

EKOFIS, s.r.o.  
Škrétova 1630/3, Jihlava  
registered with the Regional Commercial Court in Brno  
Sec. C, Insert 13090

**AUDIT REPORT**  
**On The Audit Of the Annual Financial Statement**  
**as of Dec. 31, 2006**

**SANBORN a.s.**  
**Praha 5, Zbraslavská 27, Postal Code 159 00**  
**Company ID No. 469 66 773**

## INDEPENDENT AUDITOR'S REPORT FOR SHAREHOLDERS OF SANBORN a.s.

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### Report of the Audit of the Financial Statements

*We have audited the enclosed Financial Statements of SANBORN a.s., i.e. the Balance Sheet as of Dec. 31, 2006, the Profit and Loss Account for the period from Jan. 1, 2006 till Dec. 31, 2006 and the Appendix to these Financial Statements, including the description of the accounting methods used. The company data of SANBORN a.s. are shown in Art. 1. of the Appendix to these Financial Statements.*

### **Responsibility of the Statutory Body of the Accounting Entity for the Financial Statements**

*The statutory body of SANBORN a.s. is responsible for drawing-up the Financial Statements and their accurate presentation in compliance with the Czech accounting regulations. It is a part of this responsibility, to suggest, implement and carry through internal controls of drawing-up the Financial Statements and their accurate presentation in a way that no serious inaccuracies due to a swindle or a failure are contained, to choose and apply suitable accounting methods and to carry out reasonable accounting estimates corresponding with the situation.*

### **The Auditor's Responsibility**

*It is our objective, to express our opinion on the Financial Statements based on the performed Audit. We have carried out the Audit in compliance with the Auditor Act and the International Audit Standards and related Application Guidelines issued by the Auditor Association of the Czech Republic. According to these Standards, we are obliged to comply with the ethic standards and to plan and carry out the Audit in the way that we gain a reasonable confidence that the Financial Statements do not contain serious inaccuracies.*

*The Audit includes the performance of auditor procedures aimed at gaining evidence of figures and facts shown in the Financial Statements. The Auditor chooses the audit procedures at his own discretion, considering the risks that the Financial Statements contain serious inaccuracies due to a swindle or a failure. Considering these risks the Auditor shall take into account internal controls that are relevant for drawing-up the Financial Statements and their correct presentation. The aim of considering the internal controls is to suggest appropriate auditor procedures, not to comment the effectiveness of the internal controls. Our Audit also includes the consideration of the appropriateness of the applied accounting methods, adequacy of the accounting estimates applied by the management and evaluation of the general presentation of the Financial Statements.*

*We assume that the gained evidence data provide a satisfactory and adequate background for expressing the Auditor's Opinion.*



### **Auditor's Opinion**

***In our opinion, the Financial Statements display the assets, liabilities and the financial standing of SANBORN a.s. as of Dec. 31, 2006 as well as expenses and revenues and the economic result for 2006 in a true and fair manor, in compliance with the applicable Czech accounting standards.***

### **Report of the Report of Relations Between Interlocking Entities**

*We have also reviewed the objective correctness of the data shown in the Report of Relations Between Interlocking Entities of SANBORN a.s. as of Dec. 31, 2006. The statutory body of SANBORN a.s. is responsible for drawing-up this Report of Relations. We are called to express our opinion on this Report of Relations based on the performed Audit.*

*We have carried out the review in compliance with the International Audit Standards applicable to the Audit and related Application Guidelines issued by the Auditor Association of the Czech Republic. According to these Standards, we are obliged to plan and carry out the review in the way that he gains a mean confidence that the Report of Relations does not content serious inaccuracies. Our review is limited primarily to questioning the employees of the company, to analytical procedures and to reviewing objective correctness of the data shown based on selective procedures. That is why the review provides a lower degree of confidence than the Audit. Because no audit was carried out, there is no Auditor's Opinion expressed by us.*

***Based on our review, no serious objective incorrectness of the data shown in the Report of Interlocking Entities of SANBORN a.s. as of Dec. 31, 2006 was identified.***

### **Report of the Audit of the Annual Report**

*We have also audited the compliance between the Annual Report of SANBORN a.s. as of Dec. 31, 2006 and the above mentioned Financial Statements. The management of the Company is responsible for the correctness of the Annual Report. It is our objective to express our opinion on the compliance of the Annual Report and the Financial Statements on the basis of the auditing.*

