related to holdings management,

- advertising,
- other commercial activity,
- continuous education for adults and other forms of education.

During the period covered by the audit, the Company mainly dealt with the wholesale of home and personal use products and cosmetics.

1.4 Legal Basis for the Company's Activities

Sarantis Polska S.A. acts on the basis of:

- The Company's articles of association drawn up in the form of a notarial deed on March 3, 2003 (Rep. A No. 2752/2003), as amended and
- The Code of Commercial Companies and Partnerships.

1.5 Registration with the Commercial Court

On November 6, 2001 the Company was registered in the National Court Register at the District Court in Warsaw – XXI Commercial Division Registration Section under KRS No. 0000050586. On April 24, 2003 the transformation into a joint stock company with the KRS no. 0000158603 was registered. Earlier, the Company was registered in the District Court for the capital city of Warsaw, XVI Commercial Division under no. RHB 25872.

1.6 Registration with the Tax Office and Voivodeship Statistics Office

Tax Identification Number (NIP) 521-04-18-872
Statistical Identification Number REGON 010504922

1.7 Amount of the Initial Capital and its Changes during the Reporting Period

The share capital of the Company amounts to PLN 34,400,000.00 and is divided into 1,915,000 non-preference A series registered shares, 1,135,000 non-preference B series registered shares and 390,000 non-preference C series registered shares with the nominal value of PLN 10.00 each.

In the period under the audit there were no changes in the amount of the initial capital.

On April 13, 2006 Mr. Adam Puacz, a shareholder, sold shares of the audited company to GR Sarantis Cyprus Ltd., being the main shareholder. The main shareholder purchased the shares on the basis of the pre-emptive right resulting from the Articles of Association.

As of the balance sheet date, the sole shareholder of Sarantis Polska SA is GR Sarantis Cyprus Ltd.

1.8 The Company's Management Board

In 2006, the Management Board consisted of:

- Ioannis Vekris – President of the Management Board
- Kyriakos Sarantis – Vice-President of the Management Board
- Georgios Koletsos – Vice-President of the Management Board
- Konstantinos Rozakeas – Member of the Management Board
- Adam Puacz – Member of the Management Board (to April 12, 2006)

On April 13, 2006 accepting the resignation of Mr. Adam Puacz from the post of a Member of the Management Board was confirmed in the form of a notarial deed (Rep. A No. 1945/2006).

In 2006, the Supervisory Board consisted of:

- Grigorios Sarantis
- Vasileiosa Meintanisa (from December 8, 2006)
- Konstantinos Stamatiou
- Pantazis Sarantis
- Nicolas Kefalas (to December 7, 2006)

Mr. Nicolas Kefalas was dismissed from the post of the member of the Supervisory Board with the notarial deed (Rep. A No. 8380/2006) of December 8, 2006.

The following persons are authorized to represent the Company: President of the Management Board, acting jointly with one Vice-President of the Management Board, or one Vice-President of the Management Board, acting jointly with another member of the Management Board or Proxy.

No commercial representation has been appointed.

1.9 Employment

As of December 31, 2006 the Company employed 260 persons. The average employment in the audited period was 249 persons.

1.10 Information on the Related Entities

Sarantis Polska S.A. holds 100% shares in Netwest Polska S.A. in liquidation (formerly Sarantis (Poland) S.A.), and 100% shares of Sarantis Czechy s.r.o. (formerly Pack Plast Czeska Republika s.r.o.).

On October 30, 2006 the Extraordinary Shareholders Meeting of Linco Sp. z o.o., whose 100% shares were held by the Company adopted the resolution on concluding the liquidation of Linco and on the distribution among the shareholders the assets left after satisfying the creditors and after completing the Company's liquidation. Due to the mutual settlements of Sarantis Polska SA and Linco Sp. z o. o. in liquidation, a compensation of trade settlements with the capital settlement was conducted. The surplus of the equity of the liquidated Company over the nominal value of the shares in the amount of PLN 901,389.43 was correctly accounted for in the financial income of the audited Company.

Sarantis Polska S.A. held 15 registered shares in Bronisze Warszawski Rolno-Spożywczy Rynek Hurtowy S.A. with the value of PLN 27,720.

Sarantis Polska S.A. is a part of an Capital Group Sarantis Group, whose ultimate controlling entity is Spółka GR. Sarantis S.A.

