

Echo Investment S.A. Capital Group

Mid-year condensed consolidated financial statement
as on and for a period of three months expiring on March 31, 2007



Kielce, May 15, 2007

1. Condensed consolidated balance sheet, in thousands PLN

	balance as on March 31, 2007 end of quarter	balance as on December 31, 2006 end of previous year	balance as on March 31, 2006 end of quarter
Assets			
1. Fixed assets			
1.1. Intangible assets	91	91	69
1.2. Goodwill of subsidiaries	40 382	32 687	-
1.3. Tangible assets	505 389	411 699	262 808
1.4. Long-term receivables	5	5	-
1.5. Investment immovable property	1 730 078	1 670 296	1 428 799
1.6. Long-term financial assets	11 482	21 671	17 746
1.7. Assets on account of deferred income tax	19 661	18 059	15 843
	2 307 088	2 154 508	1 725 265
2. Current assets			
2.1. Inventories	270 383	208 075	156 508
2.2. Receivables on account of taxes	36 234	48 274	30 943
2.3. Receivables on account of deliveries and services, other receivables	7 553	29 221	9 383
2.4. Short-term financial investments	664	613	7 644
2.5. Accruals	7 182	1 032	7 442
2.6. Cash and cash equivalents	283 394	297 791	324 518
	605 410	585 006	536 438
Assets total	2 912 498	2 739 514	2 261 703
Liabilities			
1. Equity			
1.1. Equity capital allocated to shareholders of the dominant company	1 255 931	1 195 243	973 887
1.1.1. Initial capital	21 000	21 000	21 000
1.1.2. Supplementary capital	538 319	538 319	353 771
1.1.3. Profit (loss) carried forward	635 922	357 790	542 332
1.1.4. Profit (loss) of the accounting year	60 694	278 132	56 784
1.1.5. Foreign exchange gains/losses arising from conversion of foreign companies' data	(4)	2	-
1.2. Minority capitals	11 162	10 584	19 152
	1 267 093	1 205 827	993 039
2. Reserves			
2.1. Reserve for deferred income tax	188 364	178 766	132 013
2.2. Other reserves	25 201	32 055	28 408
	213 565	210 821	160 421
3. Long-term liabilities			
3.1. Financial liabilities	967 229	902 909	806 983
3.2. Other liabilities	36 976	40 857	28 535
	1 004 205	943 766	835 518
4. Short-term liabilities			
4.1. Financial liabilities	200 716	158 061	121 961
4.2. Tax liabilities	16 773	88 333	18 110
4.3. Liabilities on account of deliveries and services	53 169	8 838	33 573
4.4. Other liabilities	156 977	123 868	99 081
	427 635	379 100	272 725
Liabilities total	2 912 498	2 739 514	2 261 703

Book value (in thousands PLN)	1 255 931	1 195 243	973 887
Number of shares	42 000 000	42 000 000	42 000 000
Book value per one share (in PLN)	29,90	28,46	23,19
Diluted number of shares	42 000 000	42 000 000	42 000 000
Diluted book value per one share (in PLN)	29,90	28,46	23,19

OFF-BALANCE ITEMS in thousands PLN	balance as on March 31, 2007 end of quarter	balance as on December 31, 2006 end of previous year	balance as on March 31, 2006 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	12 977	13 034	17 048

2. Condensed consolidated profit and loss account, in thousands PLN

	1 st quarter the period from January 1, 2007 to March 31, 2007	1 st quarter the period from January 1, 2007 to March 31, 2007	1 st quarter the period from January 1, 2006 to March 31, 2006	1 st quarter the period from January 1, 2006 to March 31, 2006
Operating income	65 393	65 393	90 919	90 919
Operating costs	(25 249)	(25 249)	(39 703)	(39 703)
Gross profit (loss) on sales	40 144	40 144	51 216	51 216
Profit (loss) on sales of immovable property	-	-	9 512	9 512
Revaluation of immovable property	59 766	59 766	43 477	43 477
Costs of sales	(3 746)	(3 746)	(2 282)	(2 282)
Overheads	(6 209)	(6 209)	(7 920)	(7 920)
Other operating income and costs	(452)	(452)	(6 512)	(6 512)
Profit before tax and financial income/costs	89 503	89 503	87 491	87 491
Financial income	4 583	4 583	2 403	2 403
Financial costs	(15 396)	(15 396)	(12 026)	(12 026)
Foreign exchange gains/losses	(3 950)	(3 950)	(5 725)	(5 725)
Revaluation of goodwill of subsidiaries	(45)	(45)	-	-
Shares in profits of associated companies	-	-	-	-
Gross profit (loss)	74 695	74 695	72 143	72 143
Income tax	(13 423)	(13 423)	(14 352)	(14 352)
Net profit (loss)	61 272	61 272	57 791	57 791
Profit (loss) allocated to minority shareholders	578	578	1 007	1 007
Profit (loss) allocated to shareholders of the dominant company	60 694	60 694	56 784	56 784
Net profit (loss) (annualized)	282 042			192 191
Weighted average number of ordinary shares	42 000 000			42 000 000
Profit (loss) per one ordinary share (in PLN)	6,72			4,58
Weighted average diluted number of ordinary shares	42 000 000			42 000 000
Diluted profit (loss) per one ordinary share (in PLN)	6,72			4,58

3. Condensed statement of changes in consolidated equity, in thousands PLN

	Initial capital	Supplementary capital	Profit (loss) carried forward	Profit (loss) of the current year	Foreign exchange gains/losses arising from conversion	Equity capital allocated to shareholders of the dominant company	Minority capitals	Equity total
For the 1st quarter (present year), period from January 1, 2007 to March 31, 2007								
Balance at the beginning of period	21 000	538 319	635 922		2	1 195 243	10 584	1 205 827
Corrections of basic errors			-			-		-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	538 319	635 922	-	2	1 195 243	10 584	1 205 827
Distribution of profit/loss carried forward	-	-	-	-		-	-	-
Net profit (loss) of the current period	-	-	-	60 694	(6)	60 688	578	61 266
Balance at the end of the period	21 000	538 319	635 922	60 694	(4)	1 255 931	11 162	1 267 093
For 4 quarters (previous year), period from January 1, 2006 to December 31, 2006								
Balance at the beginning of period	21 000	353 771	542 332	-		917 103	18 145	935 248
Changes in applied accounting principles (policy)	-	-	6	-		6	-	6
Corrections of basic errors	-	-	-	-		-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	353 771	542 338	-	-	917 109	18 145	935 254
Distribution of profit/loss carried forward	-	184 548	(184 548)	-		-	-	-
Changes in minority shares	-	-	-	-		-	(8 500)	(8 500)
Net profit (loss) of the current period	-	-	-	278 132	2	278 134	939	279 073
Balance at the end of the period	21 000	538 319	357 790	278 132	2	1 195 243	10 584	1 205 827
For the 1st quarter (previous year), period from January 1, 2006 to March 31, 2006								
Balance at the beginning of period	21 000	353 771	542 332	-		917 103	18 145	935 248
Changes in applied accounting principles (policy)	-	-	-	-		-	-	-
Corrections of basic errors	-	-	-	-		-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	353 771	542 332	-	-	917 103	18 145	935 248
Distribution of profit/loss carried forward	-	-	-	-		-	-	-
Changes in minority shares	-	-	-	-		-	-	-
Net profit (loss) of the current period	-	-	-	56 784		56 784	1 007	57 791
Balance at the end of the period	21 000	353 771	542 332	56 784	-	973 887	19 152	993 039

4. Condensed consolidated cash flow account, in thousands PLN

Cash flow statement	1st quarter the period from January 1, 2007 to March 31, 2007	1st quarter the period from January 1, 2006 to March 31, 2006
A. Cash flows on operating activity – indirect method		
I. Net profit (loss)	61 272	57 791
II. Adjustments total		
1. Share of associated companies in net (profit) loss	-	-
2. Depreciation of fixed assets	1 023	3 070
3. Revaluation of goodwill	45	-
4. Foreign exchange gains/losses	(9 463)	10 045
5. Interest and shares in profits (dividends)	12 249	9 788
6. (Profit) loss on investment activity	(47 292)	(52 728)
7. Change in reserves	8 286	10 859
8. Change in inventories	(42 721)	(8 071)
9. Change in receivables	33 125	143 525
10. Change in short-term liabilities, except for loans and credits	(9 123)	(176 641)
11. Change in accruals	6 293	(9 286)
12. Other adjustments	-	-
	(47 578)	(69 439)
III. Net cash flows from operating activity (I+/-II)	13 694	(11 648)
B. Cash flows on investment activity		
I. Income		
1. Sales of intangible assets and fixed assets	26	101
2. Sales of investments in real property and in intangible assets	-	24 766
3. From financial assets	24 902	45 982
4. Other income from investments	-	-
	24 928	70 849
II. Expenditure		
1. Acquisition of intangible assets and fixed assets	(120 154)	(570)
2. Investments in immovable property and in intangible assets	(6 509)	(4 179)
3. On financial assets	(20 813)	-
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditure	(324)	(480)
	(147 800)	(5 229)
III. Net cash flows on investment activity (I-II)	(122 872)	65 620
C. Cash flows on financial activity		
I. Income		
1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	191 604	80 697
2. Loans and credits	-	168 665
3. Issue of debenture bonds	-	-
4. Other financial income	191 604	249 362
	191 604	249 362

4. Condensed consolidated cash flow account, in thousands PLN, ctd.

Cash flow statement ctd.	1st quarter the period from January 1, 2007 to March 31, 2007	1st quarter the period from January 1, 2006 to March 31, 2006
II. Expenditure		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Repayments of loans and credits	(76 323)	(43 143)
5. Redemption of debenture bonds	-	(165 000)
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	(122)	(122)
8. Interest	(14 597)	(13 034)
9. Other financial expenses	-	-
	(91 042)	(221 299)
III. Net cash flows on financial activity (I-II)	100 562	28 063
D. Net cash flows total (A.III+/-B.III+/-C.III)	(8 616)	82 035
E. Difference in cash balances, including:	(14 398)	82 035
- change in cash balance on account of exchange rate gain/loss	(5 782)	-
F. Cash at the beginning of period	297 792	242 483
G. Cash at the end of period (F+/-D), including:	283 394	324 518
- with limited disposability	-	-

5. Additional information to condensed consolidated report**5.1 Basic information**

Echo Investment S.A. (hereinafter 'the Company'), previously operating under the name of 'Echo Press' Sp. z o.o. , was registered in Kielce on July 23, 1992. The registered office of the Company is located in Kielce at 27 Zagnańska Street.

Echo Investment Capital Group's (hereinafter 'the Capital Group') operations can be divided into two major segments:

- (a) erection and lease of areas shopping centers and commercial and entertainment centers,
- (b) erection and sales of apartments,
- (c) erection and lease of areas in office buildings,
- (d) erection, sales and lease of hotels.

As on March 31, 2007 and March 31, 2006, the Capital Group employed 302 and 279 persons, respectively.

The Capital Group performs its operations in Poland and is launching its business in Hungary.

The present statement refers to the three months' period expiring on March 31, 2006, with comparative data referring to the three months' period expiring on March 31, 2005. The statement is expressed in thousands Polish zlotys.

Shares of Echo Investment S.A., which is the dominant company, have been quoted on the Warsaw Stock Exchange since 1996.

The number of Echo Investment SA's shares is 42,000,000 ordinary bearer shares.

5.2 Principles applied during preparation of the quarterly report

The consolidated statement of Echo Investment S.A. for the first quarter of the year 2007 has been prepared in accordance with the International Financial Reporting Standards, approved by the European Commission. Guidelines included in the IFRS no. 1 and IAS no. 34 have been applied in preparation of the statement. The rules of valuating assets and liabilities and determining the financial result were applied as on the balance day.

The management of the dominant company used its best knowledge in applying standards, interpretation, methods and principles of valuating the particular items of the condensed consolidated financial statement for the first quarter of the year 2007. Preparation of financial statements in accordance with the IFRS required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. The presented financial data has not been verified by an auditor.

Key principles of assets and liabilities valuation and determination of financial result:

- Intangible assets are valuated according to acquisition prices and their balance values are reduced by depreciation and write-offs due to permanent loss in value.
- Goodwill of subsidiaries results from the presence of a difference between company acquisition cost and fair value of identifiable items of assets and liabilities of wholly and partially owned subsidiaries and associated companies. This difference is calculated as on the date of acquisition of a given company. Goodwill is analyzed for loss of value at least once a year.
- Fixed assets are valuated and disclosed in the statement according to acquisition prices or production cost, reduced by depreciation and write-offs due to permanent loss in value. The costs pertaining to a fixed asset, which were borne after putting such asset in operation, refer to the profit and loss account, except for a situation where it is possible to prove that such costs resulted in an increase in expected future economic advantages on account of possessing the given fixed asset. In such case, the yielded costs increase the initial value of the fixed asset. Fixed assets are depreciated according to declining balance method and equally through tax rates. Fixed assets with acquisition prices lower than PLN 3.5 thousand are depreciated once in their full value under the date of purchase. For fixed assets that have permanently lost their economic usability, extraordinary depreciation write-offs are made.
- Fixed assets under construction are valuated according to acquisition prices and production costs. This item includes costs that are directly related to an investment not yet completed. These include expenses incurred on acquisition of land property, expenditure on execution of buildings (mainly foreign services) and relevant financial costs.
- Investments in real property refer to such investments that are considered a source of income from lease rent and ones maintained with regard to an expected increase in their value. Real property is valuated in fair value. The difference resulting from change in fair value is reflected in the profit and loss account for a given period.
- Shares in capital companies and other investments classified among fixed assets are valuated according to acquisition prices reduced by write-offs on account of permanent loss in value.
- Loans granted are disclosed according to depreciated acquisition price, determined using effective interest rate method.
- The following are disclosed under inventories: semi-finished products and work in process, finished products and advances on deliveries. Inventories of non-current assets are valuated according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs but not higher than expected net sales price. Inventories related to long-term construction contracts are valuated according to the guidelines of IAS No. 11 'Construction Contracts'.
- Receivables are disclosed in the balance sheet as amounts due, with due caution. Revaluation write-offs for receivables are made according to the following criteria:
 - for receivables aged over one year – for full value of receivables,
 - for receivables overdue over six months but not longer than one year – 50% of the value of receivables.

In certain justified cases, individual principles of calculating revaluation write-offs can be applied.

- Short-term investments are valuated according to acquisition prices, accounting for write-offs due to permanent loss in value. Cash and cash equivalents include assets in the form of domestic monies, foreign currency and financial instruments, as well as other financial assets, particularly interest on loans granted if it falls due within 3 months from the report date. The same definition of cash applies to the cash flow statement.
- The following items are created on account of deferred tax: assets on account of deferred income tax and provision for income tax. These items are valuated according to their justified estimated value. The provision is calculated with the tax rate to be valid in the following accounting period. Assets on account of deferred income tax on account of tax loss are established if settlement of such loss in the following years is certain of occurring.
- Share capital and reserve capital is valuated in its nominal value.
- Reserves are established if the Company is under an existing obligation resulting from past events, it is probable that fulfillment of this obligation will result in the necessity of expensing funds that form economic benefits and it is possible to reliably estimate the value of such obligation. Reserves are particularly established for costs of executed investment projects, costs of bonuses, cash equivalents for unused holiday benefits and audit costs that have not been incurred but which fall on the current period, as well as for expected losses to be yielded in future periods.
- Long-term financial liabilities are valuated with the 'depreciated cost of liabilities component' method, according to IAS 39. The risk and the possibility of early repayment of long-term liabilities is taken into consideration in the course of valuation. Other liabilities are disclosed in the balance sheet as payable amounts.
- The amount of the company social benefits fund is established on the basis of the Act on Company Social Benefits Fund (Journal of Laws of 1994, no. 43, item 163, as amended) and disclosed in the balance sheet in its nominal value, in the amount brought forward.

- Accrued income and costs are disclosed in their nominal value.
- Foreign currencies are valued as on the balance day, applying relevant exchange rates of Pekao SA bank applicable as on the balance day.
- Financial result is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, yield and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference on account of income tax and other charges on the financial result. Financial result is determined using the multiple-step method.
 - a) The costs of production of products sold include yielded costs pertaining to the revenues in a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.
 - b) With regard to long-term construction contracts, financial result is affected by estimated income, considering progress of investment execution as on the balance day, pursuant to the principles under IAS No. 11 'Construction Contracts'. Progress of investment execution is determined as the share of costs borne as on the balance day in total estimated investment costs. Revenues of the current period are established in the same proportion towards total estimated revenues. Own costs of sales of production consisting in execution of building contracts is disclosed according to the progress of investment execution.
 - c) Sales are valued on the basis of production costs, using one of the following two methods, depending on the types of projects:
 - return ratio according to the sales contract, or average (calculated) return ratio assumed by the company;
 - percentage of such items as, for instance, sold area of land, sold shares, etc. (according to average prices) Own cost of sold premises and land is settled in proportion to sold shares in land. In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.
 - d) The following factors also affect the financial result:
 - in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,
 - yielded costs of sales and overheads and costs not yet borne, booked according to the principle of matching revenues and costs,
 - profits and losses on sale of securities,
 - all financial income receivable by the company,
 - yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23 'Borrowing Costs'. The company activates the part of financial costs that is directly related to acquisition and production of assets disclosed as inventories and investments in progress. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts). The structure of expenditure in the company is calculated as overheads, advances, loans granted, expenses on fixed assets, financial investments, intangible assets and non-activated inventories and expenses reduced by revenues from advances on activated projects. The amount of activated financial costs corresponding to the latter item is calculated proportionally. It is divided among specific inventory projects according to structure of expenses reduced by advances.
 - realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.
- Cash flow statement is prepared according to indirect method.

5.3 Results of change in applied accounting principles (conversion of financial statements for the preceding periods), with description

Echo Investment Capital Group did not change its accounting principles in 2007.

5.4 Composition of the Echo Investment S.A. Capital Group

Echo Investment S.A., which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current developer projects. The group companies have been established or acquired for the purpose of performing certain investment tasks. They do not engage in any type of business activity other than one involved in the realization process of a specific project, followed by provisions of lease services of already completed property components or other services.

As on March 31, 2007 the Echo Investment S.A. Capital Group consists of 87 subsidiaries that are fully consolidated and 4 companies valued according to ownership rights method.

Fully consolidated companies:

- "Athina Park" Spółka z o.o. ['Athina Park' Limited Liability Company], having its registered seat in Kielce
- "Centrum Handlowe PHS" Spółka Akcyjna ['PHS Shopping Center' Joint Stock Company], having its registered seat in Szczecin
- "Echo - Arena" Spółka z o.o. ['Echo - Arena' Limited Liability Company], having its registered seat in Kielce, formerly "Hotel Investment" Spółka z o.o. ['Hotel Investment' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Bankowości i Finansów Łódź" Spółka z o.o. ['Echo Łódź Banking and Finance Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Biznesu Łódź" Spółka z o.o. ['Echo Łódź Business Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Poznań" Spółka z o.o. ['Echo - Poznań Center' Limited Liability Company] having its registered seat in Kielce, formerly "Polimeni International Poznań" Spółka z o.o. ['Polimeni International Poznań' Limited Liability Company], having its registered seat in Gdynia
- "Echo - Galaxy" Spółka z o.o. ['Echo - Galaxy' Limited Liability Company], having its registered seat in Kielce, formerly "Projekt - Echo 32" Spółka z o.o. ['Project - Echo 32' Limited Liability Company], having its registered seat in Kielce
- "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" ['Echo - Galaxy Limited Liability Company'] Limited Partnership, having its registered seat in Kielce, formerly "Szczecin - Projekt Echo 32 Spółka z ograniczoną odpowiedzialnością" ['Szczecin - Project Echo 32 Limited Liability Company'] Limited Partnership, having its registered seat in Kielce
- "Echo - Pasaż Grunwaldzki" Spółka z o.o. ['Echo - Grunwaldzki Arcade' Limited Liability Company], having its registered seat in Kielce
- „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością” Spółka komandytowa ["Echo - Grunwaldzki Arcade Limited Liability Company" Limited Partnership], having its registered seat in Kielce
- "Echo ACC" Spółka z o.o. ['Echo ACC' Limited Liability Company], having its registered seat in Kielce
- "Echo Bau" Spółka z o.o. ['Echo Bau' Limited Liability Company], having its registered seat in Kielce
- "Echo Centrum Ślichowice" Spółka z o.o. ['Echo Ślichowice Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Gdynia" Spółka z o.o. ['Echo Investment - Gdynia Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Bełchatów" Spółka z o.o. ['Echo Investment - Bełchatów Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Jelenia Góra" Spółka z o.o. ['Echo Investment - Jelenia Góra Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Łomża" Spółka z o.o. ['Echo Investment - Łomża Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Przemyśl" Spółka z o.o. ['Echo Investment - Przemyśl Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Rzeszów" Spółka z o.o. ['Echo Investment - Rzeszów Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Świętochłowice" Spółka z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Tarnów" Spółka z o.o. ['Echo Investment - Tarnów Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice" Spółka z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Kielce" Spółka z o.o. ['Echo Investment - Kielce Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment Hungary Ingatlanhasznosító Kft.", having its registered seat in Budapest
- "Echo Investment Projekt 1" S.R.L., having its registered seat in Bucharest
- "Est On Property Management" Spółka z o.o. ['Est On Property Management' Limited Liability Company], having its registered seat in Kielce
- "Galeria Echo - Kielce" Spółka z o.o. ['Echo Gallery Kielce' Limited Liability Company], having its registered seat in Kielce, formerly "Projekt 3" Spółka z o.o. ['Project 3' Limited Liability Company], having its registered seat in Warsaw
- „Hotel Investment Sp. z o.o.” Spółka komandytowa z siedzibą w Kielcach
- "Kieleckie Centrum Handlowo-Rozrywkowe Echo" Spółka z o.o. ['Echo Shopping and Entertainment Center of Kielce' Limited Liability Company], having its registered seat in Kielce
- "Malta Office Park" Spółka z o.o. ['Malta Office Park' Limited Liability Company], having its registered seat in Kielce