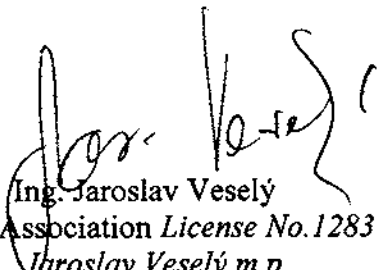
*We have carried out the Audit in compliance with the Auditor Act, International Audit Standards and related Application Guidelines issued by the Auditor Association of the Czech Republic. According to these Standards, the Auditor is obliged to plan and carry out the Audit in the way that he gains a reasonable confidence that the data shown in the Annual Report describing facts that are also displayed in the Financial Statements, are in compliance with the respective Financial Statements in all relevant respects. We are convinced that the executed Audit provides an adequate background for expressing the Auditor's Opinion.*



***In our opinion, the data shown in the Annual Report of SANBORN a.s. as of Dec. 31, 2006 are in compliance with the above Financial Statements in all relevant respect.***

Jihlava, May 24, 2007

EKOFIS, s.r.o.  
Škrétova 1630/3, Jihlava  
Czech Auditor Association *License No. 150*

Auditor:   
Ing. Jaroslav Veselý  
Czech Auditor Association *License No. 1283*  
*Jaroslav Veselý m.p.*

*Seal: Ing. Jaroslav Veselý  
Auditor  
License No. 1283*



Taken over on May 25, 2007 by: *illegible signature*

# BALANCE SHEET

in full form

as at 31.12.2006

(in whole thousands of CZK)

Name and Address of the Accounting Entity

SANBORN a. s.  
Zbraslavská 27  
Praha 5

Reg. No.

4 6 9 6 6 7 7 3

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.)	367 713	-132 280	235 433	219 515
A.	Directors' Loan	0	0	0	0
B.	Fixed Assets (B.I. + B.II. + B.III.)	187 799	-114 093	73 706	71 884
B. I.	Long-term Intangible Assets (Sum B.I. 1. to B.I.8.)	2 321	-2 103	218	155
B. I. 1.	Formation Costs	0	0	0	0
2.	Intangible Research and Development	0	0	0	0
3.	Software	2 321	-2 103	218	155
4.	Accumulated Depreciation	0	0	0	0
5.	Goodwill	0	0	0	0
6.	Other Long-term Intangible Assets	0	0	0	0
7.	Long-term Intangible Assets in Progress	0	0	0	0
8.	Deposits on Long-term Intangible Assets	0	0	0	0
B. II.	Long-term Tangible Fixed Assets (Sum B.II.1. to B.II.9.)	185 478	-111 990	73 488	71 729
B. II. 1.	Land	7 395	0	7 395	7 395
2.	Buildings and Constructions	77 667	-28 584	49 083	49 678
3.	Independent Items and Sets of Items	96 713	-83 254	13 459	13 811
4.	Permanent Growth	0	0	0	0
5.	Primary Animal Stock	0	0	0	0
6.	Other Long-term Tangible Fixed Assets	839	-152	687	251
7.	Long-term Tangible Fixed Assets in Progress	1 038	0	1 038	2
8.	Deposits on Long-term Fixed Tangible Assets	1 826	0	1 826	592
9.	Adjusted Items in Gained Assets	0	0	0	0
B.III.	Financial Investment (Sum B.III. 1. to B.III.7.)	0	0	0	0
B.III. 1.	Shares and Deposits in Subsidiary Companies	0	0	0	0
2.	Shares and Deposits in Associate Companies	0	0	0	0
3.	Other Investment Securities and Deposits	0	0	0	0
4.	Debts in the Group	0	0	0	0
5.	Other Financial Investments	0	0	0	0
6.	Long-term Financial Investments in Progress	0	0	0	0
7.	Deposits on Long-term Financial Investments	0	0	0	0



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.)	175 827	-18 187	157 640	141 227
C. I.	Stock on Hand (Sum C.I.1. to C.I.6.)	82 817	-13 013	69 804	74 506
C. I. 1.	Materials	51 016	-8 618	42 398	33 044
2.	Work in Progress	16 148	-1 845	14 303	16 414
3.	Finished Goods	15 653	-2 550	13 103	24 998
4.	Animal Stock	0	0	0	0
5.	Purchased Goods	0	0	0	0
6.	Deposits on Stock	0	0	0	50
C. II.	Long-term Loans (Sum C. II.1. to C.II.8.)	10 071	0	10 071	13 895
C. II. 1.	Trading Accounts Receivable	9 956	0	9 956	12 866
2.	Loans to Employees	0	0	0	0
3.	Loans to Subsidiary Companies	0	0	0	0
4.	Loans to Associates	0	0	0	0
5.	Long-term advance payment	0	0	0	119
6.	Doubtful debts	0	0	0	0
7.	Other Receivables	115	0	115	910
8.	Deferred tax receivables	0	0	0	0
C.III.	Short-term Loans (Sum C.III.1. to C.III.9.)	75 422	-5 174	70 248	42 418
C.III.1.	Trade Debtors	68 160	-5 174	62 986	32 308
2.	Loans to Employees	3 477	0	3 477	9 181
3.	Loans to Subsidiary Companies	0	0	0	0
4.	Loans to Associates	0	0	0	0
5.	Social Security and Health Insurance	0	0	0	0
6.	State - Taxation Receivables	2 967	0	2 967	0
7.	Prepayments	777	0	777	885
8.	Doubtful debts	0	0	0	6
9.	Other Debtors/Receivables	41	0	41	38
C.IV.	Short-term Financial Assets (Sum C.IV.1 to C.IV.4)	7 517	0	7 517	10 408
C.IV.1.	Cash in Hand	380	0	380	276
2.	Cash in Bank	7 137	0	7 137	10 132
3.	Short-term Securities and Shares	0	0	0	0
4.	Short-term Financial Assets in Progress	0	0	0	0
D. I.	Accruals (D.I.1. + D.I.3.)	4 087	0	4 087	6 404
D. I. 1.	Deferred Expenditure	4 066	0	4 066	6 404
2.	Complex Deferred Expenditure	0	0	0	0
3.	Deferred Income	21	0	21	0