In 2006, the Company concluded transactions with the following related entities:

- Netwest Poland S.A.
- Sarantis Czech Republic s.r.o.
- GR Sarantis S.A.
- Linco Sp. z o.o. w likwidacji

- GR Sarantis Cyprus Ltd.
- Sarantis Romania S.A.
- Sarantis Bułgaria Ltd.
- Sarantis Ukraina S.A.
- Sarantis Hungary Ltd.

2. Information on the Audited Financial Statements

The object of the audit were the financial statements drawn up for the period from January 1, 2006 to December 31, 2006, comprising of:

- Introduction to the financial statements;
- Balance sheet as of December 31, 2006, showing total assets and liabilities amounting to **PLN 96,637,880.87**;
- Profit and loss account for the period from January 1, 2006 until December 31, 2006, showing the profit in the amount of **PLN 13,993,226.06**;
- Specification of the changes in equity showing an increase of equity by the amount of **PLN 8,323,891.16**;
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- Notes to the financial statements.

3. Information about the Auditor

BDO Numerica Sp. z o.o. with its registered office in Warsaw, 12 Postępu Street is an entity authorized to audit the financial statements, recorded on the list under No. 523.

The audit has been conducted at the registered office of the Company Sarantis Polska S.A. in the period November 14-24, 2006 and from January 22, to February 1, 2007 by BDO Numerica Sp. z o.o., represented by a Certified Auditor Małgorzata Szaniawska, registration no. 10311/7685 on the basis of the agreement from September 26, 2006. The auditor was elected by means of the resolution of the Supervisory Board of September 8, 2006.

We declare that the authorized entity BDO Numerica Sp. z o.o. and the Certified Auditor auditing the discussed statements meet relevant requirements, necessary to express their impartial and independent opinion on the audited financial statements, in compliance with Article 66 clause 1 and 2.

During the audit the Company made available to the Certified Auditor all the required data and provided information and explanations, necessary for the carrying out of the audit. The auditors were notified of all material events, which occurred after the balance sheet date, until the date of submission of the declaration.

The auditor was not restricted in the selection of appropriate auditing methods.

4. Information on the Financial Statements for the Previous Year

The basis for opening the accounting books were the financial statements drawn up for the period from January 1, 2005 to December 31, 2005, which were audited by BDO Polska Sp. z o.o. and acquired an unqualified opinion from the audit.

The financial statements of the Company for the period from January 1, 2005 to December 31, 2005 were approved by the Resolution No. 1 of the General Shareholder' Meeting on June 20, 2006 (Rep. A No. 3385/2006),

By means of Resolution No. 11 the General Shareholders' Meeting decided to allocate the profit for the period from January 1, 2005 to December 31, 2005 in the amount of **PLN 5,669,334.90** for the payment of a dividend, whereas the reminding amount of **PLN 492,985.64** was allocated for increasing the supplementary capital.

The dividend was paid on September 20, 2006.

The financial statements for the period from January 1, 2005 to December 31, 2005 were submitted to the Tax Office and to the Registration Court, and it was also handed over to be published in Monitor Polski B. By the time the audit was completed, it had not been published.

5. External Inspections

No external inspections were carried out in the Company in the audited period.

6. Breaches of the law

During the audit of the financial statements no braches of the law were found.

