

Echo Investment S.A.
address: 25-528 Kielce, ul. Zagnańska 27

Opinion and Report
on audit of the financial statement
prepared according to the International Accounting Standards
for the period from January 01, 2006 to December 31, 2006

Opinion of Independent Chartered Accountant for the Shareholders and the Supervisory Board of Echo Investment S.A.

We have audited the enclosed financial statement of **Echo Investment S.A.** seated in Kielce, 27 Zagnańska Street. The said statement consists of the following sections:

- introduction to the financial statement;
- balance sheet prepared as on December 31, 2006, where the balance amount of assets and liabilities is **1,041,054 thousand** zlotys,
- profit and loss account for the period from January 1, 2006 to December 31, 2006, showing net profit amounting to **80,754 thousand** zlotys,
- statement of changes in equity for the period from January 1, 2006 to December 31, 2006, showing an increase in equity by **80,754 thousand** zlotys,
- cash flow statement for the period from January 1, 2006 to December 31, 2006, showing a cash increase by an amount of **67,850 thousand** zlotys;
- additional information and explanations.

The Management Board of the Company is responsible for preparation of this statement. Our task was to audit and assess the reliability, correctness and clarity of this financial statement and correctness of the books of accounts, on the basis of which the financial statement was drawn up.

We have carried out the audit pursuant to the provisions of:

- 1) chapter 7 of the Act of September 29, 1994, on Accounting (Journal of Laws No. 76, item 694 of 2002, as amended),
- 2) Chartered accountants' code of practice, issued by the National Board of Expert Auditors in Poland.

We have planned and executed the audit of the financial statement so that to achieve reasonable certainty allowing for expressing an opinion of the statement.

The audit particularly included verification of correctness of accounting principles applied by the Company and of significant estimates, primarily random verification of accounting documents and records providing grounds for values and information contained in the financial statement, as well as global evaluation of the financial statement.

In our opinion, the audit has provided sufficient grounds for the expression of a reliable opinion.

In our opinion, the audited financial statement, covering quantitative data and verbal explanations:

- fairly and clearly presents all information significant for assessment of the material and financial condition of Echo Investment S.A. as on December 31, 2006, as well as its financial result for the financial year from January 1, 2006 to December 31, 2006,
- has been prepared correctly in all substantial aspects, i.e. in compliance with the accounting principles according to the International Accounting Standards, the International Financial Reporting Standards and related interpretations published as regulations of the European Commission and, with respect to issues not regulated by the said Standards, in accordance with the requirements of the Accounting Act and secondary provisions issued on its basis, and according to properly maintained books of accounts,
- conforms to the legal regulations and provisions of the Articles of Echo Investment S.A. affecting the contents of the financial statement,

The presented financial statement is an individual financial statement and cannot provide exclusive grounds for assessment of the Company's financial and property condition, as the Company is the dominant organization of a Capital Group. The Company prepares a consolidated financial statement of the capital group where it is the dominant body.

55% of net income from sales of products, goods and materials is the income realized with affiliated companies, which are excluded in the consolidated statement.

The Management Report of the Company's activity is complete as defined in Article 49 clause 2 of the Accounting Act. The information contained therein is based on and compliant with the audited financial statement.

Katowice, April 27, 2007

BDO Numerica Spółka z o.o. [BDO Numerica Limited Liability Company]

address: ul. Postępu 12

02-676 Warszawa

Registration number 523

Katowice Branch

address: al. Korfantego 2

40-004 Katowice

**Chartered accountants involved in audit
o.o.**

Grażyna Maślanka

Chartered Accountant

registry no. 9375/7031

Acting on behalf of BDO Numerica Sp. z

Leszek Kramarczuk

Member of the Management Board

Chartered Accountant

registry no. 1920/289

Piotr Bałaban

Chartered Accountant

registry no. 10789/7853

Echo Investment S.A.
address: 25-528 Kielce, ul. Zagnańska 27

**Complementary report to the Opinion
on audit of the financial statement
prepared according to the International Accounting Standards
for the period from January 01, 2006 to December 31, 2006**

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I. GENERAL PART OF REPORT

1. Identification data of the Company

1.1 Name and legal form

Echo Investment Spółka Akcyjna [Echo Investment Joint Stock Company]

1.2 Registered address of the Company

25-528 Kielce, ul. Zagnańska 27.

1.3 Objects of activity

During the audited period, the Company operated in accordance with the Company Articles and the content of entry in the registry of entrepreneurs, focusing on builder's and developer's activity in the field of building apartments, shopping and entertainment centers, hotels and offices, lease of areas and advisory services for affiliated companies.

1.4 Basis of activity

Echo Investment S.A. acts on the basis of:

- company Articles prepared as a notarial deed Repertory A 4162/94 as of June 30, 1994, as amended, C
- the Polish Code of Commercial Partnerships and Companies, t

1.5 Registration at the Economic Court

On April 10, 2001 the Company was entered into the National Court Register at the District Court in Kielce, 10th Economic Department, with National Court Register number KRS 0000007025.

Previously the Company was registered in the commercial registry with number RHB 2054.

1.6 Registration with the Tax Office and the Provincial Statistical Office

NIP [Tax Identification Number] 657-023-09-12
REGON [Company statistical number]: 290463755

1.7 Equity and changes in equity during the reporting period

The value of equity increased during the audited period by PLN 80,754 thousand, i.e. by the value of profit earned for the audited year.

As at the beginning of the audited period, the value of the Company's share capital was PLN 21,000 and was divided into 10,500 shares with nominal value of PLN 2.00 each. During the audited period, the value of share capital did not change, but the shares were split in one to four

proportion and as a consequence the nominal value of the Company's shares dropped to 50 grosz.

The shares were split on the basis of resolution no. 19 of the Ordinary General Meeting of Shareholders of May 30, 2006.

Changes effected by the aforementioned resolution have been reflected in the Company Articles and recorded in the National Court Register.

As on December 31, 2006, the value of the Company's share capital was PLN 21,000 and was divided into 42,000 shares with nominal value of PLN 0.50 each.

As on December 31, 2006 the Company's shares were held by:

Shareholders	Number of shares	Percentage of share capital
Michał Sołowow - directly	1 185 568	2,82%
Michał Sołowow – indirectly through:	16 050 968	38,22%
- Magellan Pro-Equity Fund I S.A.	10 432 968	24,84%
- Columbus Pro-Equity Fund II Sp. z o.o.	3 708 000	8,83%
- Amundsen Pro-Equity Fund III Sp. z o.o.	1 130 000	2,69%
- Barcocal Investment Ltd.	780 000	1,86%
Otwarty Fundusz Emerytalny ING NN	3 669 661	8,74%
OFE PZU Złota Jesień PTE	2 790 915	6,65%
Commercial Union PTE	3 073 873	7,32%
BZ WBK AIB Asset Management S.A.	2 119 363	5,05%
Other Shareholders	13 109 652	31,21%
total	42 000 000	100%

The value of supplementary capital as at the beginning of the audited period was PLN 288,690 thousand and increased by PLN 9,523 thousand to reach PLN 298,213 thousand as a result of distribution of the Company's net profit for 2005, which was allocated to supplementary capital. Net profit for 2005 was distributed in accordance with Resolution no. 4 of the Ordinary General Meeting of Shareholders as of May 30, 2006

The value of unallocated profit carried forward as on December 31, 2006 equaled PLN 4,083 thousand and did not change during the audited period.

Net profit for the audited period equaled PLN 80,754 thousand.

1.8 The Supervisory Board and the Management Board of the Company

During the reporting period, the Management Board of Echo Investment S.A. was composed of:

Andrzej Majcher - President of the Management Board
 Jarosław Grodzki Vice-President of the Management Board
 Piotr Gromniak - Member of the Management Board
 Artur Langner - Member of the Management Board

On March 26, 2007 Mr. Andrzej Majcher resigned from his function. The Supervisory Board appointed Mr. Jarosław Grodzki in place of the former President of the Management Board and temporarily delegated Mr. Mariusz Waniółka to act as Member of the Management Board.

As a result of these changes, the Management Board of the Company was composed of the following persons as at the end of audit of the financial statement:

Jarosław Grodzki - President of the Management Board
Mariusz Waniółka - Member of the Management Board
Piotr Gromniak - Member of the Management Board
Artur Langner - Member of the Management Board

During the reporting period, there was a change in the composition of the Supervisory Board of the Company as a result of resignation from the function of Members of the Supervisory Board, declared on May 30, 2006 by Mr. Artur Kłoczko and Mr. Mariusz Gromek.

Mr. Tomasz Kalwat and Mr. Kamil Latos were appointed on May 30, 2006 to replace the former members of the Supervisory Board.

As a result of these changes, the Supervisory Board of the Company was composed of the following persons as at the end of audit of the financial statement:

Wojciech Ciesielski	- Chairman of the Supervisory Board
Mariusz Waniółka	- Deputy Chairman of the Supervisory Board
Robert Oskard	- Member of the Supervisory Board:
Karol Żbikowski	- Member of the Supervisory Board:
Tomasz Kalwat	- Member of the Supervisory Board:
Kamil Latos	- Member of the Supervisory Board:

1.9 Employment

Employment as on December 31, 2006 was 157 persons.

1.10 Information about affiliated companies

Echo Investment S.A. is the dominant company of a Capital Group, which prepares a consolidated financial statement. A list of affiliated companies is contained in the additional information to the financial statement.

2. Identification data of the audited financial statement and comparable information

The audit concerned the financial statement prepared in accordance with the International Accounting Standards for the period from January 1, 2006 to December 31, 2006, including:

- introduction to the financial statement;
- balance sheet prepared as on December 31, 2006, where the balance amount of assets and liabilities is 1,041,054 thousand zlotys,
- profit and loss account for the period from January 1, 2006 to December 31, 2006, showing net profit amounting to 80,754 thousand zlotys,
- statement of changes in equity for the period from January 1, 2006 to December 31, 2006, showing an increase in equity by 80,754 thousand zlotys,
- cash flow statement for the period from January 1, 2006 to December 31, 2006, showing a cash increase by an amount of 67,850 thousand zlotys;
- additional information and explanations.

and a Management Report on the activities of the Company.

3. Identification data of the certified company and chartered accountant carrying out the audit

Audit of the financial statement of Echo Investment S.A. with its registered seat in Kielce was carried out by BDO Numerica Sp. z o.o. (formerly BDO Polska Sp. z o.o.) with its registered seat in Warsaw, listed as a company certified to audit financial statements by the National Board of Chartered Accountants with number 523, pursuant to the selection made by the Supervisory Board of the audited Company and to the provisions of the audit agreement made with the certified body on August 2, 2005. The certified company was represented in execution of that agreement by chartered accountants: Grażyna Maślanka (registration number 9375/7031) and Piotr Bałaban (registration number 10789/7853).

The audit was carried out at the Company's registered office during the period from March 19, 2007 to March 23, 2007. Audit of the financial statement was preceded by a preliminary audit, which took place during the period from December 11, 2006 to December 15, 2006.

We hereby declare that BDO Numerica Sp. z o.o. as the certified company and the chartered accountants involved in the audit of the aforementioned statement comply with preconditions for expressing an impartial and independent opinion on the audited statement, pursuant to Article 66 clauses 1 and 2 of the Accounting Act.

No restrictions were applied to the scope of audit in the course of performance. The Management Board of the company and employees authorized by the Management Board provided all explanations, statements and information required by the chartered accountant in the course of audit.

The audit was carried out with the assumption of continuation of the Company's activity to the extent that is not significantly reduced in foreseeable future. No occurrences or events implying breach of this assumption were found in the course of audit.

4. Information about the financial statement for the preceding year

The basis for opening the books of accounts was the financial statement prepared by Echo Investment S.A. for the period from January 1, 2005 to December 31, 2005, which was audited by BDO Numerica Sp. z o.o. (formerly BDO Polska Sp. z o.o.) and was rated without objections.

The Company's financial statement for the period from January 1, 2005 to December 31, 2005 was approved through Resolution no. 2 of the Ordinary General Meeting of Shareholders as of May 30, 2006. By way of Resolution no. 5 of the Ordinary General Meeting of Shareholders as of May 30, 2006, the profit for the period from January 1, 2005 to December 31, 2005 in the amount of PLN 9,523 thousand was allocated to supplementary capital.

The financial statement for 2005 was submitted to the Tax Office competent in the relevant territory, and to the National Court Register in due time as stipulated by related acts of law.

The financial statement for the year 2005 was published in Monitor Polski "B" no. 223 as of February 07, 2007.

5. Valid laws

No breach of valid laws by the Company has been found in the course of audit.

6. Events following the balance date

On March 8, 2007 the Extraordinary Meeting of Shareholders of “Projekt Echo – 54” Spółka z o.o. with its registered seat in Kielce decided on increasing the share capital by PLN 110,097 thousand through establishing 2,201,947 new shares with a nominal value of PLN 50 each. The shares were taken up by Echo Investment SA and paid up by a non-cash contribution in the form of a Branch “Echo Investment S.A. – Oddział Pasaż Świętokrzyski”, being an organized part of Echo Investment S.A.’s enterprise. The balance sheet value of the Branch is PLN 96,452 thousand. The transaction shall result in an increase of Echo Investment S.A.’s net assets value by PLN 11,052 thousand as on the effective date of the same.

As on December 31, 2006, the “Echo Investment SA – Oddział Pasaż Świętokrzyski” Branch was not yet distinguished and was classified among investment property of Echo Investment SA.

Other events after the balance date are presented in the additional information.

These events have no impact on the audited financial statement.

II. FINANCIAL ANALYSIS OF THE COMPANY

The presentation below contains selected values of the profit and loss account and balance sheet, with basic financial ratios.

1. Balance sheet

(in thousands PLN)

ASSETS	31.12.06	% of balance total	31.12.05	% of balance total	31.12.04	% of balance total
					353.42	
Fixed assets	439.447	42,2	299.629	34,1	6	44,2
Intangible assets	89	-	58	-	65	-
Tangible assets	45.475	4,4	50.263	5,7	46.593	5,8
					300.86	
Long-term investments	376.976	36,2	233.829	26,6	4	37,6
including:						
real estate	102.834	9,9	13.990	1,6	53.686	6,7
					247.17	
long-term financial investments	274.141	26,3	219.839	25,0	8	30,9
Deferred income tax assets	16.908	1,6	15.479	1,8	5.904	0,8
					445.77	
Current assets	601.607	57,8	578.781	65,9	2	55,8
					214.14	
Inventories	230.090	22,1	213.559	24,3	7	26,8
					122.32	
Short-term receivables	191.563	18,4	246.339	28,0	5	15,3
Short-term financial investments	47.768	4,6	46.489	5,3	95.996	12,0
in affiliated companies	47.258	4,5	46.481	5,3	95.950	12,0
in other companies	510	0,1	8	-	46	-
Cash and cash equivalents	131.909	12,7	72.231	8,2	13.304	1,7
Short-term accruals	277	-	163	0,1	-	-
					799.19	
ASSETS TOTAL	1.041.054	100	878.410	100	8	100
LIABILITIES						
					313.77	
Equity	404.050	38,8	323.296	36,8	3	39,2
Initial capital	21.000	2,0	21.000	2,4	21.000	2,6
					281.14	
Supplementary capital	298.213	28,6	288.690	32,9	7	35,2
Profit/loss brought forward	4.083	0,4	4.083	0,4	8.204	1,0
Net profit/loss of the present year	80.754	7,8	9.523	1,1	3.422	0,4
Reserves	40.477	3,9	29.477	3,5	23.254	3,0
Reserve for deferred income tax	22.548	2,2	14.056	1,6	15.511	2,0
Reserves	17.929	1,7	15.421	1,7	7.743	1,0
					460.89	
Liabilities	596.527	57,3	525.636	59,7	0	57,8
					232.26	
Long-term liabilities	252.049	24,2	232.328	26,4	3	29,0
					229.90	
Short-term liabilities, including	344.478	33,1	293.308	33,3	8	28,8
to affiliated companies	38.487	3,7	4.872	0,6	4.678	0,6

				225.22	
to other companies	305.982	29,4	288.432	32,8	28,2
Special funds	<u>9</u>	-	<u>5</u>	-	<u>5</u>
				<u>799.19</u>	
LIABILITIES TOTAL	<u>1.041.054</u>	100	<u>878.410</u>	100	<u>8</u>
					100

In 2006, the value of the Company's assets increased by 18.5% as compared to the same period in the preceding year. Fixed assets increased by 46.7% and current assets grew by 3.9% in comparison to 2005.

In respect of the structure of assets, the share of fixed assets in the balance total grew from 34.1% in 2005 to 42.2% in 2006, and the share of current assets in the balance total dropped from 65.9% in 2005 to 57.8% in the audited year.

The change in the structure of assets is a consequence of transferring a new shopping center from inventories to investment property and valuating this property according to fair value. Valuation of the property to fair value rendered an increase in the Company's profit by PLN 51,632 thousand.

The Company's capital involvement also increased through acquisition of shares in existing companies, taking up of shares in newly established companies, and loans granted.

The increase in long-term financial investments was mainly caused by acquisition of shares in Polimenii International, presently Echo Centrum – Poznań Sp. z o.o. with a value of PLN 32,722 thousand, payment of advances for acquisition of shares, and granting loans to affiliated companies.

There was a growth of inventories, decrease of value of receivables, and increase in short-term investments and cash within current assets. The value of cash rose by PLN 59,678 thousand as compared to 2005, but the Company has a limited ability to dispose of PLN 57,333 of cash used as a collateral of a commercial transaction.

The increase in cash was occasioned by the incomes earned from the Company's operating and investment activity.

The share of equity in the balance total grew from 36.8% in 2005 to 38.8% in 2006. The increase of equity is due to the net profit earned.

Regular capital is used for financing the Company's fixed assets in 100% and current assets in 25%. Long-term loans obtained from affiliated Companies for a value of PLN 6,088 thousand contribute to the value of regular capital.

Long-term liabilities changed in comparison with the preceding year. The most significant item of liabilities is the debt on account of issue of debt securities, maturing to the year 2013. As on the balance date, the value of this liability is PLN 245,961 and increased by 96,023 as compared to 2005.

The Company partially finances its economic activity with cash obtained as loans from subsidiaries, but it also provides financial support to subsidiaries. The value of long-term and short-term loans obtained from subsidiaries with interest is PLN 43,164 thousand and the value of loans granted is PLN 74,148 thousand.

The increase in short-term liabilities is primarily a result of changing qualification of loans into short-term ones, issue of debt securities, and received advances for deliveries.

2. Profit and loss account

				(in thousands PLN)	
	2006	2005	2004	Dynamics 2006/2005	Dynamics 2005/2004
Income from sales of products, goods and materials	259.237	228.476	235.350	113,4%	97,1%
Costs of sold products, goods and materials	195.419	177.966	182.055	109,8%	97,8%
Gross profit from sales	63.818	50.510	53.295	126,4%	94,8%
Profit (loss) from sales of immovable property	3.890	29.873	36	13,0%	829,8%
Revaluation of non-financial assets	(12.273)	(22 682)	(16.076)	54,1%	141,1%
Costs of sales	(9.818)	(7.561)	(6.842)	129,8%	110,5%
Overheads	(30.915)	(15.231)	(11.921)	203,1%	127,8%
Other operating income / costs	50.842	(3.918)	545	-	-
Profit before tax and financial income/costs	65.545	30.991	19.036	211,5%	162,8%
Financial income	53.979	38.480	13.520	140,3%	284,6%
Financial costs	27.890	58.282	28.334	47,9%	205,7%
Gross profit (loss)	91.634	11.189	4.222	818,9%	265,0%
Corporate income tax	10.880	1.665	800	653,4%	208,1%
a) current portion	3.817	12.695	415	30,1%	3.059,0%
b) deferred portion	7.063	(11.030)	385	-	-
Net profit (loss)	80.754	9.523	3.422	848,1%	278,3%

In 2006, Echo Investment S.A. earned gross profit from sales of PLN 63,818 thousand, which is an increase by 26.3% as compared to 2005, as a consequence of 13% increase in income from sales as compared to 2005 and 9.8% increase in operating costs as compared to the previous year.

In 2006, the value of profit from operating activity was PLN 65,545 thousand and it increased by 111.5% as compared to 2006, mainly as a result of shopping center valuation in fair value of PLN 51,632 thousand.

In 2006, the company earned financial income of PLN 53,979, mainly comprising profits earned from a partnership, amounting to PLN 33,660 thousand, dividend of PLN 8,500 thousand, interest and foreign exchange gains/losses. Financial costs, which primarily comprise debt operating costs, decreased in comparison with the preceding year. Last year, revaluation write-downs of investments in real estate was a significant item of financial costs. Effective income tax rate was 11.2% in 2006, compared to 15% in 2005. The decrease of effective tax rate results from income tax exemption on the profit earned from partnership.

Net profit of 2006 in the amount of PLN 80,754 thousand, is particularly the effect of shopping center valuation in fair value and dividend received.

3. Basic financial indicators

Indicator	Economic content	31.12.2006	31.12.2005	31.12.2004
Balance total (in thousands PLN)		1.041.054	878.410	799.198
Net financial result (in thousands PLN)		80.754	9.523	3.422
Return on assets (%)	net financial result / average annual balance of assets	8,4%	1,1%	0,4%
Return on equity (%)	net financial result / average annual balance of equity	22,2%	3,0%	1,1%
Net sales profit to earnings ratio (%)	net financial result / income from sales of products, goods and materials	31,2%	4,2%	1,5%
Gross profit margin (%)	gross profit from sales of products, goods and materials / income from sales of products, goods and materials	24,6%	22,1%	22,6%
Receivables turnover ratio in days	average annual balance of all receivables on account of deliveries and services x 365 / income from sales of products, goods and materials	283	282	183
Debt repayment level in days	average annual balance of all liabilities on account of deliveries and services x 365 / value of sold commodities and materials + production costs of sold products	126	86	91
Stocks turnover ratio in days	average annual balance of inventories x 365 / value of sold commodities and materials + production costs of sold products	414	439	370
Fixed assets coverage with equity and long-term reserves ratio	equity + reserves / fixed assets total	1,0	1,1	0,9
Financing structure permanence	equity + long-term reserves + long-term debt / total assets	0,7	0,7	0,7
Liquidity ratio I	current assets total / short-term liabilities	1,7	2,0	1,9
Liquidity ratio II	current assets total - inventories / short-term liabilities	1,1	1,3	1,0
Short-term debt coverage with short-term receivables ratio	(short-term receivables / short-term debt + special funds)	0,6	0,8	0,5
Net profit per 1 share (PLN)	Net profit / number of shares	1,92	0,23	0,08
Net assets per 1 share (PLN)	Net assets / number of shares	9,62	7,69	7,47

In 2006, rates of return improved significantly as a result of yielding high net profit.

The ROA increased from 1.1% to 8.4%, net return on sales ratio increased from 4.2% to 31.2%, the ROE rose from 3.0% to 22.2% and the gross return on sales ratio increased from 22.1% to 24.6%.

Liquidity ratios are ranging around optimum values (1.2-2 and 1-1.3), not indicating any possibility of liquidity problems.

Receivables receipt cycle was established as 283 days, i.e. 1 day longer than in the previous year.

Debt repayment cycle extended by 40 days, from 86 to 126 days. Stocks repayment cycle became shorter, from 439 to 414 days, indicating shortened performance cycle of building investment projects.

Available regular capitals ensure financing nearly 66% of total assets. The value of this ratio was the same in the previous year.

Short-term debt coverage with short-term receivables ratio shows that short-term receivables are sufficient for repayment of 56% of short-term debt. In 2005, this ratio ranged around 84%.

Neither the results achieved nor the general financial condition indicate any threat to continuation of operations by the Company.

III. DETAILED PART OF REPORT

1. Evaluation of the accounting and internal controlling system

1.1. Accounting system

The Company has the documentation specifying its accounting principles. The applied rules of cost accounting, assets and liabilities valuation and calculation of profit/loss are compliant with the provisions of the International Accounting Standards.

Accounting records are maintained in a computer system IFS99 Financial by IFS Industrial and Financial Systems. The system comprises the following modules:

- general ledger, g
- clearings, c
- AT, V
- billings. b

The system is supported by the Kadry-place (HR&Payroll) system for Windows by MCM S.C., composed of the following modules:

- R, H
- payroll. p

The accounting records ensure correctness and completeness of recorded data and comparison of transactions included in the ledgers with source documentation.

The basis for opening of the Company's books of accounts as on January 1, 2006 was the financial statement including a balance sheet prepared as on December 31, 2005.

Chronological sequence of economic events is followed.

The Company executes monthly closings of books through preparing a statement of turnovers and balances of synthetic accounts. Source documents for book records contain such data as required by the Act. Grouping of economic transactions can satisfy both external and internal information requirements.

The results of audit of the books and accounting documents being a source of the records show that they generally fulfill the fairness, correctness and verifiability condition.

Security and access control to the data and computer-based data processing system as applied by the Company are appropriate and adequate to the requirements and needs in this respect.

The books, financial statements and accounting documents are properly archived and protected against unauthorized access, damage or stealth.

1.2. Stocktaking of assets

During the audited periods, inventory of assets was taken at times conforming to the Accounting Act.

Inventory of stocks related to developer activity was taken through documents verification as on December 31, 2006.

Balances of receivables were taken as on December 31, 2006 through confirmation in writing.

Balances of debts with affiliated companies and selected vendors were taken as on December 31, 2006 through confirmation in writing.

Receivables and debts related to loans were taken as on December 31, 2006 through confirmation in writing.

Balances of debts on account of issued bonds were taken as on December 31, 2006 through written reconciliation with Banks involved in issues.

Inventory of cash on hand was taken as on the last day of the year through physical count and cash on bank accounts was taken through confirmation of balances from banks as on December 31, 2006.

Stocktaking has confirmed the existence, completeness and economic usability of the Company's assets.

1.3. Internal audit

The Management Board of the Company is responsible for preparing and functioning of the Company's internal controlling system and for prevention and detection of nonconformities.

When planning and executing audit of the Company's financial statement for the period expiring on December 31, 2006, we have considered the internal controlling system procedures to establish our own manner of proceeding and to issue an opinion on the financial statement and not for the purpose of assuring correctness of functioning of the Company's internal controlling system structures. Our review of the internal controlling system could have omitted certain significant weaknesses within the structure of that system.

2. Introduction to the financial statement, additional information and explanations

The Company has prepared additional information, including introduction to the financial statement and additional information and explanations, conforming to the requirements of the Accounting Act, the International Accounting Standards, the International Financial Reporting Standards in respect of the scope of actual disclosures.

Numerical data contained in the said information is according to the accounting records and in compliance with the audited financial statement.

3. Statement of changes in equity

The statement of changes in equity properly presents the increase of equity in the amount of PLN 80,754 thousand during the period from January 1, 2006 to December 31, 2006. It was executed correctly and has a proper correlation with the balance sheet and profit and loss account.

4. Cash flow statement

The data disclosed in the cash flow statement for the financial year from January 1, 2006 to December 31, 2006 is properly integrated with the balance sheet, profit and loss account and ledgers. This data shows the sources of financing of the Company's operations fairly and correctly.

5. Management Report on the Company's operations

Pursuant to the requirements of Article 49 of the Act and to the Polish Code of Commercial Partnerships and Companies, the Management Board prepared a report on the Company's operations in 2006.

The information contained therein is compliant with information contained in the audited financial statement of the Company for 2006.

6. Statement of the organization's management

Management of the Company filed a written statement on complete disclosure of data in the books of accounts, presentation of all contingent liabilities and non-existence of any significant events after the balance date.

Katowice, April 27, 2007

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Chartered accountants involved in audit
o.o.

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Acting on behalf of BDO Numerica Sp. z

Leszek Kramarczuk
Member of the Management Board
Chartered Accountant
registry no. 1920/289

Piotr Bałaban
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