Class a	LIABILITIES b	Balance in the Current Financial Period 5	Balance in the Last Financial Period 6
	TOTAL LIABILITIES (A. + B. + C.I.)	235 433	219 515
A.	Shareholders' Equity (A.I. + A.II. + A.III. + A.IV. + A.V.)	156 100	154 914
A. I.	Issued Share Capital (A.I.1. + A.I.2. + A.I.3.)	48 959	48 959
A. I. 1.	Issued Share Capital	48 959	48 959
2.	Own Shares and Interests	0	0
3.	Changes in Equity	0	0
A. II.	Capital Funds (Sum A.II.1 to A.II.4)	37 961	37 961
A. II. 1.	Share Premium	0	0
2.	Other Capital Funds	37 961	37 961
3.	Asset Revaluation Reserve	0	0
4.	Minority Interests	0	0
A. III.	Profit Funds (A.III.1. + A.III.2.)	9 802	9 803
A. III. 1.	Legal Reserve / Indivisible Fund	9 792	9 792
2.	Statutory and Other Funds	10	11
A. IV.	Profit / Loss Brought Forward (A.IV.1. + A.IV.2.)	54 518	48 260
A. IV. 1.	Unattributed Profit of Previous Years	54 518	48 260
2.	Accumulated Losses of Previous Years	0	0
A. V.	Retained Profit / Loss of the Current Financial Year +/-	4 860	9 931
B.	Foreign Assets (B.I. + B.II. + B.III. + B.IV.)	78 552	56 396
B. I.	Reserves (Sum B.I. 1. to B.I.4.)	9 860	5 428
B. I. 1.	Legal Reserves	9 860	4 930
2.	Provisions for Pensions and Similar Liabilities	0	0
3.	Income Tax Provisions	0	0
4.	Other Provisions	0	498
B. II.	Long-term Liabilities (Sum B. II.1. to B.II.10.)	3 264	2 788
B. II. 1.	Trade Creditors	0	0
2.	Liabilities to Subsidiary Companies	0	0
3.	Liabilities to Associated Companies	0	0
4.	Liabilities to Shareholders / Owners and Alliance Partners	0	0
5.	Long-term Accepted Deposits	0	0
6.	Issued Bonds	0	0
7.	Long Term Bonds Due	0	0
8.	Doubtful Debts	0	0
9.	Other Long-term Liabilities	0	0
10.	Deferred Taxation	3 264	2 788



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.)	40 704	40 552
B. III. 1.	Trade Creditors	34 252	31 090
2.	Liabilities to Subsidiary Companies	615	0
3.	Liabilities to Associated Companies	0	0
4.	Liabilities to Shareholders / Owners and Alliance Partners	0	0
5.	Employee Related Liabilities	2 936	2 694
6.	Social Security and Health Insurance Liabilities	1 553	1 350
7.	State - Taxation Liabilities and Subsidies	432	5 025
8.	Short-term Accepted Deposits	298	204
9.	Issued bonds	0	0
10.	Provisions	8	38
11.	Other Liabilities	610	151
B.IV.	Bank Loans and Borrowings (Sum B.IV. 1. to B.IV.3.)	24 724	7 628
B.IV. 1.	Long-term Bank Loans	6 224	7 628
2.	Current Bank Loans	18 500	0
3.	Short-term Borrowings	0	0
C. I.	Accruals (C.I.1 + C.I.2.)	781	8 205
C. I. 1.	Accrued Expenses	781	8 205
2.	Deferred Revenue	0	0

Prepared on: 24.4.2007

Legal form of the accounting entity: Joint Stock Company

Subject of business: fabrication, metalworking

Signature:




# PROFIT AND LOSS ACCOUNT by Type

in full

as on 31.12.2006

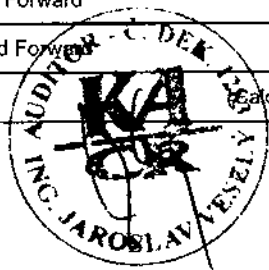
(in whole thousands of CZK)

Name and Address of the Accounting Entity

SANBORN a. s.  
Zbraslavská 27  
Praha 5

Reg. No.
4 6 9 6 6 7 7 3

Class a	TEXT b	Result in the Accounting Period	
		Current 1	Last 2
I.	Sales Revenue	0	0
A.	Cost of Goods Sold	0	0
+	Gross Profit (I. - A.)	0	0
II.	Outcome (II.1. to II.3.)	239 434	238 343
II.1.	Sales of Own Products and Services	250 951	221 531
2.	Difference in Own Produced Stock	-11 603	16 032
3.	Own Closing Stock	86	780
B.	Direct Costs (B.1. + B.2.)	155 910	171 419
B. 1.	Materials, Light and Power	77 808	77 370
2.	Services	78 102	94 049
+	Value Added (I. - A. + II.-B.)	83 524	66 924
C.	Personnel Expenses (C.1. to C.4.)	54 772	51 877
C. 1.	Wages	39 070	36 950
2.	Directors' Emoluments (excl. Wages)	1 836	1 858
3.	Social Security and Health Insurance Costs	13 591	12 815
4.	Fringe Benefits	275	254
D.	Fees and Taxes	413	797
E.	Long Term Tangible and Intangible Asset Depreciation	6 047	6 023
III.	Revenue from Sales of Long Term Assets and Materials (III.1. + III.2.)	3 492	21 037
III.1.	Revenue from Sales of Long Term Assets	207	19 259
2.	Revenue from Sales of Materials	3 285	1 778
F.	Net Book Value of Sold Long Term Assets and Materials (F.1. + F.2.)	6 881	20 421
F. 1.	Net Book Value of Sold Long Term Assets	168	19 064
2.	Net Book Value of Sold Materials	6 713	1 357
G.	Reserves and Deferred Income in Operating Revenue	4 069	-7 797
IV.	Other Operating Revenue	110	649
H.	Other Operating Expenses	1 793	1 280
V.	Operating Revenue Carried Forward	0	0
I.	Operating Expenses Carried Forward	0	0
*	Net Profit from Operations (Calculated Items (+) to V.)	13 151	16 009



Class a	TEXT b	Result in the Accounting Period	
		Current 1	Last 2
VI.	Revenue from Sold Securities and Shares	0	6 141
J.	Sold Securities and Shares	0	6 111
VII.	Revenue from Long Term Financial Assets (VII.1. to VII.3.)	0	0
VII.1.	Revenue from Securities and Shares in the Group	0	0
2.	Revenue from Other Long Term Securities and Shares	0	0
3.	Revenue from Other Investments	0	0
VIII.	Revenue from Short Term Financial Assets	0	0
K.	Finance Costs	0	0
IX.	Revenue from Revalued Securities	0	0
L.	Expenses from Revalued Securities	0	0
M.	Reserves and Provisions Adjustments	0	0
X.	Interest Received	289	168
N.	Interest Paid	1 167	1 463
XI.	Other Financial Revenue	1 203	2 529
O.	Other Financial Expenses	6 423	2 911
XII.	Financial Revenue Carried Forward	0	0
P.	Financial Expenses Carried Forward	0	0
*	Profit / Loss from Financial Operations (Calculated Items VI. to P.)	-6 098	-1 647
Q.	Income Tax on Ordinary Activities (Q.1. + Q.2.)	2 193	4 431
Q. 1.	- Payable	1 717	4 302
2.	- Deferred	476	129
**	Profit / Loss from Ordinary Activities (Net Profit from Operations + Profit / Loss from Financial Operations - Q.)	4 860	9 931
XIII.	Exceptional Revenue	0	0
R.	Extraordinary Expenses	0	0
S.	Income Tax on Extraordinary Activities (S.1 + S.2)	0	0
S. 1.	- Payable	0	0
2.	- Deferred	0	0
*	Extraordinary Profit / Loss (XIII. - R. - S.)	0	0
T.	Profit / Loss Attributed to Shareholders (+/-)	0	0
***	Profit / Loss of the Accounting Period (+/-) (Profit / Loss from Ordinary Activities + Extraordinary Profit / Loss - T.)	4 860	9 931
****	Profit / Loss before tax (Profit from Operations + Profit / Loss from Financial Operations + Exceptional Revenue - R.)	7 053	14 362

Prepared on: 24.4.2007

Legal form of the accounting entity: Joint Stock Company

Subject of business: fabrication, metalworking

Signature:

