

INDEPENDENT AUDITOR'S REPORT

For
partners of the company Sarantis Czech Republic, ltd.

I conducted audit of the attached
financial statement for the year ended 31st December 2006
of the company

Sarantis Czech Republic, ltd.
IN 25705971, based in Prague 3, Roháčova 77/1095, 130 00.

The company is mainly engaged in purchasing and selling of goods.
Financial statements are the responsibility of the statutory body of the company. My
responsibility is to express an opinion on these financial statements based on the audit.

I conducted my audit in accordance with auditor's act no. 254/2000 Coll. and International auditor's standards and application clauses of Chamber of auditors of 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statement gives in all significant considerations a true and fair view of assets, liabilities and equity of the company Sarantis Czech Republic, ltd. as of 31st December 2006 and financial position and operating income of the business year 2006 in accordance with act on accounting and relevant legal regulations of the Czech Republic.

In Prague, 31st January 2007



Květa Žaloudková
Dipl. Ing. Květa Žaloudková
independent auditor, Decree no. 1735
Prasek 161
504 01 Nový Bydžov

Komora auditorů České republiky

OSVĚDČENÍ č. 1735

o zápisu do seznamu auditorů

Příjmení a jméno: **Ing. ŽALOUDKOVÁ Květa**

Rodné číslo: 515504039

je v souladu se zákonem č. 254/2000 Sb. zapsán/a v seznamu auditorů vedeném Komorou auditorů ČR (§ 2 odst. 3) a

od 1. ledna 2001 je oprávněn/a jako

AUDITOR

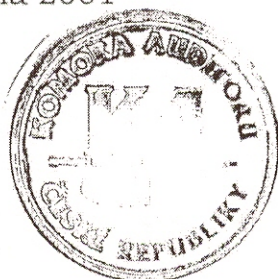
poskytovat auditorské služby v rozsahu stanoveném tímto zákonem

+ + +

Předcházející oprávnění k výkonu auditorské činnosti:

Od 04.07.1997 - osvědčeno dekretem č. 1735 vydaným Komorou auditorů ČR podle § 4 odst. 3 zákona č. 524/1992 Sb.

V Praze dne 5. března 2001



Ing. Ladislav Langr
prezident

Declaration of management of the company **Sarantis Czech**

Republic, s.r.o., domiciled Praha 3, Roháčova 77/1095, 130 00, IN 257 05 971
to events after and before the date of the financial statement as of 31st December 2006

In connection with the audit of annual financial statement as of 31st December 2006 we give you the following assurances which are true and correspond with our best sense and conscience:

a) Events before the date of the financial statement (as of 31st December 2006)

- all the transactions proceeded by the company were properly noted in the actuarial documents,
- we have given the auditor an access to all actuarial and other papers, which could have significant influence on the financial statement (performance according to the contract conclusions and receivables and payables resulting from these, including possible losses). There exist no intentions which could significantly influence the value of assets and liabilities,
- we acknowledge the responsibility for actuarial and taxation correctness of all cases accounted which concern business relations with external companies whose contractual base is only at external companies' disposal,
- the company has proper property rights to all assets which are noted in the balance sheet and there are no other liens or burdens other from those stated in the enclosure to the financial statement. All the assets, to which the company has property rights, is stated in the financial statement,
- we detected and brought forward all information about receivables,
- all payables of the company are properly stated in the financial statement or in the enclosure eventually,
- there exist no other significant payables (costs and revenues respectively) which would need accruals and deferrals or stating in the financial statement or in the enclosure,
- there happened no breaking of legal regulations, including regulations relative to the subject of activity, the causes of which would have to be stated in the financial statement or which would be a base for writing unanticipated losses (except for events stated in the financial statement, or in accruals and deferrals eventually),
- tax base is numbered on the basis of qualified and responsible assessment of tax unused costs in compliance with valid tax regulations,
- there occurred no other events until the date of financial statement, which would require its changing or finishing, than those stated in the enclosure,
- we acknowledge our responsibility for truthfulness of proposed financial statement processed in compliance with actuarial principles including released information.

b) Events after the date of the financial statement (after 31st December 2006)

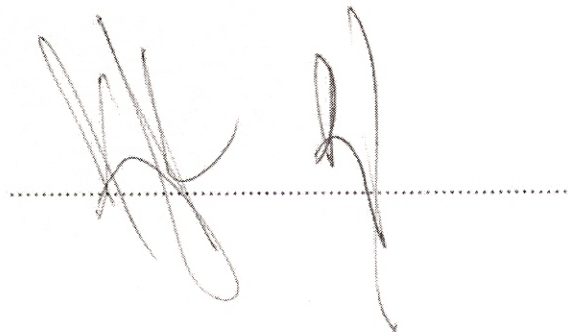
- the company didn't accept any new payables, credits or loans or any new guaranties,
- there was no significant sale or purchase of assets realized, nor are any of these actions planned in the nearest future,
- there was no significant asset expropriated or damaged, e.g. by natural event or by foreign people's fault,
- there were no unusual actuarial entries realized, nor are such events planned in the nearest future.