II. FINANCIAL ANALYSIS OF THE COMPANY

1.1 Balance Sheet

	December 31, 2006	% of the balance sheet total	December 31, 2005	% of the balance sheet total	December 31, 2004	% of the balance sheet total
ASSETS						
Fixed assets						
Intangible assets	256 521.28	0.27	260 327.69	0.27	405 404.01	0.50
Tangible fixed assets	7 834 159.93	8.10	8 472 992.68	8.84	8 396 647.49	10.42
Long-term receivables	0.00	0.00	0.00	0.00	0.00	0.00
Long-term investments	11 586 388.53	11.99	13 529 138.53	14.12	10 439 751.94	12.96
Long-term prepayments and accrued income	473 527.22	0.49	707 403.92	0.74	393 090.61	0.49
	20 150 596.96	20.85	22 969 862.82	23.97	19 634 894.05	24.37
Current assets						
Inventories	21 052 341.65	21.78	25 849 594.06	26.97	15 008 133.13	18.63
Short-term receivables	51 156 024.78	52.94	44 945 846.44	46.90	43 208 114.12	53.64
Short-term investments	2 733 188.95	2.83	926 678.93	0.97	1 884 242.67	2.34
Prepayments	1 545 728.53	1.60	1 145 798.00	1.20	818 251.20	1.02
	76 487 283.91	79.15	72 867 917.43	76.03	60 918 741.12	75.63
TOTAL ASSETS	96 637 880.87	100.00	95 837 780.25	100.00	80 553 635.17	100.00
LIABILITIES						
Equity						
Initial capital	34 400 000.00	35.60	34 400 000.00	35.89	30 500 000.00	37.86
Spare capital	1 583 315.69	1.64	1 090 330.05	1.14	11 520 927.42	14.30
Capital from revaluation	0.00	0.00	0.00	0.00		0.00
Other reserve capital	0.00	0.00	0.00	0.00	0.00	0.00
Result from the previous years	0.00	0.00	0.00	0.00	-10 009 696.55	-12.43
Net result for the current year	13 993 226.06	14.48	6 162 320.54	6.43	-420 900.81	-0.52
	49 976 541.75	51.72	41 652 650.59	43.46	31 590 330.06	39.22
Liabilities and provisions						
Provisions for liabilities	8 791.15	0.01	31 284.48	0.03	268 983.49	0.33
Long-term liabilities	542 342.98	0.56	0.00	0.00	60 623.48	0.08
Short-term liabilities	43 676 443.94	45.20	51 499 556.22	53.74	47 964 846.49	59.54
Accruals	2 433 761.05	2.52	2 654 288.96	2.77	668 851.65	0.83
	46 661 339.12	48.28	54 185 129.66	56.54	48 963 305.11	60.78
TOTAL LIABILITIES	96 637 880.87	100.00	95 837 780.25	100.00	80 553 635.17	100.00

1.2 Profit and Loss Account

	Year ending on December 31, 2006	Dynamics 2006/2005	Year ending on December 31, 2005	Dynamics 2005/2004	Year ending on December 31, 2004
Revenues from sales					
Revenues from the sale of products	875 991.98	-98.75%	69 985 068.29	21.45%	57 623 275.31
Change in the value of products	2 917.85	-100.13%	-2 175 310.90	5388.55%	-39 633.63
Revenues from the sale of goods and materials	192 625 996.59	93.31%	99 647 323.59	16.22%	85 743 601.58
	193 504 906.42	15.55%	167 457 080.98	16.84%	143 327 243.26
Costs of the operating activities					
Depreciation	1 924 395.19	4.06%	1 849 323.16	0.75%	1 835 536.77
Consumption of materials and power	4 876 668.85	31.71%	3 702 598.37	25.27%	2 955 708.38
Outside services	44 548 243.33	-0.59%	44 814 642.80	15.12%	38 929 318.76
Taxes and fees	412 209.53	-4.95%	433 678.54	7.10%	404 911.62
Remunerations	10 857 139.43	27.39%	8 522 484.60	12.49%	7 576 317.19
Social insurance and other performances	2 264 826.07	29.97%	1 742 622.56	15.77%	1 505 214.65
Other costs by kind	683 296.34	5.09%	650 225.40	-12.15%	740 178.69
Value of sold goods and materials	110 885 026.88	14.76%	96 625 693.02	9.72%	88 062 170.87
	176 451 805.62	11.44%	158 341 268.45	11.50%	142 009 356.93
Gross profit from sales	17 053 100.80	87.07%	9 115 812.53	591.70%	1 317 886.33
Other operating revenues					
Profit from the sale of fixed asset	84 886.49	214.76%	26 968.57	-64.25%	75 441.66
Subsidies	0.00	-	0.00	-	0.00
Other operating revenues	1 439 838.24	-10.83%	1 614 690.19	35.70%	1 189 858.73
	1 524 724.73	-7.12%	1 641 658.76	29.74%	1 265 300.39
Other operating costs					
Loss from the sale of the fixed assets	0.00	-	0.00	-	0.00
Revaluation of non-financial assets	687 239.33	-32.06%	1 011 545.22	76.58%	572 837.62
Other operating costs	1 654 190.31	4.04%	1 589 890.62	-34.81%	2 438 858.54
	2 341 429.64	-9.99%	2 601 435.84	-13.62%	3 011 696.16
Profit(loss) on operating activities	16 236 395.89	99.07%	8 156 035.45	-2003.35%	-428 509.44
Financial revenues					
Dividends	901 389.43	100.00%	0.00	-	0.00
Interest	51 673.58	123.41%	23 129.84	-83.27%	138 256.98
Profit from the sale of investments	0.00	-	0.00	-	0.00
Revaluation of investments	0.00	-	0.00	-	0.00
Other	355 982.25	12.86%	315 417.62	-72.33%	1 139 784.66
	1 309 045.26	286.67%	338 547.46	-73.51%	1 278 041.64
Financial costs					
Interest	229 978.46	-64.11%	640 714.69	-22.42%	825 879.79
Loss from the sale of investments	0.00	-	0.00	-	0.00
Revaluation of investments	0.00	-	0.00	-	0.00
Other	133 733.26	-16.91%	160 946.77	23.79%	130 015.95
	363 711.72	-54.63%	801 661.46	-16.14%	955 895.74
Result from extraordinary events	0.00	-	0.00	-	0.00
Gross profit/loss	17 181 729.43	123.34%	7 692 921.45	7332.67%	-106 363.54
Corporate income tax	3 188 503.37	108.32%	1 530 600.91	386.62%	314 537.27
Other compulsory charges of the result	0.00	-	0.00	-	0.00
Net profit/loss	13 993 226.06	127.08%	6 162 320.54	-1564.08%	-420 900.81

