

**Echo Investment S.A. [Echo Investment Joint Stock Company]
25-323 Kielce, Al. Solidarności 36**

**Opinion and Report
on audit of the financial statement
prepared according to the International Accounting Standards
for the period from January 01, 2007 to December 31, 2007**

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.** with its registered seat in Kielce, Al. Solidarności 36. The said statement consists of:

- introduction to the financial statement;
- balance sheet prepared as on December 31, 2007, where the balance amount of assets and liabilities is **1,310,030** thousand zlotys,
- profit and loss account for the period from January 01, 2007 to December 31, 2007, showing net profit amounting to **54,893 thousand** zlotys;
- statement of changes in equity for the period from January 01, 2007 to December 31, 2007, showing an increase in equity by **54,893 thousand** zlotys,
- cash flow statement for the period from January 01, 2007 to December 31, 2007, showing a cash increase by an amount of **25,800 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, 2007, as well as its financial result for the financial year from January 01, 2007 to December 31, 2007,
- 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 and prepares a consolidated financial statement.

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

Katowice, April 30, 2008

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Auditing Chartered Accountant
Grażyna Maślanka
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Acting on behalf of BDO Numerica SA
dr André Helin
State Authorized
Public Accountant
Chartered Accountant 90004/502
President of BDO Numerica SA

**Echo Investment S.A. [Echo Investment Joint Stock Company]
25-323 Kielce, Al. Solidarności 36**

**Complementary report to the Opinion
on audit of the financial statement
prepared according to the International Accounting Standards
for the period from January 01, 2007 to December 31, 2007**

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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

25-323 Kielce, Al. Solidarności 36.

1.3 Scope 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, letting of areas and consulting services provided to 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 **54,893 thousand**, i.e. by the value of profit earned for the audited year.

The company's initial capital as at the beginning of the audited period was PLN 21,000 thousand and was divided into:

42,000 thousand shares with nominal value of PLN 0.50 each. During the audited period, the value of initial capital did not change, but the shares were split in one to ten proportion and as a consequence the nominal value of the company's shares dropped to 0.05 PLN.

The shares were split on the basis of resolution no. 6 of the Extraordinary General Meeting of Shareholders of October 18, 2007.

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

As a consequence of the said split, as on December 31, 2007, the value of the Company's share capital was PLN 21,000 thousand and was divided into 420,000 thousand shares with nominal value of PLN 0.05 each.

As on December 31, 2007 the company's shares were held by:

Shareholders	Number of votes	Percentage of share capital
Michał Sołowow - directly	11 855 680	2,82
Michał Sołowow – indirectly through:	152 953 950	36,42
- Magellan Pro-Equity Fund I S.A.	104 329 680	24,84
- Columbus Pro-Equity Fund II Sp. z o.o.	37 080 000	8,83
- Amundsen Pro-Equity Fund III Sp. z o.o.	11 300 000	2,69
- Barcocal Investment Ltd.	244 270	0,06
Commercial Union PTE	37 850 690	9,01
PZU Złota Jesień PTE	35 430 620	8,44
OFE ING NN Polska	35 259 850	8,4
Other Shareholders	146 649 210	34,91
Total:	420 000 000	100

The value of supplementary capital as at the beginning of the audited period was PLN 298,213 thousand and increased by PLN 80,754 thousand to reach PLN 378,967 thousand as a result of distribution of the company's net profit for 2006, which was allocated in its entirety to supplementary capital. Net profit for 2006 was distributed in accordance with Resolution no. 5 of the Ordinary General Meeting of Shareholders as of May 29, 2007

The value of unallocated profit carried forward as on December 31, 2007 equaled PLN 4,083 thousand and did not change during the audited period.

Net profit for the audited period equaled PLN 54,893 thousand.

1.8 Bodies of the Company

As at the beginning of the audited 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. During the session of March 27, 2007, the Supervisory Board appointed the then Vice-President of the Management Board, Mr. Jarosław Grodzki, as the new President of the Management Board, and assigned

Mr. Mariusz Waniółka, acting as Deputy Chairman of the Supervisory Board, to temporarily exercise the functions of a Management Board member, for a period not exceeding 3 months of the resolution being passed by the Supervisory Board.

As a result of these changes, the Management Board of the Company was composed of the following persons as on December 31, 2007:

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

As on December 31, 2007, the Supervisory Board was composed of the following members:

- Wojciech Ciesielski- Chairman of the Supervisory Board
- Andrzej Majcher- Deputy Chairman of the Supervisory Board
- Mariusz Waniółka- Member 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

The above members of the Supervisory Board were elected on May 29, 2007 at the Ordinary General Meeting of Shareholder, for a new 3-year term of office. Compared to the previous composition of the Supervisory Board, Mr. Andrzej Majcher was a new member appointed, and Mr. Kamil Latos resigned from running for new term of office.

During the session of June 11, 2007, the Supervisory Board passed a resolution on electing the Chairman and the Deputy Chairman of the Supervisory Board of the Company. Mr. Wojciech Ciesielski was elected Chairman and Mr. Andrzej Majcher was elected Deputy Chairman of the Supervisory Board of Echo Investment S.A.

As on December 31, 2007, Mr. Krzysztof Kwapisz acted as Procurator. The procurator's power of attorney is a joint authority with a Management Board Member.

The following persons were appointed to act as procurators for the duration of establishing company branches:

- Janusz Kwiatkowski
- Marek Szymonek
- Krzysztof Maciejczyk.

This was branch-specific joint power of attorney with a Management Board Member or with another branch Procurator if appointed.

1.9 Organization and employment

In 2007, the company established its branches preparing independent balance sheets:

- Echo Investment S.A. – Oddział Pasaż Świętokrzyski (Echo Investment Joint Stock Company – Świętokrzyski Arcade Branch),
- Echo Investment S.A. – Oddział Warszawa (Echo Investment Joint Stock Company – Warsaw Branch),
- Echo Investment S.A. – Oddział Szczecin (Echo

- Investment Joint Stock Company – Szczecin Branch),
– - Echo Investment S.A. – Oddział Kraków (Echo
Investment Joint Stock Company – Krakow Branch).

During the reporting period, the assets of the aforementioned branches were delivered to subsidiaries as non-cash contributions and the branches constituting units of organization of the company were deleted from the National Court Register.

Employment as on December 31, 2007 was 204 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 01, 2007 to December 31, 2007, including:

- introduction to the financial report;
- balance sheet prepared as on December 31, 2007, where the balance amount of assets and liabilities is 1,310,030 thousand zlotys,
- profit and loss account for the period from January 01, 2007 to December 31, 2007, showing net profit amounting to 54,893 thousand zlotys,
- statement of changes in equity for the period from January 01, 2007 to December 31, 2007, showing an increase in equity by 54,893 thousand zlotys,
- cash flow statement for the period from January 01, 2007 to December 31, 2007, showing a cash increase by an amount of 25,800 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

The financial statement of Echo Investment S.A. with its registered seat in Kielce was audited by BDO Numerica S.A. (legal successor of BDO Numerica Sp. z o.o.) with its registered seat in Warsaw, registered as certified auditor of financial statements by the National Board of Expert Auditors with number 523, according to the choice made by the Supervisory Board of the audited Company, in compliance with the provisions of the audit contract executed with the certified company on August 2, 2005. The certified company was represented in execution of that agreement by Grażyna Maślanka, chartered accountant (registration number 9375/7031).

The audit was carried out at the registered office of the Company from March 10, 2008 to March 14, 2008. Audit of the financial statement was preceded by a preliminary audit from December 10, 2007 to December 13, 2007.

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 clause 2 and 3 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 of the books of accounts was the financial statement prepared by Echo Investment S.A. for the period from January 01, 2006 to December 31, 2006, which was audited by BDO Numerica S.A. and the opinion expressed thereon was without reservations.

The Company's financial statement for the period from January 01, 2006 to December 31, 2006 was approved through Resolution no. 3 of the Ordinary General Meeting of Shareholders as of May 29, 2007. By way of Resolution no. 5 of the Ordinary General Meeting of Shareholders as of May 29, 2007, the profit for the period from January 01, 2006 to December 31, 2006 in the amount of PLN 80,754 thousand was allocated to supplementary capital.

The financial statement for 2006 was submitted to the Tax Office competent in the given territory and to the National Court Register within such times as stipulated by the Act. The financial statement for 2006 was published in Monitor Polski „B” no. 2072 of December 04, 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

The events occurring after the balance date are described in detail in the management report. 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	31.12.07	% of balance total	31.12.06	% of balance total	31.12.05	% of balance total
Fixed assets	603 208	46,0	439 447	42,2	299 629	34,1
Intangible assets	524	-	89	-	58	-
Tangible assets	49 693	3,8	45 475	4,4	50 263	5,7
Long-term investments including shares:	526 737	40,2	376 976	36,2	233 829	26,6
real estates	442	-	102 834	9,9	13 990	1,6
long-term financial investments	526 295	40,2	274 141	26,3	219 839	25
Deferred income tax assets	26 254	2,0	16 908	1,6	15 479	1,8
Current assets	706 822	54,0	601 607	57,8	578 781	65,9
Inventories	408 394	31,2	230 090	22,1	213 559	24,3
Short-term receivables	48 970	3,7	191 563	18,4	246 339	28
Short-term financial investments	99 144	7,6	47 768	4,6	46 489	5,3
in affiliated companies	85 165	6,5	47 258	4,5	46 481	5,3
in other companies	13 979	1,1	510	0,1	8	-
Cash and cash equivalents	148 739	11,4	131 909	12,7	72 231	8,2
Short-term accruals	1 575	0,1	277	-	163	0,1
ASSETS TOTAL	1 310 030	100	1 041 054	100,0	878 410	100,0
LIABILITIES						
Equity	458 943	35,0	404 050	38,8	323 296	36,8
Initial capital	21 000	1,6	21 000	2	21 000	2,4
Supplementary capital	378 967	28,9	298 213	28,6	288 690	32,9
Profit/loss brought forward	4 083	0,3	4 083	0,4	4 083	0,4
Net profit/loss of the present year	54 893	4,2	80 754	7,8	9 523	1,1
Reserves	49 517	3,8	40 477	3,9	29 477	3,5
Reserve for deferred income tax	28 395	2,2	22 548	2,2	14 056	1,6
Reserves	21 122	1,6	17 929	1,7	15 421	1,7
Accounts payable	801 570	61,2	596 527	57,3	525 636	59,7
Long-term debts	553 488	42,3	252 049	24,2	232 328	26,4
Short-term debts, including	248 082	18,9	344 478	33,1	293 308	33,3
to affiliated companies	3 412	0,3	38 487	3,7	4 872	0,6
to other companies	244 636	18,7	305 982	29,4	288 432	32,8
Special funds	34	-	9	-	5	-
LIABILITIES TOTAL	1 310 030	100,0	1 041 054	100,0	878 410	100,0

In 2007, the balance total increased by 25.8% as compared to the preceding period.

In respect of the structure of assets, the share of fixed assets in the balance total grew from 42.2% in 2006 to 46.0% in 2007, and the share of current assets in the balance total dropped from 57.8% in 2006 to 54.0% in the audited year.

The change in the structure of assets is a consequence of events of 2007, primarily regarding the item of long-term investments.

During the audited period, the Company recorded with the National Court Register four branch offices constituting organized parts of enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15, 1992. The said branches are now operating with the following company names:

- Echo Investment S.A. – Oddział Pasaż Świątokrzyski (Echo Investment Joint Stock Company – Świątokrzyski Arcade Branch),
- Echo Investment S.A. – Oddział Warszawa (Echo Investment Joint Stock Company – Warsaw Branch),
- Echo Investment S.A. – Oddział Szczecin (Echo Investment Joint Stock Company – Szczecin Branch),
- Echo Investment S.A. – Oddział Kraków (Echo Investment Joint Stock Company – Krakow Branch).

The Kielce and Krakow branches, whose assets include investment properties and branches in Warsaw and Szczecin, including perpetual usufruct rights to land, have been contributed to subsidiaries as non-cash contribution in exchange for taking up the shares in the increased initial capital. As a consequence of the aforementioned transactions, the value of investments in immovable properties and values of inventories decreased in the books, while shares in subsidiaries decreased. The nominal value of shares taken up in exchange for the non-cash contributions made of the branches was a total of PLN 185,644 thousand and was reduced in the balance sheet by the earnings on transactions in the amount of PLN 38,714 thousand. As on the effective date of the said non-cash contributions, investment properties were appraised in fair values by property experts and their result was applied to increase of the financial result of the current period, equivalent to PLN 22,672 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. In 2007, the Company granted long- and short-term borrowings for a total worth of PLN 176,299 thousand, including PLN 10,138 thousand to companies outside the capital group.

There was a growth of inventories, decrease of value of receivables, and increase in short-term investments and cash within current assets, as a consequence of opening new investment projects and continuation of existing ones.

The percentage of equity in the balance total decreased from 38.8% in 2006 to 35.0% in 2007. Despite net profit earned, the above decrease in capital is related to relative growth of long- and short-term debt.

Regular capital is used for financing the Company's fixed assets in 100% and current assets in 62%. The value of regular capital comprises equity, reserve for deferred income tax, and long-time debts, including only debts due to bonds issued.

During the audited period, the Company issued bonds for a nominal value of 350,000 thousand and bought out bonds for a value of PLN 160,000 thousand. As on the balance day, the Company's obligations due to debenture bonds are classified as long-term debts according to buyout dates. In 2007, the Company did not incur any new debt in the form of borrowings granted within the capital group, but it repaid its debt with interest in the amount of PLN 43,590 on the basis of agreements executed on January 17, 2007.

2. Profit and Loss Account

				(in thousands PLN)	
	2007	2006	2005	Growth rate 2007/200 6	Growth rate 2006/200 5
Revenues from sales of products, goods and materials	254 343	259 237	228 476	98,1%	113,4%
Costs of sold products, goods and materials	202 500	195 419	177 966	103,6%	109,8%
Gross profit on sales	51 843	63 818	50 510	81,2%	126,4%
Profit (loss) on sales of real estate	(47)	3 890	29 873	-	13,0%
Revaluation of non-financial assets	21 461	(12 273)	(22 682)	-	54,1%
Costs of sales	(21 848)	(9 818)	(7 561)	222,5%	129,8%
Overheads	(29 609)	(30 915)	(15 231)	95,8%	203,1%
Other operating revenues / costs	5 197	50 842	(3 918)	10,2%	-
Earnings before tax and financial revenues/costs	26 997	65 545	30 991	41,2%	211,5%
Financial revenues	82 382	53 979	38 480	152,6%	140,3%
Financial costs	48 429	27 890	58 282	173,6%	47,9%
Gross profit (loss)	60 950	91 634	11 189	66,5%	818,9%
Corporate income tax	6 057	10 880	1 665	55,7%	653,4%
a) current portion	9 557	3 817	12 695	250,4%	30,1%
b) deferred portion	(3 500)	7 063	(11 030)	-	-
Net profit (loss)	54 893	80 754	9 523	68,0%	848,1%

In 2007, Echo Investment S.A. earned gross profit from sales of PLN 51,843 thousand, which is a decrease by 18.8% as compared to 2006, as a consequence of 1.9% decrease in sales revenues as compared to 2006 and 3.6% increase in operating costs as compared to the previous year.

The value of profit from operating activity in 2007 equaled PLN 26,997 thousand, showing 58.8% decrease compared to 2006. During the audited period, the Company did not execute any transactions of sales of immovable properties (such being the case in the preceding financial year) but it did update the values of properties by PLN 21,461 thousand, mainly as a consequence of revaluation of branches forming non-cash contributions to subsidiaries. The Company also incurred costs of sales which were 122.5% higher than in the preceding year, as a result of increasing wages, salaries and bonuses, and sales representation services.

In 2007, the Company earned financial income of PLN 82,382, mainly comprising profits earned from a partnership, amounting to PLN 34,597 thousand, dividend of PLN 19,496 thousand, interest and foreign exchange gains/losses. Financial costs, which are primarily related to debt operating costs, increased in comparison with the preceding year.

Effective income tax rate was 10% in 2007, compared to 11.8% in 2006. The decrease of effective tax rate results from income tax exemption on dividend received.

The net profit of 2007, earned by the company, in the amount of PLN 54,893 thousand, is 32% lower than that of the preceding year.

3. Basic financial indicators

Indicator	Economic content	31.12.2007	31.12.2006	31.12.2005
Balance total (in thousands PLN)		1 310 030	1 041 054	878 410
Net financial result (in thousands PLN)		54 893	80 754	9 523
Return on assets (%)	net financial result / average annual balance of assets	4,7%	8,4%	1,1%
Return on equity (%)	net financial result / average annual balance of equity	12,7%	22,2%	3,0%
Net sales profit to earnings ratio (%)	net financial result / revenues from sales of products, goods and materials	21,6%	31,2%	4,2%
Gross profit margin (%)	gross profit from sales of products, goods and materials / revenues from sales of products, goods and materials	20,4%	24,6%	22,1%
Receivables turnover ratio in days	average annual balance of all trade receivables x 365 / revenues from sales of products, goods and materials	133	283	282
Debt repayment cycle in days	average annual balance of all trade debts x 365 / value of sold commodities and materials + production costs of sold products	137	126	86
Inventories cycle in days	average annual balance of inventories x 365 / value of sold commodities and materials + production costs of sold products	575	414	439
Fixed assets to equity and long-term reserves	equity + long-term reserves / fixed assets total	0,8	1,0	1,1
Financing structure permanence	equity + long-term reserves + long-term debt ¹ / total assets	0,8	0,7	0,7
Liquidity ratio I	current assets total ² / short-term liabilities	2,8	1,7	2,0
Liquidity ratio II	current assets total ² - inventories / short-term debts ³	1,2	1,1	1,3
Short-term debt to short-term receivables ratio	(short-term receivables / short-term debt + special funds)	0,2	0,6	0,8
Net profit per 1 share (PLN)	Net profit / number of shares	0,13	0,19	0,02
Net assets per 1 share (PLN)	Net assets / number of shares	1,09	0,96	0,77

1 including trade debts beyond 12 months

2 exclusive of trade receivables beyond 12 months

3 exclusive of trade debts beyond 12 months

Values of return indicators deteriorated in 2007 as a consequence of generating lower revenues from operating activity and net profit than in 2006.

The ROA decreased from 8.4% to 4.7%, net return on sales ratio decreased from 31.2% to 21.6%, the ROE dropped from 22.2% to 12.7% and the gross sales margin decreased from 24.6% to 20.4%.

The liquidity ratio I is above the optimum range (1.2-2) and the liquidity ratio II is similar to recommended standard (1-1.3). The liquidity ratios do not indicate any possibility of liquidity problems.

Receivables receipt cycle was established as 133 days, i.e. 150 days shorter than in the previous year. Debt repayment cycle extended by 11 days, from 126 to 137 days. Inventories cycle extended from 414 to 575 days. The long cycle of inventories is related to the type of operations of the company.

Available regular capitals ensure financing of over 79% of total assets. The value of this ratio was lower in the previous year, ranging around 66%.

Short-term debt coverage with short-term receivables ratio shows that short-term receivables are sufficient for repayment of 20% of short-term debt. In 2006, this ratio ranged around 60%.

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
- learnings, 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 01, 2007 was the financial statement including a balance sheet prepared as on December 31, 2006.

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, 2007.

Balances of receivables were taken as on December 31, 2007 through confirmation in writing.

Balances of debts with affiliated companies and selected vendors were taken as on December 31, 2007 through confirmation in writing.

Receivables and debts related to loans were taken as on December 31, 2007 through confirmation in writing.

Balances of debts on account of issued bonds were taken as on December 31, 2007 through written reconciliation with the bank 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, 2007.

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, 2007, 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 54,893 thousand during the period from January 01, 2007 to December 31, 2007. It was executed correctly and has a proper correlation with the balance sheet and profit and loss account.

4. Cash Flow Statement

The cash flow statement was prepared according to indirect method. The data disclosed in the cash flow statement for the financial year from January 01, 2007 to December 31, 2007 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 2007.

The information contained therein is compliant with information contained in the audited financial statement of the Company for 2007.

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 30, 2008

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Acting on behalf of BDO Numerica SA
dr André Helin
State Authorized
Public Accountant
Chartered Accountant 90004/502
President of BDO Numerica SA