- there was no progress of events related to risk fields and potential payables recorded, which would need generating the reserves or adjustments reacting to these risks,
- there occurred no other events after the date of financial statement which would need eventually its adjustment than those presented in the enclosure.

c) Taking the laws and regulations into account

- there were no unusual provisions or intermediary payments accepted that are unusually higher than those normally paid by accounting entity,
- there were no purchases realized for prices unusually lower than standard price,
- there were no unusual cash flows, eventually bearer cheques in significant amounts performed,
- there hasn't come to payments for unspecified services or to offering loans of significant amount to advisors, related members, employees of the accounting entity or to state employees,
- there hasn't come to unusual transactions with companies registered in countries with low tax burdens or without taxation,
- there hasn't come to investigation by state agencies during the accounting period,
- the accounting system used involves all control mechanisms needed for securing the undisturbed series of chronological accounting entries.

In Prague 29th January 2007



PROFIT AND LOSS ACCOUNT by Type

in full

as on 31.12.2006

(in whole thousands of CZK)

Name and Address of the Accounting Entity

Sarantis Czech Republic, Ltd.

Roháčova 77/1050

Praha 3

13000

Reg. No.
2 5 7 0 5 9 7 1

Class a	TEXT b	Result in the Accounting Period	
		Current 1	Last 2
I.	Sales Revenue	129 486	100 947
A.	Cost of Goods Sold	55 164	49 236
+	Gross Profit (I. - A.)	74 322	51 711
II.	Outcome (II.1. to II.3.)		
II.1.	Sales of Own Products and Services		
2.	Difference in Own Produced Stock		
3.	Own Closing Stock		
B.	Direct Costs (B.1. + B.2.)	44 907	27 457
B. 1.	Materials, Light and Power	12 457	4 941
2.	Services	32 450	22 516
+	Value Added (I. - A. + II.-B.)	29 415	24 254
C.	Personnel Expenses (C.1. to C.4.)	10 297	7 529
C. 1.	Wages	7 597	5 576
2.	Directors' Emoluments (excl. Wages)		
3.	Social Security and Health Insurance Costs	2 601	1 953
4.	Fringe Benefits	99	
D.	Fees and Taxes	10	29
E.	Long Term Tangible and Intangible Asset Depreciation	223	128
III.	Revenue from Sales of Long Term Assets and Materials (III.1. + III.2.)	218	
III.1.	Revenue from Sales of Long Term Assets	218	
2.	Revenue from Sales of Materials		
F.	Net Book Value of Sold Long Term Assets and Materials (F.1. + F.2.)		
F. 1.	Net Book Value of Sold Long Term Assets		
2.	Net Book Value of Sold Materials		
G.	Reserves and Deferred Income in Operating Revenue	70	-89
IV.	Other Operating Revenue	342	116
H.	Other Operating Expenses	13 378	12 547
V.	Operating Revenue Carried Forward		
I.	Operating Expenses Carried Forward		
*	Net Profit from Operations (Calculated Items (+) to V.)	5 997	4 226

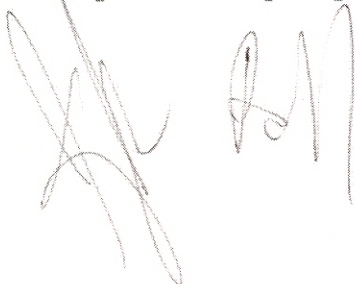
Class a	TEXT b	Result in the Accounting Period	
		Current 1	Last 2
VI.	Revenue from Sold Securities and Shares		
J.	Sold Securities and Shares		
VII.	Revenue from Long Term Financial Assets (VII.1. to VII.3.)		
VII.1.	Revenue from Securities and Shares in the Group		
2.	Revenue from Other Long Term Securities and Shares		
3.	Revenue from Other Investments		
VIII.	Revenue from Short Term Financial Assets		
K.	Finance Costs		
IX.	Revenue from Revalued Securities		
L.	Expenses from Revalued Securities		
M.	Reserves and Provisions Adjustments		
X.	Interest Received	5	50
N.	Interest Paid		
XI.	Other Financial Revenue	1 344	2 495
O.	Other Financial Expenses	755	2 008
XII.	Financial Revenue Carried Forward		
P.	Financial Expenses Carried Forward		
*	Profit / Loss from Financial Operations (Calculated Items VI. to P.)	594	537
Q.	Income Tax on Ordinary Activities (Q. 1. + Q.2.)	1 645	15
Q. 1.	- Payable	1 640	
2.	- Deferred	5	15
**	Profit / Loss from Ordinary Activities (Net Profit from Operations + Profit / Loss from Financial Operations - Q.)	4 946	4 748
XIII.	Exceptional Revenue		
R.	Extraordinary Expenses		
S.	Income Tax on Extraordinary Activities (S.1 + S.2)		
S. 1.	- Payable		
2.	- Deferred		
*	Extraordinary Profit / Loss (XIII. - R. - S.)		
T.	Profit / Loss Attributed to Shareholders (+/-)		
***	Profit / Loss of the Accounting Period (+/-) (Profit / Loss from Ordinary Activities + Extraordinary Profit / Loss - T.)	4 946	4 748
****	Profit / Loss before tax (Profit from Operations + Profit / Loss from Financial Operations + Exceptional Revenue - R.)	6 591	4 763

Prepared on: 30.1.2007

Legal form of the accounting entity: ltd.

Subject of business: purchasing and selling of goods

Signature:





BALANCE SHEET

in full form

as at 31.12.2006

(in whole thousands of CZK)

Name and Address of the Accounting Entity

Sarantis Czech Republic, Ltd.
Roháčova 77/1050
Praha 3
13000

Reg. No.

2 5 7 0 5 9 7 1

Class a	ASSETS B	Current Financial Period			Last Financial Period
		Gross 1	Adjustment 2	Net 3	Net 4
	TOTAL ASSETS (A.. + B. + C. + D.I.)	59 568	-1 762	57 806	39 652
A.	Directors' Loan				
B.	Fixed Assets (B.I. + B.II. + B.III.)	2 750	-1 460	1 290	563
B. I.	Long-term Intangible Assets (Sum B.I. 1. to B.I.8.)	1 432	-522	910	112
B. I. 1.	Formation Costs				
2.	Intangible Research and Development				
3.	Software	605	-522	83	112
4.	Accumulated Depreciation				
5.	Goodwill				
6.	Other Long-term Intangible Assets				
7.	Long-term Intangible Assets in Progress	827		827	
8.	Deposits on Long-term Intangible Assets				
B. II.	Long-term Tangible Fixed Assets (Sum B.II.1. to B.II.9.)	1 318	-938	380	451
B. II. 1.	Land				
2.	Buildings and Constructions				
3.	Independent Items and Sets of Items	1 318	-938	380	451
4.	Permanent Growth				
5.	Primary Animal Stock				
6.	Other Long-term Tangible Fixed Assets				
7.	Long-term Tangible Fixed Assets in Progress				
8.	Deposits on Long-term Fixed Tangible Assets				
9.	Adjusted Items in Gained Assets				
B.III.	Financial Investment (Sum B.III.1. to B.III.7.)				
B.III.1.	Shares and Deposits in Subsidiary Companies				
2.	Shares and Deposits in Associate Companies				
3.	Other Investment Securities and Deposits				
4.	Debts in the Group				
5.	Other Financial Investments				
6.	Long-term Financial Investments in Progress				
7.	Deposits on Long-term Financial Investments				