1.3. Main Financial Ratios

		01.01.06 – 31.12.06	01.01.05 – 31.12.05	01.01.04 – 31.12.04
Return on assets	$\frac{\text{net financial result}}{\text{total assets}}$	14.48%	6.4%	-0.5%
Return on equity	$\frac{\text{net financial result}}{\text{equity}}$	28 %	14.8%	-1.3%
Net sales margin	$\frac{\text{net financial result}}{\text{revenues from the sale of products}}$	7.2%	3.7%	-0.3%
Current ratio	$\frac{\text{total current assets}}{\text{short-term liabilities}}$	1.8	1.4	1.3
Quick ratio	$\frac{\text{total current assets} - \text{inventories}}{\text{short-term liabilities}}$	1.3	0.9	1
Cash ratio	$\frac{\text{total current assets} - \text{inventories} - \text{receivables}}{\text{short-term liabilities}}$	0.1	0.04	0.1
Inventories turnover	$\frac{\text{average inventories} \times 360 \text{ days}}{\text{cost of the sold products}}$	77 days	46 days	71 days
Average collection period in number of days	$\frac{\text{total gross trade receivables} * 360 \text{ days}}{\text{revenues from the sale of products}}$	91 days	95 days	104 days
Average payment period in number of days	$\frac{\text{average inventories} \times 360 \text{ days}}{\text{own cost of the sold products}}$	135 days	95 days	205 days

1.4 Interpretation of the Ratios

In the period from January 1, to December 31, 2006 the Company achieved the net profit in the amount of PLN 13 993 226.06. The financial result in 2006 increased by 127.08 % as compared to the previous year. The change of the financial result was primarily due to a significant increase in the income from sales, which in the accounting year increased by 15.55% as compared to the previous year.

The balance sheet total as of December 31, 2006 is PLN 96 637 880.87 and is at a similar level to that in the previous year. The biggest share in the assets structure shows the item of short-term receivables which accounts for 52.94 % of the balance-sheet total. The biggest share in the structure of liabilities show the items of short-term liabilities and the share capital which account for 45.20 % and 35.60 %.

The acquired profit resulted in the profitability ratios reaching very high level. The profitability ratios for the accounting year were as follows: return on assets - 14.48 %, return on equity 28 %, net sales profitability 7.2 %.

Receivables turnover ration improved from 95 days in 2005 to 91 days in the audited period. The liabilities turnover ratio increased from 95 days in 2005 to 135 days in 2006. This shows the increase of funding the current activity with the liabilities toward the suppliers. The inventory turnover ratio dropped compared to the last year by 31 days and is currently at the level of 77 days.

The current slightly improved, compared to the previous year, from 1.4 to 1.8. The quick ratio increased from the level of 0.9 in 2005 to 1.3 in the current year. Liquidity ratios are at the levels statistically acknowledged as optimum.

The achieved results as well as the general financial situation of the Company do not indicate a threat to the continuation of the Company's activities, in the meaning of the Accounting Act of September 29, 1994 (Journal of Laws 02.76.694).

III DETAILED INFORMATION

1 Assessment of the Accounting System and Internal Control

1.1 Accounting System

The accounting of the Company is conducted in compliance with the Accounting Act of September 29, 1994 (Journal of Laws of 2002, No. 76, item 694).

Detailed accounting principles applied by the Company have been specified in the accounting policy a part of which is a Company Chart of Accounts specifying the list of the accounts of the General Ledger together with the adopted accounting principles.

The Company applies profit and loss account in a comparative version according to the Accounting Act of September 29, 1994.

Business operations are recorded by means of the computer software CONCORDE XAL. The Company has complete documentation of the software containing the user's manual of the system.

The records of the business operations and the manner of documenting them allow to establish a taxable basis.

The records in the books are maintained chronologically and on a regular basis based on the proper source documents. The Company meets the requirements of the Accounting Act of September 29, 1994 within the scope of archiving documents and computer data protection.

The adopted accounting policy is applied in a continuous manner and allows for the proper opening of the accounting books.

The accounting books are maintained in a error-free manner, allowing for their verifiability and for matching the records made in the books with the accounting source documents and the financial statements.

The methods of securing access to the data and the system of their processing by means of a computer are correct.

Accounting documentation, books and financial statements are properly protected.

1.2 Inventory-taking of Assets Components

Physical inventory-taking covered:

- as of December 31, 2006, goods and materials in the warehouse of Sarantis in Pruszków;
- as of December 31, 2006, fixed assets;
- as of December 31, 2006, cash in hand.

The following items were inventoried by means of balances confirmations:

- as of October 31, 2006, trade receivables (domestic and foreign);
- as of December 31, 2006, cash in banks.

In the physical inventory as of December 31, 2006 a representative of the auditor participated as the observer.

The inventory-taking of the assets components was conducted in compliance with the Accounting Act (Journal of Laws 02.76.694), correctly calculated, and the inventory-taking differences were recorded in the books.

1.3 Internal Control

The Management Board of the Company is responsible for elaboration and operation of the internal control system of the Company and for counteracting and detecting any irregularities.

When planning and conducting the audit of the financial statements of the Company for the period which ended on December 31, 2006, we took into account the procedures of the internal control system, within the scope necessary to specify our procedures necessary to give a reliable opinion on the audited financial statements.

Therefore, it is possible that our audit of the internal control system has not revealed all material weaknesses in the structure of this system.

1.4 Information on Selected Items of the Balance Sheet and Profit and Loss Account

Long-term investments

Long-term investments consists of:

- Shares or stocks in related entities	11,586,388.53
- Shares or stocks in other entities	0.00
Total long-term investments	11,586,388.53

The item of shares or stocks in related entities consists of:

- 100% stocks in Netwest S.A. in liquidation with the value of	PLN 8,485,010.00
- 100% shares in Sarantis Czech Republic s. r. o. with the value of	PLN 3,101,378.53
TOTAL	PLN 11,586,388.53

In the year 2006 liquidation of Linco Sp. z o.o. was completed and a decision was made on the sale of shares in Bronisze Warszawski Rolno – Spożywczy Rynek Hurtowy S.A.

Inventories

Gross inventories	21,086,704.25
The inventories consist of:	
- Materials	3,145,941.71
- Goods	17,940,762.54
Write-off revaluating the inventories	(-)34,362.60
Advances for deliveries	0.00
Total net inventories	21,052,341.65

The Company values goods and materials at their purchase prices.

The outgoing of the goods is valued according to the average prices. The in-coming and outgoing of the goods are documented correctly.

The inventories shown in the balance sheet have been correctly accounted for and properly valued and classified.

Short-term receivables

Gross short-term receivables	52,555,258.13
Short-term receivables consist of:	
- receivables trade – from related entities	1,176,649.32
- other receivables – from related entities	0.00
- trade receivables - from other entities	49,369,697.22
- trade bad debts, disputable receivables and receivables claimed at court	1,292,691.43
- receivables on account of taxes, subsidies and social insurance	549,594.53
- other receivables – from other entities	166,625.63
Created revaluation write-offs reduce the values of:	
- trade receivables – from other entities	(-)42,549.64
- trade bad debts, disputable receivables and receivables claimed at court	(-)1,292,691.43
- other receivables	(-)63,992.28
Total revaluation write-offs	(-)1,399,233.35
Total net short-term receivables	51,156,024.78

Trade receivables from domestic and foreign recipients are recorded according to properly drawn up sales invoices, properly classified and presented in the financial statements.

Foreign currency receivables were correctly valued as of the balance sheet date according to the average exchange of the National Bank of Poland announced on December 31, 2006.

Receivables from debtors subject to liquidation, court and doubtful receivables were covered with revaluation write-offs in the total amount of PLN 1,399,233.35.

The value of trade receivables was confirmed by means of sending balances confirmations as of October 31, 2006.

Trade receivables as of December 31, 2006 were confirmed in 38.84%, in this 37.36% by a repayment of the receivables by the date of completing the audit.

Equity

The equity consists of:

- share capital	34,400,000.00
- spare capital	1,583,315.69
- net financial result for the accounting year	13,993,226.06
Total equity	49,976,541.75

The share capital is divided into 3,440,000 shares with the nominal value of PLN 10.00 each.

On April 13, 2006 the shareholder Mr. Adam Puacz sold the shares of the audited company to the main shareholder GR Sarantis Cyprus Ltd. The main shareholder purchased the shares based on a preemption right under the Articles of Association point 5 Preemptive Right.

As of the balance sheet date the sole shareholder of Sarantis Polska SA is GR Sarantis Cyprus Ltd.

The net profit for the period from January 1, 2006 to December 31, 2006 in the amount of PLN 13,993,226.06 has been established on the basis of correctly drawn up profit and loss account.

Short-term liabilities

Short-term liabilities consist of

- trade liabilities toward related entities	12,154,411.45
- other liabilities toward related entities	1098,.0
- credits and loans	1,401.79
- trade liabilities toward other entities	29,135,582.27
- liabilities on account of taxes, customs and insurance	1,977,591.87
	4,086.95
- liabilities on account of remunerations	396,615.26
- other liabilities toward other entities	5,656.35
- special funds	
Total short-term liabilities	43,676,443.94

Trade liabilities toward the related entities comprise amounts for the purchase of goods and for the services of storing them due to related companies on the balance sheet date, unpaid by the balance sheet date. The Company did not calculate the interest on the overdue liabilities toward related entities.

Liabilities on account of taxes, customs and social insurance result from the current tax declarations. The Company pays its liabilities toward the budget in a timely manner.

Foreign currency liabilities have been properly valued as of the balance sheet date at the average exchange rate of the National Bank of Poland announced as of December 31, 2006.

By the date of completing the audit 36.05% of the trade liabilities balance was paid.

Tax settlements of the Company may be the subject of control of the tax authorities. Due to uncertainty concerning the final interpretation of some tax regulations, the amounts shown in the financial statements may be later changed after the final determination of their value by tax authorities.

1.5 Introduction and Notes to the Financial Statements

In the course of the audit of the introduction to the financial statements and additional notes to the financial statements, their complete and correct preparation has been confirmed.

1.6 Specification of Changes in Equity

Specification of changes in equity correctly shows correctly an increase in equity in the period by the amount of PLN **8,323,891.16**; it has been prepared properly and correctly shows the connection with the balance sheet and profit and loss account.

1.7 Cash Flow Statement

The Company prepared a cash flow statement with consideration to the regulations of Art. 48b, of the Accounting Act, by means of an indirect method, and shows proper connection with the balance sheet, profit and loss account and the records in the accounting books.

1.8 Report of the Management Board on the Company's Activities

The information contained in the report on the activities is compliant with the information contained in the audited financial statements of the Company and is complete in compliance with Article 49 clause 2 of the Accounting Act.

1.9 Representation of the Management of the Entity

The management of the Company submitted a written statement on a complete account of data in the accounting books, all the contingent liabilities and material events, which took place after the balance sheet date.

Warsaw, February 1, 2007

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Person conducting the audit
Małgorzata Szaniawska
Certified Auditor
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Acting on behalf of BDO Numerica Sp. z o. o.
Hanna Sztuczyńska
Certified Auditor
Registration no. 9269/6955
Member of the Management Board