- "MDP" Spółka z o.o. ['MDP' Limited Liability Company], having its registered seat in Kielce
- "Piomot Auto" Spółka z o.o. ['Piomot Auto' Limited Liability Company], having its registered seat in Kielce
- "Princess Boryszewska" Spółka z o.o. ['Princess Boryszewska' Limited Liability Company], having its registered seat in Kielce
- "Princess Investment" Spółka z o.o. ['Princess Investment' Limited Liability Company], having its registered seat in Kielce
- „Project 2 - Echo Hungary Kft.”, having its registered seat in Budapest
- "Projekt - Echo 17" Spółka z o.o. ['Project - Echo 17' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 30" Spółka z o.o. ['Project - Echo 30' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 34" Spółka z o.o. ['Project - Echo 34' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 37" Spółka z o.o. ['Project - Echo 37' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 39" Spółka z o.o. ['Project - Echo 39' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 41" Spółka z o.o. ['Project - Echo 41' Limited Liability Company], having its registered seat in Kielce
- „Projekt - Echo 41 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa ["Project - Echo 41 Limited Liability Company" Limited Partnership], having its registered seat in Kielce
- "Projekt - Echo 42" Spółka z o.o. ['Project - Echo 42' Limited Liability Company], having its registered seat in Kielce
- „Projekt - Echo 42 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa ["Project - Echo 42 Limited Liability Company" Limited Partnership], having its registered seat in Kielce
- "Projekt - Echo 43" Spółka z o.o. ['Project - Echo 43' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 44" Spółka z o.o. ['Project - Echo 44' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 45" Spółka z o.o. ['Project - Echo 45' Limited Liability Company], having its registered seat in Kielce
- „Projekt - Echo 45 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa ["Project - Echo 45 Limited Liability Company" Limited Partnership], having its registered seat in Kielce
- "Projekt - Echo 46" Spółka z o.o. ['Project - Echo 46' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 47" Spółka z o.o. ['Project - Echo 47' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 48" Spółka z o.o. ['Project - Echo 48' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 53" Spółka z o.o. ['Project - Echo 53' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 54" Spółka z o.o. ['Project - Echo 54' Limited Liability Company], having its registered seat in Kielce
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- "Projekt - Echo 69" Spółka z o.o. ['Project - Echo 69' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 70" Spółka z o.o. ['Project - Echo 70' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 71" Spółka z o.o. ['Project - Echo 71' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 72" Spółka z o.o. ['Project - Echo 72' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 73" Spółka z o.o. ['Project - Echo 73' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 74" Spółka z o.o. ['Project - Echo 74' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 75" Spółka z o.o. ['Project - Echo 75' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 76" Spółka z o.o. ['Project - Echo 76' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 77" Spółka z o.o. ['Project - Echo 77' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 78" Spółka z o.o. ['Project - Echo 78' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 79" Spółka z o.o. ['Project - Echo 79' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 80" Spółka z o.o. ['Project - Echo 80' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 81" Spółka z o.o. ['Project - Echo 81' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 82" Spółka z o.o. ['Project - Echo 82' Limited Liability Company], having its registered seat in Kielce
- "Projekt Naramowice" Spółka z o.o. ['Project Naramowice' Limited Liability Company], having its registered seat in Kielce
- "Projekt S" Spółka z o.o. ['Project S' Limited Liability Company], having its registered seat in Kielce
- "WAN 11" Spółka z o.o. ['WAN 11' Limited Liability Company], having its registered seat in Warsaw
- "Wyględów" Spółka z o.o. ['Wyględów' Limited Liability Company], having its registered seat in Kielce
- "Zakłady Ogrodnicze Naramowice" Spółka z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company], having its registered seat in Kielce

Companies valued according to ownership rights method:

- "Projekt - Echo 23" Spółka z o.o. ['Project - Echo 23' Limited Liability Company], having its registered seat in Kielce
- "SPC" Spółka Akcyjna ['SPC' Joint Stock Company], having its registered seat in Warsaw,
- "W.A. Hotele" Spółka z o.o. ['W.A. Hotels' Limited Liability Company], having its registered seat in Warsaw
- "WAN Invest" Spółka z o.o. ['WAN Invest' Limited Liability Company], having its registered seat in Warsaw

All wholly and partially owned subsidiaries and affiliated companies are covered by the range of consolidation. The dominant company owns 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries but:

- "Echo - Centrum Gdynia" Sp. z o.o. ["Echo - Gdynia Center" Limited Liability Company], where it holds 82.48% of capital,
- "Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice" Sp. z o.o. ["Echo Investment - Gliwice Shopping, Service and Entertainment Center" Limited Liability Company], where it holds 77.52% of capital,

In partially owned subsidiaries, the dominant Company is the owner of the following respective shares:

- 'WAN 11' Sp. z o.o. [Co., Ltd.] - 50% of basic capital and 50% of voting rights at the general meeting.
- 'Projekt S' Sp. z o.o. [Co., Ltd.] - 63% of basic capital and 63% of voting rights at the general meeting.

Capital relationships within the Capital Group concern the following:

- a) "Piomot - Auto" Sp. z o.o., holding 5,53% of basic capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.;
- b) "Zakłady Ogrodnicze Naramowice" Sp. z o.o., holding 99,8% of basic capital of "Projekt Naramowice" Sp. z o.o.;
- c) "Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o., holding:
 - 99,99% of basic capital of "Kieleckie Centrum Handlowo - Rozrywkowe Echo Sp. z o.o.",
 - 100% of basic capital of "Princess Boryszewska" Sp. z o.o.
- e) "Projekt - Echo 37" Sp. z o.o., holding 0,001% of basic capital of "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o.;
- f) "Echo - Pasaż Grunwaldzki" Sp. z o.o., holding 1% of share of "Echo - Pasaż Grunwaldzki" Sp. z o.o.;
- g) "Echo - Arena" Sp. z o.o., holding 1% of share of "Hotel Investment Sp. z o.o." Limited Company;
- h) "Echo - Galaxy" Sp. z o.o., holding 1% of share of "Echo - Galaxy Sp. z o.o." Limited Company;
- i) "Galeria Echo - Kielce" Sp. z o.o., holding 0,01% of basic capital of "Kieleckie Centrum Handlowo-Rozrywkowe Echo" Sp. z o.o.;
- j) "Projekt - Echo 41" Sp. z o.o., holding 1% of share of "Projekt - Echo 41 Sp. z o.o." Spółka komandytowa;
- k) "Projekt - Echo 42" Sp. z o.o., holding 1% of share of "Projekt - Echo 42 Sp. z o.o." Spółka komandytowa;
- l) "Projekt - Echo 45" Sp. z o.o., holding 1% of share of "Projekt - Echo 45 Sp. z o.o." Spółka komandytowa;
- m) "Projekt - Echo 17" Sp. z o.o., holding the following respective shares of basic capital of:
 - 1.00% of capital of "Wygłędów" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 37" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 39" Sp. z o.o.,
 - 1.00% of capital of "Galeria Echo - Kielce" Sp. z o.o.,
 - 1.00% of capital of "Echo ACC" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 30" Sp. z o.o.,
 - 1.00% of capital of "Echo - Galaxy" Sp. z o.o.,
 - 1.00% of capital of "Echo - Pasaż Grunwaldzki" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 34" Sp. z o.o.,
 - 1.00% of capital of "Est On Property Management" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 41" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 42" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 43" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 44" Sp. z o.o.,
 - 1.00% of capital of "Projekt - Echo 45" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 53" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 54" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 55" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 56" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 57" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 58" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 59" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 60" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 61" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 62" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 63" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 64" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 65" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 66" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 67" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 68" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 69" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 70" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 71" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 72" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 73" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 74" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 75" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 76" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 77" Sp. z o.o.,
 - 0,1% of capital of "Projekt - Echo 78" Sp. z o.o.,

- 0,1% of capital of "Projekt - Echo 79" Sp. z o.o.,
- 0,1% of capital of "Projekt - Echo 80" Sp. z o.o.,
- 0,1% of capital of "Projekt - Echo 81" Sp. z o.o.,
- 0,1% of capital of "Projekt - Echo 82" Sp. z o.o.,
- 0,05% of capital of "Echo - Arena" Sp. z o.o.,
- 0,03% of capital of "Malta Office Park" Sp. z o.o.,
- 0,03% of capital of "Echo Investment - Centrum Handlowe Siemianowice Śląskie" Sp. z o.o.,
- 0,02% of capital of "Echo Centrum Ślchowice" Sp. z o.o.,
- 0,02% of capital of "Echo - Centrum Biznesu Łódź" Sp. z o.o.,
- 0,02% of capital of "Projekt Naramowice" Sp. z o.o.,
- 0,01% of capital of "Echo Investment - Centrum Handlowo-Rozrywkowe Gliwice" Sp. z o.o.,
- 0,008% of capital of "Athina Park" Sp. z o.o.,
- 0,007% of capital of "Echo Investment - Centrum Handlowe Łomża" Sp. z o.o.,
- 0,006% of capital of "Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o.,
- 0,006% of capital of "Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o.,
- 0,005% of capital of "Echo Investment - Centrum Gdynia" Sp. z o.o.,
- 0,004% of capital of "MDP" Sp. z o.o.,
- 0,004% of capital of "Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o.,
- 0,002% of capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.,
- 0,002% of capital of "Echo Investment - Centrum Handlowo-Rozrywkowe Kielce" Sp. z o.o.,

Other shares in the above mentioned companies are held by 'Echo Investment' S.A.

5.5 Explanations concerning seasonal or cyclical quality of the issuer's activity during the presented period

The operations of Echo Investment Capital Group cover numerous segments of the real estate market. Therefore, seasonality or cyclicity of yielded income or results is highly diversified. Consolidated income on sales is primarily generated from lease of commercial surfaces (shopping centers, offices) and supplemented by other types of activity: sale of apartments, general contractor's services, real estate management and turnover, other minor ranges of activity. The available portfolio of assets for lease, systematic execution and sale of residential project, along with other ranges of activity, to a significant extent ensure comparable incomes in each quarter. The Management Board cannot exclude other singular events that can affect the results yielded in a given period.

5.6 Information about issuance, redemption and repayment of debt and capital securities

Apart from own funds, loans and facilities, the current operations of the Capital Group are also financed through issuance of debt financial instruments. The dominant company - Echo Investment S.A. - is currently implementing active programs of issuance of long-term and short-term financial instruments (bonds).

Pursuant to contracts made as regards the Bonds Issue Program with BRE Bank in 2004 and BPH S.A. Bank in 2003, Echo Investment S.A. has certain liabilities due to issued debt securities. The balance of these liabilities as at the submission date of this statement is presented in the table below:

Name of bank	Type of instrument	Used amount [in thousands PLN]	Bonds redemption date
BRE Bank S.A.	Bonds	150.000	25.05.2011
BRE Bank S.A.	Bonds	100.000	25.05.2013
BRE Bank S.A.	Bonds	50.000	24.05.2007
Bank BPH S.A.	Bonds	30.000	04.09.2007
Bank BPH S.A.	Bonds	30.000	11.09.2007

Events following the balance date:

On April 16, 2007, Echo Investment SA signed annexes to contracts concerning the Bonds Issuance Program as of April 15, 2004 with BRE Bank S.A., with its registered seat in Warsaw. The annexes to the foregoing Contracts stipulate multiple issues of short-, medium- and long-term bonds denominated in Polish zlotys, to be executed by the Company within 3 years from the date of signing the annexes. The maximum total nominal value of all bonds thus issued shall not exceed PLN 600 million. Under the foregoing Contracts, the Company is presently indebted on account of debt securities issued. The balance of these liabilities as on the date of submission of this statement equals PLN 300 million. The company shall allocate the funds obtained from issues to financing its daily activities.

Under the signed annexes to Contracts, BRE Bank S.A. shall organize and provide complex service of issue of the Company's bonds on unregistered market. The bonds will be straight debt, issued as bearer securities. Interest rates on the bonds can be fixed or variable. The bonds shall not yield any non-financial performances. Terms and conditions of issue shall be set out a few days prior to issue, during the term of the Contract on Bonds Issue (until April 16, 2010).

5.7 Information about paid (or declared) dividend, total and per one share, divided into ordinary and preference shares

The dominant company – Echo Investment S.A. – did not pay any dividend in the previous years nor declare payment of such in the nearest future.

5.8 Specification of events occurring after the condensed quarterly financial statement date, not disclosed in the statement but capable of significantly affecting future financial results of the issuer

On April 5, 2007 Echo Investment S.A. (the Buyer) entered into a contract of sale of immovable property and a preliminary contract of sale with SPEDIMEX Sp. z o.o. with its registered seat in Łódź (the Seller).

The object of the contract of sale is the immovable property situated in Łódź with two office and warehouse buildings erected thereon. The value of contract is PLN 30,000,000.

The object of preliminary contract of sale is the immovable property situated in Łódź with a fuel station and technical buildings erected thereon. The value of contract is PLN 13,300,000. A precondition to the making of the promised contract is that the Seller must disclose in the land and mortgage register the buildings and structures erected on the immovable property and submit a certificate of lack of arrears in tax payments valid as on the effective date of the final contract and a valid copy of the land and mortgage register. The Parties have agreed that the promised contract shall be executed when the aforementioned conditions are fulfilled, in any case no later than until December 31, 2007. The aforementioned conditions are conditions precedent.

The aforementioned contracts have been considered significant on the basis of equity capital criteria.

The Company intends to develop residential buildings on the aforementioned immovable property.

On April 16, 2007, Echo Investment SA signed annexes to contracts concerning the Bonds Issuance Program as of April 15, 2004 with BRE Bank S.A., with its registered seat in Warsaw. The annexes to the foregoing Contracts stipulate multiple issues of short-, medium- and long-term bonds denominated in Polish zlotys, to be executed by the Company within 3 years from the date of signing the annexes. The maximum total nominal value of all bonds thus issued shall not exceed PLN 600 million. Under the foregoing Contracts, the Company is presently indebted on account of debt securities issued. The balance of these liabilities as on the date of submission of this statement equals PLN 300 million. The company shall allocate the funds obtained from issues to financing its daily activities.

Under the signed annexes to Contracts, BRE Bank S.A. shall organize and provide complex service of issue of the Company's bonds on unregistered market. The bonds will be straight debt, issued as bearer securities. Interest rates on the bonds can be fixed or variable. The bonds shall not yield any non-financial performances. Terms and conditions of issue shall be set out a few days prior to issue, during the term of the Contract on Bonds Issue (until April 16, 2010).

5.9 Specification of results of changes in the structure of the business entity, including ones resulting from mergers, takeover or sale of Capital Group companies, long-term investments, division, restructuring or discontinuation of operations.

1. 40 Echo Investment SA Capital Group companies and partnerships were registered at the District Court:

- „Projekt – Echo 41 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [“Project – Echo 41 Limited Liability Company” Limited Partnership], having its registered seat in Kielce
- „Projekt – Echo 42 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [“Project – Echo 42 Limited Liability Company” Limited Partnership], having its registered seat in Kielce
- „Projekt – Echo 45 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [“Project – Echo 45 Limited Liability Company” Limited Partnership], having its registered seat in Kielce
- „Projekt – Echo 46” Spółka z o.o. [“Project – Echo 46 Limited Liability Company], having its registered seat in Kielce
- „Projekt – Echo 47” Spółka z o.o. [“Project – Echo 47” Limited Liability Company], having its registered seat in Kielce
- „Projekt – Echo 48” Spółka z o.o. [“Project – Echo 48” Limited Liability Company], having its registered seat in Kielce
- „Projekt – Echo 49” Spółka z o.o. [“Project – Echo 49” Limited Liability Company], having its registered seat in Kielce
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- "Projekt - Echo 81" Spółka z o.o. ['Project - Echo 81' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 82" Spółka z o.o. ['Project - Echo 82' Limited Liability Company], having its registered seat in Kielce

2. 11 companies were eliminated from the Capital Group:

- "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company], having its registered seat in Kielce (the merging company) merged with the following companies:

"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment - Pabianice Shopping Center' Limited Liability Company], having its registered seat in Kielce

"Echo Investment - Centrum Handlowe Radom" Sp. z o.o. ['Echo Investment - Radom Shopping Center' Limited Liability Company], having its registered seat in Kielce (the merged companies).

- „Echo Investment - Centrum Handlowe Świętochłowice” Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] (the merging company) merged with the following companies:

- "Echo Investment - Centrum Handlowe Olkusz" Spółka z o.o. ['Echo Investment - Olkusz Shopping Center' Limited Liability Company], having its registered seat in Kielce,

"Echo Investment - Centrum Handlowe Piła Sp. z o.o." ['Echo Investment - Piła Shopping Center Limited Liability Company'], having its registered seat in Kielce

"Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o." ['Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company'], having its registered seat in Kielce,

- "Echo Investment - Centrum Handlowe Tczew Sp. z o.o." ['Echo Investment - Tczew Shopping Center Limited Liability Company'], having its registered seat in Kielce,

"Echo Investment - Centrum Handlowe Zamość Sp. z o.o." ['Echo Investment - Zamość Shopping Center Limited Liability Company'], having its registered seat in Kielce (the merged companies).

- % shares in the following companies' equity were sold:

- "Projekt - Echo 49" Spółka z o.o. ['Project - Echo 49' Limited Liability Company], having its registered seat in Kielce

- "Projekt - Echo 50" Spółka z o.o. ['Project - Echo 50' Limited Liability Company], having its registered seat in Kielce

- "Projekt - Echo 51" Spółka z o.o. ['Project - Echo 51' Limited Liability Company], having its registered seat in Kielce

- "Projekt - Echo 52" Spółka z o.o. ['Project - Echo 52' Limited Liability Company], having its registered seat in Kielce.

3. The structure of initial capital of the following subsidiaries was changed:

I. Giant Sp. z o.o. with its registered seat in Poznań acquired the newly established shares in Echo Investment SA's subsidiaries:

- 3,939 shares in „Echo - Centrum Gdynia” Sp. z o.o. ['Echo - Gdynia Center' Limited Liability Company] with its registered seat in Kielce,

- 1,993 shares in "Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice" Spółka z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Limited Liability Company], having its registered seat in Kielce.

II. In regard of the merger of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company], having its registered seat in Kielce (the merging company) with the following companies:

"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment - Pabianice Shopping Center' Limited Liability Company], having its registered seat in Kielce

- "Echo Investment - Centrum Handlowe Radom" Sp. z o.o. ['Echo Investment - Radom Shopping Center' Limited Liability Company], having its registered seat in Kielce (the merged companies),

the existing shareholders of the merged companies have taken up the newly established shares in the merging company:

- Echo Investment SA: 426,916 shares of a total value of PLN 21,345,800, giving 426,916 votes at the meeting of shareholder, i.e. 65.13% of initial capital,

- subsidiary „Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce: 125 shares of a total value of PLN 6,250, giving 125 votes at the meeting of shareholders, i.e. 0.02% of initial capital.

III. In regard of merger of the subsidiary „Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] (the merging company) with the following companies:

- "Echo Investment - Centrum Handlowe Olkusz" Spółka z o.o. ['Echo Investment - Olkusz Shopping Center' Limited Liability Company], having its registered seat in Kielce,

“Echo Investment - Centrum Handlowe Pila Sp. z o.o.” [‘Echo Investment - Pila Shopping Center Limited Liability Company’], having its registered seat in Kielce

“Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” [‘Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company’], having its registered seat in Kielce,

- “Echo Investment - Centrum Handlowe Tczew Sp. z o.o.” [‘Echo Investment - Tczew Shopping Center Limited Liability Company’], having its registered seat in Kielce,

- “Echo Investment - Centrum Handlowe Zamość Sp. z o.o.” [‘Echo Investment - Zamość Shopping Center Limited Liability Company’], having its registered seat in Kielce (the merged companies),

the existing shareholders of the merged companies have taken up the newly established shares in the merging company:

- Echo Investment SA: 557,263 shares of a total value of PLN 27,863,150, giving 557,263 votes at the meeting of shareholder, i.e. 82.77% of initial capital,

- subsidiary „Projekt Echo - 17” Sp. z o.o. [‘Project Echo - 17’ Limited Liability Company] with its registered seat in Kielce: 195 shares of a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, i.e. 0.03% of initial capital.

IV. On March 14, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register, registered Echo Investment SA – Oddział Pasaż Świętokrzyski [Echo Investment Joint Stock Company – Świętokrzyski Arcade Branch], being a separated part of Echo Investment SA company within the meaning of Article 4a clause 4 of the Act as of February 15, 1992 on Corporate Income Tax (Journal of Laws as of 2000, No. 54, item 694), being an establishment that prepares its balance sheet independently, within the meaning of Article 6 item 1 of the Act as of March 11, 2004, on Tax on Goods and Services (Journal of Laws No. 54, item 535), as a Branch named “Echo Investment S.A. – Oddział Pasaż Świętokrzyski”, covering a set of tangible and intangible assets required for and related to the activity carried out under the Branch.

V. In the course of execution of resolution no. 2, passed by the Extraordinary General Meeting of Shareholders of Echo Investment SA of March 5, 2007 on consenting to transfer of an organized part of the enterprise of Echo Investment SA Company through a non-cash contribution to a company of Echo Investment Capital Group, an agreement of transfer of an organized part of company Echo Investment SA – Oddział Pasaż Świętokrzyski (“the Branch”) was signed on March 8. The Branch is a non-cash contribution for coverage of newly established 2,201,947 shares in the initial capital of “Projekt Echo - 54” Sp. z o.o. with total value of PLN 110,097,350, where all these newly established shares were taken up by Echo Investment SA. These shares form 99.9% of the Company’s initial capital, giving 2,202,946 votes at the meeting of shareholders. On March 30, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register, registered the aforementioned changes in the initial capital of “Projekt Echo - 54” Sp. z o.o.

VI. On February 28, 2007, in consequence of agreements of transfer of enterprises, which were made between the following subsidiaries: (i) „Echo - Centrum Bankowości i Finansów” Sp. z o.o. [‘Echo Banking and Finance Center’ Limited Liability Company] with its registered seat in Kielce, (ii) „Echo - Centrum Biznesu Łódź” Sp. z o.o. [‘Echo Łódź Business Center’ Limited Liability Company] with its registered seat in Kielce (the Selling Companies) and „Projekt Echo - 53” Sp. z o.o. [‘Project Echo - 53’ Limited Liability Company] with its registered seat in Kielce (the Buying Company), the present shareholders of the Selling Companies acquired the 1,979,745 newly established shares in the Buying Company of a total value of PLN 98,987,250, where:

- 950,466 shares for a total nominal value of PLN 47,523,300 shall be taken up by “Echo - Centrum Bankowości i Finansów” Sp. z o.o. These shares constitute 47.99% of the company's initial capital, giving 950,466 votes at the meeting of shareholders.

- 1,029,279 shares for a total nominal value of PLN 51,463,950 shall be taken up by “Echo - Centrum Biznesu Łódź” Sp. z o.o. These shares constitute 51.96% of the company's initial capital, giving 1,029,279 votes at the meeting of shareholders.

On April 18, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register, registered the aforementioned changes in the initial capital of “Projekt Echo - 53” Sp. z o.o. with its registered seat in Kielce.

5.10 Information about changes in contingent liabilities or contingent assets that occurred after the end of the last financial year

Certain changes have occurred in contingent liabilities since the expiry of the last financial year, as follows:

5.10.1 Surety agreements

1. The surety for the debts of Echo-Galaxy Sp. z o.o. Sp.k. with its registered seat in Kielce on account of loan granted by EUROHYPO AG Bank, with its registered seat in Eschborn, Germany. The surety was granted by Echo Investment SA in favor of EUROHYPO AG to the amount not exceeding EUR 100 million.

Surety agreements in force as on March 31, 2007 are presented in the table below:

Surety in favor of	Value (in thousands)	Expiry date	On account of
Urząd Miasta Łodzi [Municipal Office of Łódź]	PLN 8,370	year 2095	payment of fees for perpetual usufruct of land by MDP Sp. z o.o. [MDP Co., Ltd.] (100% subsidiary of Echo Investment S.A.)

Bank PeKaO SA	PLN 740	until the day of contract of transfer from the rights of bank performance guarantee in favor of PeKaO SA Bank.	Surety for the liabilities of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Co., Ltd.] as a collateral of a loan granted by PeKaO SA Bank.
Bank Eurohypo AG	EUR 13,000	year 2013	collateral of credit granted

5.10.2 Guarantee agreements

1. Bank guarantee as of September 23, 2005, granted by BZ WBK S.A. Bank by way of securing payment for execution of construction of an underground passage and other components of reconstruction of the road system of Grunwaldzki Square in Wrocław, granted in favor of the Commune of Wrocław, has expired. The value of that guarantee was PLN 17,894 thousand.

2. Bank guarantee as of August 15, 2004, granted by PeKaO SA Bank as a security of debts and possible liquidated damages related to the contract of purchase of land in Wrocław from the Commune of Wrocław, has expired. The value of that guarantee was PLN 3,831 thousand.

Guarantee agreements in force as on March 31, 2007 are presented in the table below:

Guarantor	Value (in thousands PLN)	Expiry date	On account of
PKO BP SA [Joint Stock Company]	3.995	05.09.2007	Security of liabilities towards Spółdzielnia Spożywców MOKPOL
EUROHYPO AG	18.241	30.04.2007	Security of payment of remuneration for construction works to Strabag Sp. z o.o.

5.11 Description of the issuer's significant achievements or failures

During the 1st quarter of the year 2007, Echo Investment S.A. and Capital Group companies realized projects initiated in the previous years and became involved in new investments in the segments described below:

Polish market

Segment of shopping centers and commercial and entertainment centers

Shopping and shopping/entertainment centers built by the Capital Group operate in more than ten cities in Poland. The stability of the market of shopping areas is due to high market demand, possibility of adapting to the requirements of specific clients and high diversification of industries.

Domestic and international shopping chains, as well as local companies are tenants of commercial areas in these buildings. Key tenants in shopping centers include: Carrefour, Tesco, Real, Hypernova, Nomi, ITI Neovision, Silver Screen, RTV Euro AGD, Empik, Douglas, Saturn Planet, Supermarkety Drogerijne Rossman and other chain brands.

During the 1st quarter of 2007, development of the Company's largest project was continued, being an advanced shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław at Grunwaldzki Square. Rentable area of about 48,700 sq. m has been let to tenants in 100%. The center was put into operation in April 2007.

Another commercial project is being prepared. A modern shopping and entertainment center called METROPOLIS will be built on the Company's immovable property situated in Poznań, Hetmańska Street, offering about 50,000 sq. m of space for rent (120,000 sq. m total area). The Center will be designed by Studio ADS, architects' office of Poznań. The anticipated commencement date of investment falls in the 1st half of 2008 and completion date in the 2nd half of 2010. The value of investment shall be about 100 million EUR.

Development of the largest shopping and entertainment center in Słupsk, called ARENA, is planned on the Company's property of 64,000 sq. m, to be situated in an attractive location of Słupsk at Grottgera Street. The building shall offer about 75,000 sq. m total area and 38,000 sq. m rentable area. Lease agreements were made with such companies as Helios, Media Markt, BC Club, Rossmann, Ravel. As at the end of the 1st quarter of 2007, the Company has let ca. 45% of the area of the center. The value of this investment project exceeds PLN 200 million. The anticipated project commencement date will be in the 2nd half of 2007, and completion date – in the 2nd half of 2009.

Realization of erection of shopping centers in Łomża and Lublin supplements the portfolio of commercial areas with simultaneous improvement of quality and advancement of the Company's offer. In the Shopping Center in Łomża, which is currently under preparation, the REAL superstore will be opened, with an approximate area of 8,500 square meters. The parties to the contract, i.e. Echo Investment SA and real- Sp. z o.o. and Spółka sp.k., are entitled to terminate the contract if Echo Investment SA does not, until June 30, 2008, obtain a final building permit. The Company is expecting completion of administrative procedures.

Echo Investment S.A. also intends to expand some of its existing shopping and shopping/entertainment centers.

Construction of shopping and entertainment centers is financed in cooperation with Bank BPH S.A., Bank PeKaO S.A., Eurohypo A.G., ING Bank Śląski S.A. and Kredyt Bank S.A.

Future operations of Capital Group companies will focus on execution of new projects, also including projects in smaller Polish towns, followed by an increase of the portfolio of commercial areas for lease, including expansion of existing projects.

Segment of office areas

In the office investments segment, Echo Investment Capital Group has completed facilities for lease in the largest cities in Poland: Warsaw, Łódź and Cracow. The Group is executing new investments and acquiring projects already functioning in the market. Its offer covers office buildings of various standards, including top class.

Although this market segment is highly competitive, the Capital Group's projects ensure stable income from long-term lease contracts due to proper location and appropriate standards.

Office areas are leased to such recognized companies as BRE Bank SA, Bank PeKaO SA, Bank Zachodni WBK SA, Polkomtel SA, Deutsche Leasing, Impel SA, Colgate-Palmolive, Porr Polska, Modzelewski & Rodek, Roche Diagnostic Polska, Dell, and others.

The Warsaw market

The process of designing and preparing realization of a set of office buildings with multi-storey underground parking lot was carried out on a real property situated in Warsaw at 21 Postępu Street (area ca. 30,000 square meters). The four office buildings designed by APA Wojciechowski design office of Warsaw shall be executed in two stages. The Company is currently obtaining the building permit. The anticipated commencement date of investment falls in the 2nd half of 2007 and completion date in the 2nd half of 2009.

The Poznań market

The process of preparing and realization of the 'Malta Office Park' office complex in Poznań was also carried out (usable area of about 28,000 square meters). The Company has obtained a building permit. The six office buildings designed by Litoborski-Marciniak design office of Poznań shall be executed in three stages. Execution of the investment will be launched during the 1st half of the year 2007. First stage of construction is expected to be completed in the 1st half of the year 2008.

The Kielce market

During the first quarter of the year 2007, the Company was progressing with execution of an investment consisting in a complex of office buildings in Kielce at Al. Solidarności Street (net area of the buildings is about 20,000 square meters). The project assumes realization of three six-storey buildings. Under a General Contracting Agreement made with Ustra Sp. z o.o., Echo Investment S.A. as the Contractor agreed and covenanted to develop the above mentioned office building complex. The anticipated completion date of investment falls in the 2nd half of 2007. On January 9, 2007 Echo Investment SA entered into a contract of lease of office space (ca. 3,690 sq. m) in one of the above mentioned buildings with Ustra Sp. z o.o. The contract was made for a period of 10 years. The value of contract for the entire 10-year period, as at the contract effective date, is PLN 32.9 million.

The Cracow market

The Company intends to develop a new office building in Cracow, Lea Street. During the 1st quarter of the year, an agreement was made with DDJM Biuro Architektoniczne Sp. z o.o., a designing office of Cracow, for execution of an architectural concept. Rentable area will be about 9,000 sq. m. The anticipated commencement date of investment falls in the 2nd half of 2007 and completion date in the 2nd half of 2008.

The Gdańsk market

In December 2006, Echo Investment SA succeeded in an open tender for the sale of 99-year perpetual usufruct right to land situated in Gdańsk, Jana z Kolna Street. A preliminary agreement was made for letting the aforementioned land in perpetual usufruct. The Company intends to develop office space on the above mentioned real estate. In the 1st quarter of 2007, a contract was made with Arch - Deco, a designing office of Gdynia, for execution of designing works related to the said office building. The anticipated rentable area will be 20,000 square meters. The anticipated commencement date falls in the 1st half of 2008 and completion date in the 2nd half of 2009.

The Szczecin market

The Company intends to develop a modern office building at its plot of land in Szczecin (High Technology Center). About 10,000 sq. m of the total area of that building will be designed for rent by companies specializing in advanced IT and telecommunication technologies. During the 1st quarter of the year 2007, the Company signed a letter of intent with TietoEnator RTS Sp. z o.o. concerning lease of 3,000 sq. m in the planned building. Architectural design of the building will be developed at Arch Deco, a design office of Gdynia. The anticipated project commencement date will be in the 2nd half of 2007, and completion date - in the 1st half of 2009.

Office projects are financed in cooperation with Eurohypo A.G., Bank PeKaO S.A., and RheinHyp BRE Bank Hipoteczny SA.

The situation in the market of office property has improved since Poland's accession to the European Union, which was reflected in improved condition and dynamic development of many companies and, consequently, in increased demand for office space. This contributes to stabilization of lease rent rates level and increase of the leased-area ratio.

The good perspectives are noticeable in the Warsaw market and in regional markets, such as Łódź, Poznań, Cracow and Wrocław, Upper Silesia region, Tri-City (Gdańsk/Sopot/Gdynia) which is due to high interest of international corporations in moving certain parts of their operations to Poland.

Segment of hotels

The Group's long experience and recognized partners provide good grounds for the company's operations on the market of hotels. During the preceding years, Echo Investment S.A. dealt with complex realization of hotels for key clients, acting as a general contractor of investments. The Capital Group's projects in the hospitality industry were executed in cooperation with international hotel chains: with the French chains of hotels Accor and Envergue, and with the Qubus group of Norway. Realized hotels operate in Warsaw, Kielce, Cracow, Szczecin, Łódź, Poznań, Częstochowa, Zabrze, Gliwice.

In the future, the Company is going to build hotels in cooperation with international hotel operators.

Housing segment

In the residential sector, Echo Investment Capital Group realizes investments from luxury apartment complexes, through high- and medium-standard residential buildings, to single-family houses estates.

The Warsaw market

During the first quarter of the year 2007, the Company succeeded with completion of the Inflancka Housing Estate in Warsaw (2nd stage). 140 apartments were handed over to occupants.

Realization of the 3rd stage of Inflancka Housing Estate, designed by Are Sp. z o.o. design office of Warsaw, was in progress (area for sale is 7,000 square meters). The anticipated date of completion of the next housing estate falls in the 1st half of 2008. (130 apartments).

2nd stage of the investment project in Zwycięzców Street was in progress. The expected date of completion of 240 apartments designed by Szaroszyk & Rycerski Architekci Sp z o.o. of Warsaw shall be in the 1st half of 2008.

A project concerning residential buildings is currently under preparation: in Warsaw at Kazimierzowska Street (net area in excess of 5,000 square meters). The Company has already obtained the zoning decision. The anticipated commencement date for building the apartments designed by Mąka Sojka Architekci Sp. J. design office of Warsaw falls in the 2nd half of 2007 and completion date in the 1st half of 2009.

A new development project of a housing estate in Warsaw, Bielany district (Młociński Forest) is under preparation. 37 houses, comprising 9.25 thousand square meters, will be built on the 6.3 hectares of land purchased by the Company in the 1st quarter of 2007. The Company has launched the process of designing the estate. The anticipated project commencement date will be in the 2nd half of 2007, and completion date – in the 1st half of 2009.

The Poznań market

Construction works were also performed in Poznań. Stage III of the Naramowice Housing Estate (140 apartments) was realized. Anticipated completion date of the Poznań investment falls in the 1st half of the year 2008.

Preparation of realization of the consecutive 4th stage of Naramowice Housing Estate in Poznań has also begun (area for sale: 14,000 square meters). About 145 apartments and about 40 houses will be built within this housing estate designed by Archikwadrat Sp. z o.o. of Poznań. The completion of this investment is anticipated in the 2nd half of 2009.

Echo Investment Capital Group's reserve of land in Poznań enables the Company to carry on with subsequent stages of the Naramowice Housing Estate.

A housing project is being prepared in Poznań, Wojskowa Street. More than 250 apartments will be built in residential buildings designed by Studio Lisiak Sp. z o.o. of Poznań (area for sale of approx. 17,000 square meters). The Company has obtained a building permit. Anticipated date of delivery of these buildings falls in the 1st half of 2009.

The process of preparing execution of an estate of city-like multi-family houses was launched on the immovable property situated in Poznań at Litewska Street and Grudzieniec Street (area for sale is about 7,000 square meters). An agreement was made with Arpa Pracownia Autorska Jerzego Gurawskiego designing office of Poznań. This housing estate will comprise about 68 apartments. Anticipated completion date falls in the 2nd quarter of the year 2009.

The Cracow market

A 4-storey building with an area of 1,500 square meters will be built in Cracow, Kilińskiego Street, (16 apartments). The launch of this investment is anticipated in the 2nd half of 2007. This building, which was designed by Oleksy&Polaczek office, will be put to use in the 1st half of 2009.

During the 1st half of the year 2009, the Company is also going to complete a housing investment at Korzeniowskiego Street, Cracow, Wola Justowska district. The Company has obtained a building permit. This building, designed by The Blok office, will have an area of about 3,000 sq. m. (40 apartments).

The Company initiated the process of designing a housing and commercial building to be erected in Cracow, Krasickiego Street (area for sale is about 5,000 sq. m, 67 apartments). A contract was made with Studio S – Biuro Architektoniczne Szymanowski of Cracow concerning performance of designing works on the above mentioned building. The anticipated commencement date of investment falls in the 1st half of 2008 and completion date in the 2nd half of 2009.

The Company intends to develop residential buildings on its land situated in Cracow, Tyniecka Street. The Company has applied for a zoning decision. Area for sale will be about 5,000 sq. m (109 apartments). The launch of this investment project is anticipated in the 1st half of 2008 and completion in the 2nd half of 2009.

In the 1st quarter of the year 2007, the Company purchased immovable property situated in Cracow, Bronowicka Street. The company intends to erect a residential building on that plot, with an area for sale of about 3,000 sq. m (39 apartments). The Company has applied for a zoning decision. The launch of this investment project is anticipated in the 1st half of 2008 and completion in the 2nd half of 2009.

The Kielce market

Preparatory works were also performed for the development of another housing estate on the immovable property situated in Dyminy near Kielce. An agreement was made with StoMM Architektura Maciej Stoczkiewicz designing office of Kielce for performance of designing works concerning a single-family housing estate (area of land plots for construction purposes equaling about 130,000 square meters).

During the 1st quarter of 2007, the process of designing an estate of detached houses was carried out on the immovable property situated in Bilcza near Kielce (Bilcza II). The "Bilcza II" estate was designed by Konsorcjum Pisarczyk & Tracz Architekci, a designing office of Kielce (area of land plots for construction purposes being about 125,500 square meters).

Following completion of technical utilities, the Company intends to sell plots of land with designs of houses. The anticipated realization date of investment falls at the turn of 2008/2009.

Foreign market

The Company intends to limit the risk related to its activity, thus aiming at geographical diversification of its territories of operations and launching its new investments abroad. Investments on foreign markets will primarily focus on the segment of commercial projects in Central and Eastern Europe. Within the range of its foreign operations, the Company intends to collaborate with local partners.

Hungary

The design and preparation of the Budapest project has been launched. A modern, multifunctional MUNDO project will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14th District of the city. The anticipated rentable area of this shopping, entertainment and office project shall be about 60,000 sq. m. Further plans include location of the Zuglo District Mayor's Office and an office park in the complex. In January 2007, the Company assigned all rights to the aforementioned immovable property to Echo Investment Hungary Ingatlanhasznosító Kft. with its registered seat in Budapest. In the 1st quarter of 2007, an agreement was made with MOFO Architekci Sp. z o.o. designing office. The anticipated date of launching the investment project falls in the 1st half of 2008 and the completion date will be in 2011.

5.12 Factors and events, particularly ones that are extraordinary in nature, having a significant impact on the achieved financial results

In the 1st quarter of 2007, quarterly revaluation of fair value of the Capital Group's immovable properties significantly affected the financial result, considering for changes due to EUR and USD exchange rate gains/losses (q/q) and lease rents adjustment. Another factor affecting the result gained was the income earned from lease of commercial space and, to a significantly lesser extent, sales of housing projects.

5.13 Structure of revenues

Echo Investment Capital group yields revenues from lease of its commercial areas, sales of apartments, realization of buildings and provision of real property management services. The structure of yielded revenues is as follows:

- lease of areas shopping centers and commercial and entertainment centers

Revenues from lease services are generated from lease of areas in shopping centers and shopping/entertainment centers. Consolidated revenues yielded on this account at the end of the 1st quarter of 2007 constituted 71,1% of net income from sales.

- sale of residential space:

The main source of income in this segment is the sale of apartments and, to a lesser extent, sale of commercial areas (shopping areas, offices and other premises situated within multifunctional housing projects). Revenues yielded on this account constituted approx. 5,7% of total annual consolidated income from sales of products.

- realization and lease of areas in office and hotel facilities

Revenues from lease services are generated from lease of areas in office and hotel buildings owned by individual subsidiaries. Consolidated revenues yielded on this account and on account of realization of investments at the end of the 1st quarter of 2007 constituted approx. 20,9% of net income from sales.

- other income:

Other sources of income include income earned on legal, accounting, consulting and management services. Property management also forms a portion of other incomes. As at the end of the 1st quarter of 2007, this income made up 2,3% of the total.

Specification	Revenues in the 1 st quarter of 2007 [in millions PLN]	Revenues in 2006 [in millions PLN]	Revenues in the 1 st quarter of 2006 [in millions PLN]
Lease of areas shopping centers and commercial and entertainment centers	46,5	150,9	36,9
Sale of residential space	3,7	111,5	37,5
Realization and lease of areas in office and hotel facilities	13,7	59,7	13,8
Other income	1,5	11,1	2,7
Operating income total	65,4	333,2	90,9

5.14 Selected financial data

	in thousands PLN		in thousands EURO	
	1. quarter accrued, the period from January 1, 2007 to March 31, 2007	1. quarter accrued, the period from January 1, 2006 to March 31, 2006	1 quarter accrued, the period from January 1, 2007 to March 31, 2007	1. quarter accrued, the period from January 1, 2006 to March 31, 2006
I. Operating income	65 393	90 919	16 740	23 642
II. Profit before tax and financial income/ costs	89 503	87 491	22 912	22 751
III. Gross profit (loss)	74 695	72 143	19 122	18 760
IV. Net profit (loss)	60 694	56 784	15 537	14 766
V. Net cash flows on operating activity	13 694	(11 648)	3 506	(3 029)
VI. Net cash flows on investment activity	(122 872)	65 620	(31 455)	17 064
VII. Net cash flows on financial activity	100 562	28 063	25 744	7 297
VIII. Net cash flows total	(8 616)	82 035	(2 205)	21 332
IX Assets total	2 912 498	2 261 703	752 681	574 663
X. Equity capital allocated to shareholders of the dominant company	1 255 931	973 887	324 572	247 450
XI. Long-term liabilities	1 004 205	835 518	259 518	212 292
XII. Short-term liabilities	427 635	272 725	110 514	69 295
XIII. Number of shares	42 000 000	42 000 000	42 000 000	42 000 000
XIV. Profit (loss) per one ordinary share (in PLN/EUR)	6,72	4,58	1,72	1,19
XV. Diluted profit (loss) per one ordinary share (in PLN/EUR)	6,72	4,58	1,72	1,19
XVI. Book value per one share (in PLN/EUR)	29,90	23,19	7,73	5,89
XVII. Diluted book value per one share (in PLN/EUR)	29,90	23,19	7,73	5,89

5.15 Ownership structure of significant packs of the issuer's shares

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on 15.05.2007:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Solowow (directly and indirectly)	16 480 963	39,24%	16 480 963	39,24%
OFE ING Nationale – Nederlanden Polska*	3 669 661	8,74%	3 669 661	8,74%
OFE PZU Złota Jesień*	2 790 915	6,65%	2 790 915	6,65%
Commercial Union OFE*	3 073 842	7,32%	3 073 842	7,32%
BZ WBK AIB Asset Management SA	2 119 363	5,05%	2 119 363	5,05%

*Balance according to the structure of investment portfolios of the OFEs (Open Pension Funds) as on December 31, 2006

On February 15, 2007 Echo Investment SA received a notice whereunder Mr. Michał Solowow communicates that through a transaction of transfer of Echo Investment SA's shares by a subsidiary, as accounted on February 12, 2007, he has become a holder of the following assets, together with subsidiaries:

- directly: 1,185,568 shares of Echo Investment SA, giving 2.82% of the initial capital and 1,185,568 votes at the General Meeting of Shareholders, i.e. 2.82% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA,
- indirectly, through subsidiaries: 15,295,395 shares of Echo Investment SA, giving 36,42% of the initial capital and 15,295,395 votes at the General Meeting of Shareholders, i.e. 36,42% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Directly and indirectly, he holds a total of 16,480,963 shares of Echo Investment SA, giving 39,24% of the initial capital and 16,480,963 votes at the General Meeting of Shareholders, i.e. 39,24% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Before February 12, 2007, Mr. Michał Solowow and the subsidiaries held the following assets:

- directly: 1,185,568 shares of Echo Investment SA, giving 2.82% of the initial capital and 1,185,568 votes at the General Meeting of Shareholders, i.e. 2.82% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA,
- indirectly, through subsidiaries: 16,050,968 shares of Echo Investment SA, giving 38,22% of the initial capital and 16,050,968 votes at the General Meeting of Shareholders, i.e. 38,22% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Directly and indirectly, he used to hold a total of 17,236,536 shares of Echo Investment SA, giving 41,04% of the initial capital and 17,236,536 votes at the General Meeting of Shareholders, i.e. 41,04% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

5.16 Statement of changes in the ownership status of the issuer's shares or options by persons managing and supervising the issuer, according to information available to the issuer, during the period following presentation of the previous quarterly report

Shares of Echo Investment S.A. have been quoted on the Warsaw Stock Exchange since March 1996. As on May 15, 2007, 42,000,000 shares of the Company are presently available for stock trade. All shares yield the same rights. Each share carries one vote at the General Meeting of Shareholders of the Company.

Information about issues of Echo Investment's shares:

Series	Number of shares*	Nominal value total	Class of shares	Date of shares registration by court	Date of listing on the Warsaw Stock Exchange
A	160.000	80.000	Ordinary bearer shares	30.06.1994	10.08.2006
B.	3.840.000	1.920.000	Ordinary bearer shares	30.06.1994	21.02.1996
C.	2.000.000	1.000.000	Ordinary bearer shares	13.11.1995	21.02.1996
D.	6.000.000	3.000.000	Ordinary bearer shares	18.02.1997	27.03.1997
E.	2.000.000	1.000.000	Ordinary bearer shares	30.12.1997	02.03.1998
F.	28.000.000	14.000.000	Ordinary bearer shares	26.11.2002	20.12.2002
Total:	42.000.000	21.000.000			

* number of shares after 1:4 split of July 11, 2006 by the District Court, 10th Economic Department of the National Court Register in Kielce).

According to information available to the Company, changes in the ownership status of the issuer's shares or options by persons managing and supervising the issuer during the period following presentation of the previous quarterly report are presented in the table below:

Managers	balance as on May 15, 2007	balance as on March 1, 2007
Jarosław Grodzki, President of the Management Board*	did not hold any shares	did not hold any shares
Piotr Gromniak, Member of the Management Board	did not hold any shares	did not hold any shares
Artur Langner, Member of the Management Board	did not hold any shares	did not hold any shares
Mariusz Waniolka, acting Member of the Management Board**	did not hold any shares	did not hold any shares

On March 26, 2007 Mr. Andrzej Majcher resigned from his function as a Member and President of the Management Board of the Company. As on March 1, 2007 and as on March 26, 2007, Mr. Andrzej Majcher held 10,080 ordinary shares of Echo Investment SA.

* Through a resolution as of March 27, 2007, the Supervisory Board of the Echo Investment SA appointed Mr. Jarosław Grodzki, former Vice-President of the Management Board of the Company, President of the Management Board of the Company as from March 27, 2007.

** Furthermore, the Supervisory Board of Echo Investment S.A. assigned Mr. Mariusz Waniolka, acting as Deputy Chairman of the Supervisory Board of the Company, to temporary exercise of functions of a Management Board Member as a substitute for Mr. Andrzej Majcher, for a period not exceeding 3 months as from the date of resolution by the Supervisory Board.

Supervising Persons	balance as on May 15, 2007	balance as on March 1, 2007
Wojciech Ciesielski, Chairman of the Supervisory Board,	144,000 shares	144,000 shares
Mariusz Waniolka, Deputy Chairman of the Supervisory Board,	did not hold any shares	did not hold any shares
Karol Żbikowski, Member of the Supervisory Board.	did not hold any shares	did not hold any shares
Robert Oskard, Member of the Supervisory Board,	did not hold any shares	did not hold any shares
Kamil Latos, Member of the Supervisory Board,	did not hold any shares	did not hold any shares
Tomasz Kalwat, Member of the Supervisory Board	did not hold any shares	did not hold any shares

On February 14, 2007 the Company received a notice, on the basis of which it hereby informs that a person closely related to a member of the Supervisory Board of Echo Investment S.A., a company where he holds a director's post, entered on February 7, 2007 into a transaction of transfer of 755,573 shares of Echo Investment S.A. at the Stock Exchange for a unit price of PLN 110 each. The transaction was made as a block session transaction.

The notifying party requested that his or her personal data is kept confidential, quoting the provisions of Article 3 Clause 2 of the Regulation of the Minister of Finance as of November 15, 2005 on transmitting and announcing information about certain financial instruments transactions and the rules of preparing and keeping a list of persons to whom certain confidential information is made available (Journal of Laws No. 229 item 1950).

5.17 Information about court proceedings

During the period from January 1, 2007 to March 31, 2007, no proceedings were instigated before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. or its subsidiaries, whose joint value constitutes at least 10% of equity capitals of Echo Investment S.A.

5.18 Opinion of the management board concerning the possibilities of realizing the previously published estimations of results for a given year in view of the results presented in the quarterly report compared to estimated results

The Management Board of Echo Investment S.A. did not publish any financial estimations referring to the dominant entity or to the Capital Group.

5.19 Information about transactions with affiliated companies

During the period from January 1, 2007 to March 31, 2007, Echo Investment S.A. or its subsidiary entered into the following significant agreements with affiliated companies:

On February 28, 2007, contracts of transfer of establishments were made between the issuer's subsidiaries: „Echo - Centrum Bankowości i Finansów” Sp. z o.o. [‘Echo Banking and Finance Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”), „Echo - Centrum Biznesu Łódź” Sp. z o.o. [‘Echo Łódź Business Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo - 53” Sp. z o.o. [‘Project Echo - 53’ Limited Liability Company] with its registered seat in Kielce („the Buyer”).

The object of contract of transfer of establishment made between „Projekt Echo - 53” Sp. z o.o. and „Echo - Centrum Bankowości i Finansów” Sp. z o.o. is an establishment comprising the right of perpetual usufruct of immovable property situated in Łódź, Sienkiewicza Street, with an area of 1,265 sq. m, including ownership of an office building erected thereon, usable area of 8,318 sq. m, forming a separate object of ownership, with all rights and obligations pertaining thereto.

The value of contract is PLN 47,523,341.95 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 29,702,029.99 (as on December 31, 2006).

The object of contract of transfer of establishment made between „Projekt Echo - 53” Sp. z o.o. and „Echo - Centrum Biznesu Łódź” Sp. z o.o. is an establishment comprising the right of perpetual usufruct of immovable property situated in Łódź, Piotrkowska Street, with an area of 2,487 sq. m, including ownership of an office building erected thereon, usable area of 12,291 sq. m, forming a separate object of ownership, with all rights and obligations pertaining thereto.

The value of contract is PLN 51,463,974.57 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 40,052,646.83 (as on December 31, 2006).

The aforementioned establishments form a non-cash contribution for coverage of newly established 1,979,745 shares in the initial capital of „Projekt Echo - 53” Sp. z o.o. with total value of PLN 98,987,250, where:

- 950,466 shares for a total nominal value of PLN 47,523,300 shall be taken up by „Echo - Centrum Bankowości i Finansów” Sp. z o.o. These shares constitute 47.99% of the company's initial capital, giving 950,466 votes at the meeting of shareholders.
- 1,029,279 shares for a total nominal value of PLN 51,463,950 shall be taken up by „Echo - Centrum Biznesu Łódź” Sp. z o.o. These shares constitute 51.96% of the company's initial capital, giving 1,029,279 votes at the meeting of shareholders.

On March 8, 2007 an agreement was made between Echo Investment SA with its registered seat in Kielce („the Seller”) and a subsidiary „Projekt Echo - 54” Sp. z o.o. with its registered seat in Kielce („the Buyer”) on transfer of an organized part of enterprise - establishment preparing an individual balance sheet in the form of a Branch operating under company name „Echo Investment SA - Oddział Pasaż Świętokrzyski” [Echo Investment SA - Świętokrzyski Arcade Branch] („the Branch”), being an organized part of the enterprise of Echo Investment SA Company within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch.

These assets include, among other, ownership right to immovable property situated in Kielce at Massalskiego Street and Kredowa Street, with an area of 50,716 sq. m, including ownership of a shopping center building erected thereon, usable area of 16,467 sq. m, with all rights and obligations pertaining thereto.

The value of contract is PLN 110,097,350 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 96,452,018.78 (as on March 8, 2007).

The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 2,201,947 shares in the initial capital of „Projekt Echo - 54” Sp. z o.o. with total value of PLN 110,097,350, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 2,202,946 votes at the meeting of shareholders.

Apart from the aforementioned agreements, neither Echo Investment S.A. nor its subsidiaries entered into any transaction with affiliated companies that would be considered extraordinary or differing from market conditions, or not resulting from the Capital Group companies' current operating activity, but whose value would exceed the PLN equivalent of EUR 500,000 during the period from the beginning of the financial year.

5.20 Information about granted guarantees

During the 1st quarter of 2007, Echo Investment Capital Group has not granted any sureties (of loans or credit facilities) or guarantees

5.21 Specification of factors that, according to the issuer, shall affect its results in the perspective of at least the nearest quarter of a year

The following factors shall affect financial results achieved by Echo Investment S.A. Capital Group during the forthcoming periods: regular income from lease contracts, progress of execution, lease and sale of currently built commercial and housing investments, and improving quality / increasing value of the present investment portfolio. Other important aspects shall include the situation in the financial market and general economic trends in Poland and in Hungary, where the Company is going to commence its operations.

6. Mid-year individual financial statement, in thousands PLN, as on and for a period of three months expiring on March 31, 2007

	balance as on March 31, 2007 end of quarter	balance as on December 31, 2006 end of preceding year	balance as on March 31, 2006 end of quarter
Assets			
1. Fixed assets			
1.1. Intangible assets	89	89	45
1.2. Tangible assets	53 168	45 475	49 913
1.3. Long-term receivables	-	-	-
1.4. Long-term investments	390 129	376 975	224 941
1.4.1. Investment immovable property	5 852	102 834	5 325
1.4.2. Long-term financial assets	384 277	274 141	219 616
1.5. Assets on account of deferred income tax	16 006	16 908	15 630
	459 392	439 447	290 529
2. Current assets			
2.1. Inventories	275 204	230 090	224 666
2.2. Short-term receivables	109 082	191 563	117 373
2.2.1. Receivables on account of taxes	5 982	6 069	3 123
2.2.2. Receivables on account of deliveries and services, other receivables	103 100	185 494	114 250
2.2.2.1. In affiliated companies	99 634	158 615	111 277
2.2.2.2. In other companies	3 466	26 879	2 973
2.3. Short-term financial investments	71 188	47 768	47 016
2.3.1. In affiliated companies	70 683	47 258	47 016
2.3.2. In other companies	504	510	-
2.4. Cash and cash equivalents	112 785	131 909	149 626
2.5. Accruals	270	277	163
	568 529	601 607	538 844
Assets total	1 027 921	1 041 054	829 373
Liabilities			
1. Equity			
1.1. Initial capital	21 000	21 000	21 000
1.2. Supplementary capital	298 213	298 213	288 690
1.3. Profit (loss) brought forward	84 837	4 083	13 606
1.4. Profit (loss) of the accounting year	11 414	80 754	5 767
	415 464	404 050	329 063
2. Reserves			
2.1. Reserve for deferred income tax	24 191	22 548	12 443
2.2. Other reserves	17 829	17 929	14 905
	42 020	40 477	27 348
3. Long-term liabilities			
3.1. Financial liabilities	255 223	252 049	237 409
3.1.1. To affiliated companies	6 234	6 088	44 765
3.1.2. To other companies	248 989	245 961	192 644
3.2. Other liabilities	-	-	-
	255 223	252 049	237 409
4. Short-term liabilities			
4.1. Financial liabilities	160 770	145 650	123 501
4.1.1. To affiliated companies	507	37 075	16 141
4.1.2. To other companies	160 263	108 575	107 360
4.2. Tax liabilities	3 283	2 974	4 453
4.3. Liabilities on account of deliveries and services	22 452	84 365	29 893
4.3.1. To affiliated companies	31	1 412	46
4.3.2. To other companies	22 421	82 952	29 847
4.4. Other liabilities	128 715	111 481	77 618
4.5. Special funds	-6	9	88
	315 214	344 478	235 553
Liabilities total	1 027 921	1 041 054	829 373

Book value	415 464	404 050	329 063
Number of shares	42 000 000	42 000 000	42 000 000
Book value per one share (in PLN)	9,89	9,62	7,83

Off-balance liabilities (in thousands PLN)	balance as on March 31, 2007 end of quarter	balance as on December 31, 2006 end of previous year	balance as on March 31, 2006 end of quarter
1. Off-balance receivables	-		-
2. Off-balance liabilities	60 151	464 593	17 287
Off-balance items total	60 151	464 593	17 287

Profit and loss account (in thousands PLN)	1 st quarter, from January 1, 2007 to March 31, 2007	1 quarter, from January 1, 2007 to March 31, 2007	1 st quarter, from January 1, 2006 to March 31, 2006	1 quarter, from January 1, 2006 to March 31, 2006
Operating income	58 788	58 788	40 066	40 066
Operating costs	(49 986)	(49 986)	(20 580)	(20 580)
Gross profit (loss) on sales	8 802	8 802	19 486	19 486
Profit (loss) on sales of immovable property	5	5	6 149	6 149
Revaluation of immovable property	(442)	(442)	(310)	(310)
Costs of sales	(3 684)	(3 684)	(2 291)	(2 291)
Overheads	(4 412)	(4 412)	(4 741)	(4 741)
Other operating income / costs	12 742	12 742	(8 034)	(8 034)
Profit before tax and financial income/costs	13 011	13 011	10 259	10 259
Financial income	7 755	7 755	2 644	2 644
Financial costs	(6 456)	(6 456)	(4 731)	(4 731)
including on account of foreign exchange gains/losses	996	996	1 259	1 259
Gross profit (loss)	14 310	14 310	8 172	8 172
Income tax	(2 896)	(2 896)	(2 405)	(2 405)
Net profit (loss)	11 414	11 414	5 767	5 767
Net profit (loss) (annualized)		86 401		4 490
Weighted average number of ordinary shares		42 000 000		42 000 000
Profit (loss) per one ordinary share (in PLN)		2,06		0,11
Weighted average diluted number of ordinary shares		42 000 000		42 000 000
Diluted profit per one ordinary share (in PLN)		2,06		0,11

Statement of changes in equity (in thousands PLN)	Initial capital	Supplementary capital	Profit brought forward	Net profit during the period	Capitals total
For the 1st quarter (present year), period from January 1, 2007 to March 31, 2007					
Balance at the beginning of period	21 000	298 213	84 837	-	404 050
Corrections of basic errors					
Balance at the beginning of the period, after reconciliation to comparable data	21 000	298 213	84 837	-	404 050
Distribution of profit/loss carried forward	-	-	-	-	-
Net profit (loss) of the current period	-	-	-	11 414	11 414
Changes total	-	-	-	11 414	11 414
Balance at the end of the period	21 000	298 213	84 837	11 414	415 464
For 4 quarters (previous year), period from January 1, 2006 to December 31, 2006					
Balance at the beginning of period	21 000	288 690	13 606	-	323 296
Changes in applied accounting principles (policy)	-	-	-	-	-
Corrections of basic errors					
Balance at the beginning of the period, after reconciliation to comparable data	21 000	288 690	13 606	-	323 296
Distribution of profit/loss carried forward	-	9 523	(9 523)	-	-
Net profit (loss) of the current period	-	-	-	80 754	80 754
Changes total	-	9 523	(9 523)	80 754	80 754
Balance at the end of the period	21 000	298 213	4 083	80 754	404 050
For the 1st quarter (previous year), period from January 1, 2006 to March 31, 2006					
Balance at the beginning of period	21 000	288 690	13 606	-	323 296
Changes in applied accounting principles (policy)	-	-	-	-	-
Corrections of basic errors					
Balance at the beginning of the period, after reconciliation to comparable data	21 000	288 690	13 606	-	323 296
Distribution of profit/loss carried forward	-	-	-	-	-
Net profit (loss) of the current period	-	-	-	5 767	5 767
Changes total	-	-	-	5 767	5 767
Balance at the end of the period	21 000	288 690	13 606	5 767	329 063

Cash flow statement (in thousands PLN)	1 st quarter, from January 1, 2007 to March 31, 2007	1 quarter, from January 1, 2006 to March 31, 2006
Cash flows on operating activity – indirect method		
I. Net profit (loss)	11 414	5 767
II. Adjustments:		
1. Share of associated companies in net (profit) loss	-	-
2. Depreciation	876	677
3. Foreign exchange gains/losses	5 782	-
4. Interest and shares in profits (dividends)	428	4 451
5. Current income tax in the profit and loss account	352	4 170
6. Income tax paid	(258)	(38)
7. (Profit) loss on investment activity	(13 409)	(5 843)
8. Change in reserves	1 542	(2 130)
9. Change in inventories	(45 114)	(11 106)
10. Change in receivables	82 441	128 388
11. Change in short-term liabilities, except for loans and credits	(44 960)	(49 742)
12. Change in accruals	910	1 184
13. Other adjustments	-	-
Net cash flows on operating activity	4	75 778
Cash flows on investment activity		
I. Income		
1. Sales of intangible assets and fixed assets	26	101
2. Sales of investments in immovable property and in intangible assets	-	14 681
3. From financial assets	5 711	762
4. Other income from investments	-	-
	5 737	15 544
II. Expenditure		
1. Acquisition of intangible assets and fixed assets	(7 551)	(302)
2. Investments in immovable property and in intangible assets	(947)	(188)
3. On financial assets	(22 881)	(234)
4. Other investment expenditure	(324)	(480)
Net cash flows on investment activity	(25 966)	14 340
Cash flows on financial activity		
I. Income		
1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credits	53 807	19 099
3. Issue of debenture bonds	-	168 665
4. Other financial income	-	-
	53 807	187 764

Cash flow statement (in thousands PLN) ctd.		
	1 st quarter, from January 1, 2007 to March 31, 2007	1 quarter, from January 1, 2006 to March 31, 2006
II. Expenditure		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Repayments of loans and credits	(36 422)	(30 335)
5. Redemption of debenture bonds	-	(165 000)
6. Interest	(4 765)	(5 152)
	(41 187)	(200 487)
Net cash flows on financial activity	12 620	(12 723)
Net cash flows total	(13 342)	77 395
Difference in cash balances, including:	(19 124)	77 395
- change in cash balance on account of exchange rate gain/loss	(5 782)	-
Cash at the beginning of period	131 909	72 231
Cash at the end of period, including:	112 785	149 626
- with limited disposability	1 539	-

Kielce, dated May 15, 2007

Representatives of the Company:

President of the Management Board

Member of the Management Board

Jarosław Grodzki

Piotr Gromniak

Person in charge of keeping books of accounts:

Chief Accountant

Tomasz Sulek