Class a	ASSETS B	Current Financial Period			Last Financial Period
		Gross 1	Adjustment 2	Net 3	Net 4
C.	Current Assets (C.I. + C.II. + C.III. + C.IV.)	56 759	-302	56 457	39 089
C. I.	Stock on Hand (Sum C.I.1. to C.I.6.)	13 207	-35	13 172	6 129
C. I. 1.	Materials				
2.	Work in Progress				
3.	Finished Goods				
4.	Animal Stock				
5.	Purchased Goods	13 207	-35	13 172	6 129
6.	Deposits on Stock				
C. II.	Long-term Loans (Sum C .II.1. to C.II.8.)				
C. II. 1.	Trading Accounts Receivable				
2.	Loans to Employees				
3.	Loans to Subsidiary Companies				
4.	Loans to Associates				
5.	Long-term advance payment				
6.	Doubtful debts				
7.	Other Receivables				
8.	Deferred tax receivables				
C.III.	Short-term Loans (Sum C.III.1. to C.III.9.)	42 946	-267	42 679	32 321
C.III.1.	Trade Debtors	42 560	-267	42 293	32 129
2.	Loans to Employees				
3.	Loans to Subsidiary Companies	78		78	
4.	Loans to Associates				
5.	Social Security and Health Insurance				
6.	State - Taxation Receivables	8		8	
7.	Prepayments	189		189	164
8.	Doubtful debts				
9.	Other Debtors/Receivables	111		111	28
C.IV.	Short-term Financial Assets (Sum C.IV.1 to C.IV.4)	606		606	639
C.IV.1.	Cash in Hand	23		23	1
2.	Cash in Bank	583		583	638
3.	Short-term Securities and Shares				
4.	Short-term Financial Assets in Progress				
D. I.	Accruals (D.I.1. + D.I.3.)	59		59	
D. I. 1.	Deferred Expenditure	59		59	
2.	Complex Deferred Expenditure				
3.	Deferred Income				

Class a	LIABILITIES b	Balance in the Current Financial Period 5	Balance in the Last Financial Period 6
	TOTAL LIABILITIES (A.. + B. + C.I.)	57 806	39 652
A.	Shareholders' Equity (A.I. + A.II. + A.III. + A.IV. + A..V.)	18 886	13 940
A. I.	Issued Share Capital (A.I.1. + A.I.2. + A.I.3.)	22 320	22 320
A. I. 1.	Issued Share Capital	22 320	100
2.	Own Shares and Interests		
3.	Changes in Equity		22 220
A. II.	Capital Funds (Sum A.II.1 to A.II.4)		
A. II. 1.	Share Premium		
2.	Other Capital Funds		
3.	Asset Revaluation Reserve		
4.	Minority Interests		
A. III.	Profit Funds (A.III.1. + A.III.2.)	257	20
A. III. 1.	Legal Reserve / Indivisible Fund	257	20
2.	Statutory and Other Funds		
A. IV.	Profit / Loss Brought Forward (A.IV.1. + A.IV.2.)	-8 637	-13 148
A. IV. 1.	Unattributed Profit of Previous Years		
2.	Accumulated Losses of Previous Years	-8 637	-13 148
A. V.	Retained Profit / Loss of the Current Financial Year /+ -/	4 946	4 748
B.	Foreign Assets (B.I. + B.II. + B.III. + B.IV.)	38 913	25 712
B. I.	Reserves (Sum B.I. 1. to B.I.4.)	1 640	
B. I. 1.	Legal Reserves		
2.	Provisions for Pensions and Similar Liabilities		
3.	Income Tax Provisions	1 640	
4.	Other Provisions		
B. II.	Long-term Liabilities (Sum B. II.1. to B.II.10.)	21	15
B. II. 1.	Trade Creditors		
2.	Liabilities to Subsidiary Companies		
3.	Liabilities to Associated Companies		
4.	Liabilities to Shareholders / Owners and Alliance Partners		
5.	Long-term Accepted Deposits		
6.	Issued Bonds		
7.	Long Term Bonds Due		
8.	Doubtful Debts		
9.	Other Long-term Liabilities		
10.	Deferred Taxation	21	15

Class a	LIABILITIES b	Balance in the Current Financial Period 5	Balance in the Last Financial Period 6
B. III.	Short-term Liabilities (Sum B.III.1. to B.III.11.)	37 252	25 697
B. III. 1.	Trade Creditors	25 514	11 629
2.	Liabilities to Subsidiary Companies		7 445
3.	Liabilities to Associated Companies		
4.	Liabilities to Shareholders / Owners and Alliance Partners		
5.	Employee Related Liabilities	434	540
6.	Social Security and Health Insurance Liabilities	313	310
7.	State - Taxation Liabilities and Subsidies	1 207	1 278
8.	Short-term Accepted Deposits		
9.	Issued bonds		
10.	Provisions	9 784	4 495
11.	Other Liabilities		
B.IV.	Bank Loans and Borrowings (Sum B.IV. 1. to B.IV.3.)		
B.IV. 1.	Long-term Bank Loans		
2.	Current Bank Loans		
3.	Short-term Borrowings		
C. I.	Accruals (C.I.1 +C.I.2.)	7	
C. I. 1.	Accrued Expenses	7	
2.	Deferred Revenue		

Prepared on: 31.1.2007

Legal form of the accounting entity: ltd.

Subject of business: purchasing and selling of goods

Signature:

