

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of
Sarantis Bulgaria Ltd.

We have audited the accompanying financial statement of Sarantis Bulgaria Ltd., which comprise the balance sheet as at December 31, 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statement is free from material material misstatement.

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

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

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of Sarantis Bulgaria Ltd. as of December 31, 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Auditor: 

/ Ivan Dochev /

Date of the auditor's report:

..... 19.01 2007

Sofia



BALANCE SHEET
OF SARANTIS BULGARIA LTD. AS OF 31.12.2006

ITEMS	Amount ('000 BGN)	
	Current Year 1	Prior Year 2
ASSETS		
I. Fixed Assets		
1. Tangible Assets	703	862
3. Deferred tax assets	14	17
Total Fixed Assets:	717	879
II. Current Assets		
1. Stock	3 057	2 917
2. Claims: customers and others	4 339	3 399
3. Cash and cash equivalents	2 327	1 167
4. Other current assets	30	53
Total Current Assets:	9 753	7 536
Total Assets:	10 470	8 415
EQUITY AND LIABILITIES		
Owners Equity		
I. Capital		
1. Authorized capital	4756	4 756
2. Reserves	1	1
3. Result of Previous Periods	2 098	1 326
4. Result of Current Period	1 705	917
Total Equity:	8 560	7 000
Liabilities		
I. Long Term Liabilities		
I. Long Term Payables		24
Total Long Term Liabilities:		24
II. Short Term Liabilities		
1. Short Term Payables: suppliers and others	1 408	1 053
3. Tax liabilities	499	335
5. Other short term liabilities	3	3
Total Short Term Liabilities:	1 910	1 391
Total Equity and Liabilities :	10 470	8 415

Date: 04/01/2007

Prepared by:

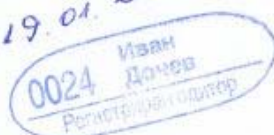
(Vessela Tsvetanova)

General Manager:

(Nenad Marinkovic)



19.01.2007.



**INCOME STATEMENT
OF SARANTIS BULGARIA LTD.
FOR THE PERIOD ENDED DECEMBER 31, 2006**

Items	Amount ('000 BGN)	
	Current Year 1	Prior Year 2
1. Net income from the sales of goods	20018	16508
2. Cost of goods sold	(11561)	(9804)
3. Payroll expenses	(1441)	(1202)
4. Social security and welfare allowance costs	(295)	(313)
5. Cost of materials	(1319)	(965)
6. Cost of external services	(2831)	(2455)
7. Depreciation	(328)	(308)
8. Other income	100	148
9. Other expenses	(338)	(477)
10. Operating profit	2005	1132
11. Net financial income / expenses	20	(35)
12. Profit before taxes	2025	1097
13. Income taxes	(320)	(180)
14. Net profit	1705	917

Date: 04/01/2007



Prepared by:

(Vessela Tsvetanova)

General Manager:

(Nenad Marinkovic)

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19.01.2007

