

Echo Investment S.A. Capital Group

Mid-year condensed consolidated financial statement
as on and for a period of six months expiring on June 30, 2007



Kielce, August 14, 2007

1. Condensed consolidated balance sheet, in thousands PLN

	balance as on 2007.06.30 end of quarter	balance as on 2006.12.31 end of previous year	balance as on 2006.06.30 end of quarter
Assets			
1. Fixed assets			
1.1. Intangible assets	201	91	124
1.2. Goodwill of subsidiaries	40 382	32 687	-
1.3. Tangible assets	255 154	411 699	305 154
1.4. Long-term receivables	-	5	-
1.5. Investment immovable property	2 178 416	1 670 296	1 481 387
1.6. Long-term financial assets	11 455	21 671	22 649
1.7. Deferred income tax assets	18 392	18 059	16 984
	2 504 000	2 154 508	1 826 298
2. Current assets			
2.1. Inventory	312 594	208 075	163 791
2.2. Tax receivables	24 440	48 274	40 452
2.3. Receivables on account of deliveries and services, other receivables	68 873	29 221	12 980
2.4. Short-term financial investments	709	613	842
2.5. Accruals	5 120	1 032	4 575
2.6. Cash and cash equivalents	396 460	297 791	343 284
	808 196	585 006	565 924
Assets total	3 312 196	2 739 514	2 392 222
Liabilities			
1. Equity			
1.1. Equity allocated to shareholders of the dominant company	1 407 644	1 195 243	1 019 287
1.1.1. Initial capital	21 000	21 000	21 000
1.1.2. Supplementary capital	985 994	538 319	534 636
1.1.3. Profit (loss) carried forward	188 247	357 790	361 467
1.1.4. Profit (loss) of the current accounting year	212 402	278 132	102 184
1.1.5. Foreign exchange gains/losses arising from conversion of foreign companies' data	1	2	-
1.2. Minority capitals	11 293	10 584	12 150
	1 418 937	1 205 827	1 031 437
2. Reserves			
2.1. Reserve for deferred income tax	219 652	178 766	141 162
2.2. Other reserves	27 092	32 055	32 630
	246 744	210 821	173 792
3. Long-term liabilities			
3.1. Financial liabilities	1 210 153	902 909	958 834
3.2. Other liabilities	36 126	40 857	33 356
	1 246 279	943 766	992 190
4. Short-term liabilities			
4.1. Financial liabilities	147 552	158 061	52 881
4.2. Tax liabilities	11 384	88 333	49 597
4.3. Liabilities on account of deliveries and services	57 525	8 838	13 322
4.4. Other liabilities	183 775	123 868	79 003
	400 236	379 100	194 803
Liabilities total	3 312 196	2 739 514	2 392 222

Book value (in thousands PLN)	1 407 644	1 195 243	1 019 287
Number of shares	42 000 000	42 000 000	42 000 000
Book value per one share (in PLN)	33,52	28,46	24,27
Diluted number of shares	42 000 000	42 000 000	42 000 000
Diluted book value per one share (in PLN)	33,52	28,46	24,27

OFF-BALANCE ITEMS in thousands PLN	balance as on 2007.06.30 end of quarter	balance as on 2006.12.31 end of previous year	balance as on 2006.06.30 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	9 203	13 034	14 048

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

	2nd quarter of year the period from 2007.04.01 to 2007.06.30	2 quarters the period from 2007.01.01 to 2007.06.30	2nd quarter of year the period from 2006.04.01 to 2006.06.30	2 quarters the period from 2006.01.01 to 2006.06.30
Operating income	125 598	190 991	93 443	184 362
Operating costs	(69 765)	(95 014)	(43 553)	(83 256)
Gross profit (loss) on sales	55 833	95 977	49 890	101 106
Profit (loss) on sales of immovable property	-	-	419	9 931
Revaluation of immovable property	136 137	195 903	54 719	98 196
Costs of sales	(3 897)	(7 643)	(2 151)	(4 433)
Overheads	(13 188)	(19 397)	(17 384)	(25 304)
Other operating income (costs)	2 432	1 980	(3 845)	(10 357)
Profit before tax and financial income/costs	177 317	266 820	81 648	169 139
Financial income	8 733	13 316	11 486	13 889
Financial costs	(20 648)	(36 044)	(25 959)	(37 985)
Foreign exchange gains/losses	23 147	19 197	(12 181)	(17 906)
Revaluation of goodwill of subsidiaries	(28)	(73)	(4)	(4)
Shares in profits of associated companies	(7)	(7)	(7)	(7)
Gross profit (loss)	188 514	263 209	54 983	127 126
Income tax	(36 675)	(50 098)	(10 585)	(24 937)
Net profit (loss)	151 839	213 111	44 398	102 189
Profit (loss) allocated to minority shareholders	131	709	(1 002)	5
Profit (loss) allocated to shareholders of the dominant company	151 708	212 402	45 400	102 184
Net profit (loss) (annualized)		388 350		200 082
Weighted average number of ordinary shares		42 000 000		42 000 000
Profit (loss) per one ordinary share (in PLN)		9,25		4,76
Weighted average diluted number of ordinary shares		42 000 000		42 000 000
Diluted profit (loss) per one ordinary share (in PLN)		9,25		4,76

3. Condensed statement of changes in consolidated equity capital 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 allocated to shareholders of the dominant company	Minority capitals	Total shareholders' equity
For 2 quarters (current year), the period from 2007.01.01 to 2007.06.30								
Balance at the beginning of the 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	-	447 675	(447 675)	-	-	-	-	-
Net profit (loss) of the current period	-	-	-	212 402	(1)	212 401	709	213 110
Balance at the end of the period	21 000	985 994	188 247	212 402	1	1 407 644	11 293	1 418 937
For 4 quarters (previous year), period from January 1, 2006 to December 31, 2006								
Balance at the beginning of the 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 2 quarters (previous year), period from January 1, 2006 to June 30, 2006								
Balance at the beginning of the 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	-	180 865	(180 865)	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	(6 000)	(6 000)
Net profit (loss) of the current period	-	-	-	102 184	-	102 184	5	102 189
Balance at the end of the period	21 000	534 636	361 467	102 184	-	1 019 287	12 150	1 031 437

4. Condensed consolidated cash flow account, in thousands PLN

Cash flow statement	2 quarters the period from 2007.01.01 to 2007.06.30	2 quarters the period from 2006.01.01 to 2006.06.30
A. Cash flows on operating activity – indirect method		
I. Net profit (loss)	213 111	102 189
II. Adjustments total		
1. Share of associated companies in net (profit) loss	7	7
2. Depreciation of fixed assets	2 057	2 763
3. Revaluation of goodwill	73	5
4. Foreign exchange gains/losses	(31 124)	18 663
5. Interest and shares in profits (dividends)	25 051	18 906
6. (Profit) loss on investment activity	(178 441)	(95 098)
7. Change in reserves	39 608	17 504
8. Change in inventories	(82 032)	(47 386)
9. Change in receivables	(25 597)	(2 291)
10. Change in short-term liabilities, except for loans and credits	41 571	(5 045)
11. Change in accruals	7 873	(15 150)
12. Other adjustments	4	-
	(200 950)	(107 122)
III. Net cash flows on operating activity (I+/-II)	12 161	(4 933)
B. Cash flows on investment activity		
I. Income		
1. Sales of intangible assets and fixed assets	38	225
2. Sales of investments in immovable property and in intangible assets	-	25 653
3. From financial assets	38 376	44 765
4. Other income from investments	-	-
	38 414	70 643
II. Expenditure		
1. Acquisition of intangible assets and fixed assets	(80 903)	(12 007)
2. Investments in immovable property and in intangible assets	(127 652)	(43 742)
3. On financial assets	(26 740)	(24 677)
4. Dividends and other shares in profits paid to minority	-	(6 000)
5. Other investment expenditure	(168)	(394)
	(235 463)	(86 820)
III. Net cash flows on investment activity (I-II)	(197 049)	(16 177)
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	-	-
2. Loans and credits	148 613	218 019
3. Issue of debenture bonds	347 559	57 454
4. Other financial income	-	-
	496 172	275 473

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

Cash flow statement ctd.	2 quarters the period from 2007.01.01 to 2007.06.30	2 quarters the period from 2006.01.01 to 2006.06.30
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	(122 883)	(83 957)
5. Redemption of debenture bonds	(50 000)	(50 800)
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	-	(243)
8. Interest	(34 922)	(28 215)
9. Other financial expenses	-	-
	(207 805)	(163 215)
III. Net cash flows on financial activity (I-II)	288 367	112 258
D. Net cash flows total (A.III+/-B.III+/-C.III)	103 479	91 148
E. Difference in cash balances, including:	98 669	100 801
- change in cash balance on account of exchange rate gain/loss	(4 810)	9 653
F. Cash at the beginning of period	297 791	242 483
G. Cash at the end of period (F+/-D), including:	396 460	343 284
- with limited disposability	-	68 629

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.

The operations of Echo Investment Capital Group (hereinafter the Capital Group) can be divided into four major segments:

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

As on June 30, 2007 and June 30, 2006, the Capital Group employed 312 and 281 persons, respectively.

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

The presented statement refers to the six months' period expiring on June 30, 2007, with comparative data referring to the six months' period expiring on June 30, 2006. 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.

The organization authorized to audit the financial statements of Echo Investment SA is BDO Numerica Sp. z o.o. with its registered office in Warsaw, postcode 02- 676, 12 Postępu Street.

5.2 Principles applied during preparation of the quarterly report

The consolidated statement of Echo Investment S.A. for the second 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 second 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 reviewed 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, less 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, are applied 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 k 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 immovable 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. Immovable property is valuated in fair value. The difference resulting from change in fair value is applied to the profit and loss account for a given period.
- Shares in companies and other investments classified among fixed assets are valuated according to acquisition prices less 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 tangible 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 exceeding the 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 statement date. The same definition of cash applies to the cash flow statement.
- The following items are created on account of deferred tax: deferred income tax assets and provision for income tax. These items are valuated according to their reasonable estimated value. The provision is calculated with the tax rate to be valid in the following accounting period. Deferred income tax assets 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 expending funds that constitute economic benefits and it is possible to reliably estimate the value of such obligation. Reserves are particularly established for costs of investment projects in progress, costs of bonuses, cash equivalents for unused holiday benefits and audit costs that have not been incurred but which fall due in 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 debt' method, according to IAS 39. The risk and the possibility of early repayment of long-term debt is taken into consideration in 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, as an amount brought forward.
- Accrued incomes and costs are disclosed in their nominal value.
- Foreign currencies are valuated 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 (profit/loss) is determined using the multiple-step method.
- a) The costs of manufacture 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 advancement of investment execution as on the balance day, pursuant to the principles under IAS No. 11 'Construction Contracts'. Advancement 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 construction contracts is disclosed according to the actual advancement of investment execution.
 - c) Sales are valued on the basis of manufacture costs, using one of the following two methods, depending on the types of projects:
 - profitability level according to the sales contract, or average (calculated) profitability level 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 incomes 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 June 30, 2007 the Echo Investment S.A. Capital Group consists of 88 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
- „Echo - Arena Sp. z o.o.” Spółka komandytowa ['Echo - Arena Limited Liability Company' Limited Partnership], having its registered seat in Kielce, formerly „Hotel Investment Sp. z o.o.” Spółka komandytowa ['Hotel Investment Limited Liability Company' Limited Partnership] having its registered seat in Kielce,
- „Echo - Building Ingatlanhasznosító” Kft., having its registered seat in Budapest
- "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 Belchatów" Spółka z o.o. ['Echo - Belchatów 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 Gdynia" Spółka z o.o. ['Echo - Gdynia Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Jelenia Góra" Spółka z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company], having its registered seat in Jelenia Góra
- "Echo - Centrum Poznań" Spółka z o.o. ['Echo - Poznań Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Przemysł" Spółka z o.o. ['Echo - Przemysł Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Rzeszów" Spółka z o.o. ['Echo - Rzeszów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Tarnów" Spółka z o.o. ['Echo - Tarnów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Galaxy" Spółka z o.o. ['Echo - Galaxy' Limited Liability Company], having its registered seat in Kielce
- „Echo - Galaxy spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa ["Echo - Galaxy Limited Liability Company" Limited Partnership], having its registered seat in Kielce
- "Echo - Galeria Kielce" Sp. z o.o. ['Echo - Kielce Gallery' Limited Liability Company], having its registered seat in Kielce, formerly "Kieleckie Centrum Handlowo-Rozrywkowe Echo" Sp. z o.o. ['Echo Shopping & Entertainment Center of Kielce' Limited Liability Company], 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 - SPV 6" Sp. z o.o. ['Echo - SPV 6' Limited Liability Company], having its registered seat in Kielce, formerly "Echo Investment - Centrum Handlowe Świętochłowice" Spółka z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Veneda" Sp. z o.o. ['Echo - Veneda' Limited Liability Company], having its registered seat in Kielce, formerly "Echo Investment - Centrum Handlowe Łomża" Spółka z o.o. ['Echo Investment - Łomża Shopping Center' Limited Liability Company], 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 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 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
- "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
- „Projekt 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
- "Projekt - Echo 55" Spółka z o.o. ['Project - Echo 55' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 56" Spółka z o.o. ['Project - Echo 56' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 57" Spółka z o.o. ['Project - Echo 57' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 58" Spółka z o.o. ['Project - Echo 58' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 59" Spółka z o.o. ['Project - Echo 59' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 60" Spółka z o.o. ['Project - Echo 60' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 61" Spółka z o.o. ['Project - Echo 61' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 62" Spółka z o.o. ['Project - Echo 62' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 63" Spółka z o.o. ['Project - Echo 63' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 64" Spółka z o.o. ['Project - Echo 64' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 65" Spółka z o.o. ['Project - Echo 65' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 66" Spółka z o.o. ['Project - Echo 66' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 67" Spółka z o.o. ['Project - Echo 67' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 68" Spółka z o.o. ['Project - Echo 68' Limited Liability Company], having its registered seat in Kielce
- "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
- "Wygłędów" Spółka z o.o. ['Wygłędów' 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 associated companies are covered by consolidation. The dominant company owns 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries.

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

- 'WAN 11' Sp. z o.o. - 50% of basic capital and 50% of voting rights at the general meeting.
- 'Projekt S' Sp. z o.o. - 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 "Echo - Galeria Kielce" 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 - SPV 6" Sp. z o.o.;
- f) "Echo - Pasaż Grunwaldzki" Sp. z o.o., holding 1% of share of "Echo - Pasaż Grunwaldzki Sp. z o.o." Spółka komandytowa;
- g) "Echo - Arena" Sp. z o.o., holding 1% of share of "Echo - Arena Sp. z o.o." Spółka komandytowa;
- h) "Echo - Galaxy" Sp. z o.o., holding 1% of share of "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- i) "Galeria Echo - Kielce" Sp. z o.o., holding 0,01% of basic capital of "Echo - Galeria Kielce" 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) „Echo - Centrum Bankowości i Finansów Łódź” Spółka z o.o., holding 47.98% of basic capital of „Projekt - Echo 53” Sp. z o.o.;
- n) „Echo - Centrum Biznesu Łódź” Spółka z o.o., holding 51.96% of basic capital of „Projekt - Echo 53” Sp. z o.o.;
- o) "Projekt - Echo 17" Sp. z o.o., holding the following respective shares of basic capital of:
 - 1.00% of capital of "Wyględów" 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 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 - SPV 6" Sp. z o.o.,
- 0,02% of capital of "Echo Centrum Ślichowice" 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 - Centrum Veneda" Sp. z o.o.,
- 0.006% of capital of "Echo - Centrum Bełchatów" Sp. z o.o.,
- 0.006% of capital of "Echo - Centrum Rzeszów" Sp. z o.o.,
- 0,005% of capital of "Echo - Centrum Gdynia" Sp. z o.o.,
- 0,004% of capital of "MDP" Sp. z o.o.,
- 0.004% of capital of "Echo - Centrum 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.,
- 0.001% of capital of "Projekt - Echo 53" Sp. z o.o.,
- 0.001% of capital of "Projekt - Echo 54" 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	Amount utilized [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	300.000	30.06.2014
BRE Bank S.A.	Bonds	50.000	23.11.2007
Bank BPH S.A.	Bonds	30.000	04.09.2007
Bank BPH S.A.	Bonds	30.000	11.09.2007

1. 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).

2. Under a Bonds Issuance Program signed on April 15, 2004 with BRE Bank S.A., seated in Warsaw, on May 24, 2007 the Company issued discount bonds for a total value of PLN 50 million. The nominal value of one bond is PLN 100 thousand. The bonds were issued for a period of six months, i.e. the bonds redemption date falls on November 23, 2007. Issue price and interest rate was determined on the basis of WIBOR 6M rate plus

investors' margin. On the redemption date, the bonds shall be redeemed for the nominal value of the bonds. The issued bonds are not secured. The above mentioned issue shall be considered the roll-up process of 500 bonds issued on November 24, 2006, to be redeemed on May 24, 2007. Funds from the issuance of bonds shall provide grounds for continued implementation of the Issuer's and Echo Investment Capital Group's development strategy.

3. Under a Bonds Issuance Program signed on April 15, 2004 with BRE Bank S.A., seated in Warsaw, on June 28, 2007 the Company issued coupon bonds for a total value of PLN 300 million. The nominal value of one bond is PLN 100 thousand. The bonds were issued for a period of seven years. Bonds redemption date shall be June 30, 2014. On the redemption date, the bonds shall be redeemed for the nominal value of the bonds. The issue price is PLN 100 for PLN 100. Interest has been determined on the basis of WIBOR 6M rate plus investors' margin. The issued bonds are not secured.

Funds from the issuance of bonds shall provide grounds for continued implementation of Echo Investment S.A. and the entire Capital Group's development strategy. The bonds issue placement even better adjusts the financing of Echo Investment S.A.'s operations to the character and cycle of performance of the Company's investment projects on the real estate market.

The possibility of obtaining funds through current issue of bonds and using up the available credit limits open up a way for the Company to become involved in consecutive projects. According to the Management Board, the Company's activity in numerous fields effectively diversifies the risk of its functioning. It is the intention of the Management Board of Echo Investment S.A. to further strengthen the Company's position in the segments of its operation, i.e. extension of the shopping and shopping/entertainment centers chain is anticipated, along with building apartments, hotels, office buildings, and property management.

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. Under resolution no. 5 on distribution of profit, on May 29, 2007 the General Meeting of Shareholders of "Echo Investment S.A." decided to exclude the net profit earned by the Company during the expired financial year 2006, in the amount of PLN 80,754 k (read: eighty million seven hundred and fifty-four thousand zlotys) from distribution to shareholders and to allocate the total amount thereof to the Company's supplementary capital for the purpose of financing the Company's current operations.

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

1. On July 4, 2007 Echo Investment S.A. published a current report that contained confidential information within the meaning of Article 60 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005, which was communicated to the public with delay under Article 57 of the Quotations Act, i.e.:

1. On October 20, 2006, with regard to negotiations being in progress, Echo Investment S.A. and the Issuer's subsidiaries signed a memorandum of understanding with Catalyst Capital of London, whereunder the Parties to that memorandum expressed their intent to enter into a contract of sale of selected real estates in Echo Investment Capital Group's portfolio, no later than until the end of January 2007. The Parties then agreed that the deadline for signing the aforementioned contract was extended to February 28, 2007.

II. On February 9, 2007:

- Echo Investment S.A. [Echo Investment Joint Stock Company], having its registered seat in Kielce, and the following subsidiaries:
 - Echo – Centrum Biznesu Łódź Sp. z o.o. [Echo Łódź Business Center Limited Liability Company], having its registered seat in Kielce,
 - Echo – Centrum Bankowości i Finansów Łódź Sp. z o.o. [Echo Łódź Banking and Finance Center Limited Liability Company], having its registered seat in Kielce,
 - MDP Sp. z o.o. [MDP Limited Liability Company], having its registered seat in Kielce – as the Sellers,
- and:
- Projekt – Echo 49 Sp. z o.o. [Project – Echo 49 Limited Liability Company], having its registered seat in Kielce,
 - Projekt – Echo 50 Sp. z o.o. [Project – Echo 50 Limited Liability Company], having its registered seat in Kielce,
 - Projekt – Echo 51 Sp. z o.o. [Project – Echo 51 Limited Liability Company], having its registered seat in Kielce,
 - Projekt Echo – 52 Sp. z o.o. [Project Echo – 52 Limited Liability Company], having its registered seat in Kielce, as the Buyers (subsidiaries of Catalyst Capital of London),
- entered into a preliminary agreement of sale of real estate.

The object of the preliminary agreement was the sale of:

- perpetual usufruct of real estate situated in Łódź, Piotrkowska/Piłsudskiego Street, whereon the Business Center office building is developed (Real Estate I),
- perpetual usufruct of real estate situated in Łódź, Sienkiewicza Street, whereon the Banking and Finance Center office building is developed (Real Estate II),
- perpetual usufruct of real estate situated in Łódź, Al. Piłsudskiego Street, whereon the MDP shopping and entertainment center is developed (Real Estate III),
- ownership of real estate situated in Kielce, Massalskiego Street, whereon the Pasaż Świętokrzyski shopping center is developed (Real Estate IV).

The initial transaction price has been determined as a PLN equivalent of USD 27,124,907 and EUR 43,810,750, equaling PLN 81,108,896 and PLN 170,371,244, respectively.

The parties to the preliminary agreement have agreed and covenanted to sign the promised contracts until September 30, 2007. The preliminary agreement was signed under a condition precedent. The conditions of signing the promised contract included: obtaining legally required consent of the parties' statutory bodies to the signing of promised contracts, arranging the content of agreement concerning extension of Real Estate IV by the Seller, and content of agreement concerning services related to lease of space in office buildings situated on Real Estate I and real Estate II, submission of certificates of lack of arrears with payment of taxes and other duties, valid as on the day of signing the final agreement, currency permit for effecting payment of the final price in foreign currencies. The agreement has been considered significant on the basis of Issuer's equity criteria. No relationships occur between the Issuer or members of the Issuer's management and supervisory bodies and the parties buying the assets.

III. On July 4, 2007, as the aforementioned conditions precedent have been fulfilled according to the preliminary sales agreement as of February 9, 2007 and in the course of executing the aforementioned agreement, the Parties signed the contracts of sale of the real estates in question. Total net price of transaction was the PLN equivalent of USD 25,600,173 and EUR 47,373,902.

The following contracts were made:

- Sales contract between Projekt Echo - 53 Sp. z o.o. [Projekt Echo - 53 Limited Liability Company] with its registered seat in Kielce as the Seller (the Issuer's subsidiary, buyer of the real estate from Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo - Łódź Business Center Limited Liability Company]) and Projekt Echo - 49 Sp. z o.o. [Projekt Echo - 49 Limited Liability Company] with its registered seat in Kielce as the Buyer (company controlled by WCC Poland S.á.r.l. of Luxembourg, member of the capital group of Catalyst Capital of London). The object of the sales contract is perpetual usufruct of immovable property situated in Łódź at Piotrkowska/Piłsudskiego Street, whereon the Business Center office building is developed (Real Estate I). Transaction price has been determined as PLN equivalent of USD 17,383,406 net, equaling PLN 48,021,659.08, and the book value of these assets is

PLN	47,009,588	(as	on	June	30,	2007).
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- Sales contract between Projekt Echo - 53 Sp. z o.o. [Projekt Echo - 53 Limited Liability Company] with its registered seat in Kielce as the Seller (the Issuer's subsidiary, buyer of the real estate from Echo - Centrum Bankowości i Finansów Sp. z o.o. [Echo - Banking and Finance Center Limited Liability Company]) and Projekt Echo - 51 Sp. z o.o. [Projekt Echo - 51 Limited Liability Company] with its registered seat in Kielce as the Buyer (company controlled by WCC Poland S.á.r.l. of Luxembourg, member of the capital group of Catalyst Capital of London). The object of the sales contract is perpetual usufruct of immovable property situated in Łódź at Sienkiewicza Street, whereon the Banking and Finance Center office building is developed (Real Estate II). Transaction price has been determined as PLN equivalent of USD 8,216,767 net, and EUR 7,021,907 net, equaling PLN 49,085,740.96, and the book value of these assets is PLN 46,255,934 (as on June 30, 2007).

- Sales contract between MDP Sp. z o.o. [MDP Limited Liability Company] with its registered seat in Kielce as the Seller (the Issuer's subsidiary) and Projekt Echo - 50 Sp. z o.o. [Projekt Echo - 50 Limited Liability Company] as the Buyer (company controlled by WCC Poland S.á.r.l. of Luxembourg, member of the capital group of Catalyst Capital of London). The object of the sales contract is perpetual usufruct of immovable property situated in Łódź at Al. Piłsudskiego Street, whereon the MDP shopping and entertainment center is developed (Real Estate III). Transaction price has been determined as PLN equivalent of EUR 10,770,882 net, equaling PLN 40,474,820.38, and the book value of these assets is PLN 27,286,123 (as on June 30, 2007).

- Sales contract between Projekt Echo - 54 Sp. z o.o. [Projekt Echo - 54 Limited Liability Company] with its registered seat in Kielce as the Seller (the Issuer's subsidiary, buyer of the real estate from Echo Investment S.A.) and Projekt Echo - 52 Sp. z o.o. [Projekt Echo - 52 Limited Liability Company] as the Buyer (company controlled by WCC Poland S.á.r.l. of Luxembourg, member of the capital group of Catalyst Capital of London). The object of the sales contract is ownership right to immovable property situated in Kielce at Massalskiego Street, whereon the Pasaż Świętokrzyski shopping center is developed (Real Estate IV). Transaction price has been determined as PLN equivalent of EUR 29,581,113 net, equaling PLN 111,159,906.43, and the book value of these assets is PLN 102,046,365 (as on June 30, 2007).

In addition, an agreement was signed on July 4, 2007 containing provisions whereunder Est-On Property Management Sp. z o.o. [Est-On Property Management Limited Liability Company], a subsidiary of Echo Investment S.A., and Cushman & Wakefield Polska Sp. z o.o. [Cushman & Wakefield Poland Limited Liability Company] with its registered seat in Warsaw shall provide services to the Buyer in the field of managing the sold properties.

Funds earned through this transaction will be allocated to performance of Echo Investment Capital Group's investment projects, particularly to realization of consecutive phases of shopping centers in Kielce, office projects in Krakow, Katowice and Łódź.

2. On July 5, 2007, a contract of purchase of real estate situated at the crossing of Górnośląska Street and Francuska Street in Katowice was signed. The local spatial development plan stipulates an office and administrative function for the purchased plot of land. The company intends to build a business park with an area exceeding 60,000 sq. m, with underground parking lots, on the purchased land. The launch of this investment project is anticipated in the 1st half of 2008 and the first stage should be completed in the 2nd half of 2009.

3. On July 18, 2007 a contract was signed for purchase of real estate in Łódź, Wodna Street. The Company intends to develop residential buildings comprising 320 apartments on the purchased land. The contract value was PLN 26 million. The launch of this investment project is anticipated in the 2nd half of 2008 and completion in the 1st half of 2011.

4. On July 19, 2007, as the condition precedent to executing the promised contract of sale was fulfilled, Echo Investment (the Buyer) signed a contract with SPEDIMEX Sp. z o.o. with its registered seat in Łódź (the Seller) on sale of immovable property situated in Łódź at Górnicza Street, with fuel station buildings and technical buildings erected thereon. The contract value was PLN 13.3 million. A precondition to the making of the aforementioned promised contract was that the Seller had to 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 aforementioned conditions were conditions precedent. The Issuer intends to execute a project consisting in residential buildings on the newly purchased immovable property in Łódź at Górnicza and Okopowa Streets.

5. On August 14, 2007 the Company became the owner of immovable property situated in Łódź, Piłsudskiego Street. The purchase price of this immovable property was PLN 22.8 million. A modern complex of A-class office buildings will be erected on the newly purchased plot of land. Rentable area shall exceed 20,000 sq. m. The launch of this investment project is planned for the 1st half of 2008 and completion for the 2nd half of 2009.

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. The Capital Group was expanded with 1 new company:

- the District Court in Budapest registered a subsidiary "Echo – Building Ingatlanhasznosító" Kft. with its registered seat in Budapest. Echo Investment SA holds 100% of the initial capital of that company.

II. The District Court, 10th Department of the National Court Register, deleted the following subsidiaries from the National Court Register (KRS):

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

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

1. On March 30, 2007 the District Court, 10th Economic Department of the National Court Register of Kielce, registered changes to the initial capital of "Projekt Echo - 54" Sp. z o.o. Echo Investment S.A. took up 2,201,947 shares in the initial capital with a nominal value of PLN 50 each, and covered them in whole with a non-cash contribution – the Branch named "Echo Investment S.A. – Oddział Pasaż Świętokrzyski", classified as an organized part of the Company's enterprise.

The present value of the Company's initial capital is PLN 110,147,350 and is divided into 2,202,947 shares with a nominal value of PLN 50 each.

As on the date of registration of initial capital changes, ownership structure in "Projekt Echo - 54" Sp. z o.o. has changed and is now as follows:

- "Echo Investment SA" holds 2,202,946 shares in the subsidiary with a total value of PLN 110,147,300, yielding 2,202,946 votes at the meeting of shareholders, which forms 99.99995 % of the initial capital,
- the subsidiary "Projekt Echo - 17" Sp. z o.o. ("Project Echo - 17" Limited Liability Company) with its registered seat in Kielce holds 1 share with a total value of PLN 50, yielding 1 vote at the meeting of shareholders, which forms 0.00005 % of the initial capital.

2. On April 3, 2007 Echo Investment SA purchased from Giant Sp. z o.o. of Poznań 1,993 shares in "Echo Investment - Centrum Handlowo-Uługowo-Rozrywkowe Gliwice" Sp. z o.o. with its registered seat in Kielce, constituting 22.48% of the initial capital worth PLN 996,500, carrying 1,993 votes at the general meeting of shareholders of the company.

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

On the basis of the agreements of transfer of enterprises, which were made on February 28, 2007 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

„Echo - Centrum Biznesu Łódź” Sp. z o.o. took up 1,029,279 shares in the initial capital with nominal value of PLN 50 and covered them up in whole with a non-cash contribution, being an enterprise, while „Echo - Centrum Bankowości i Finansów Łódź” Sp. z o.o. took up 950,466 shares in the initial capital for a nominal value of PLN 50 each and covered them in whole with a non-cash contribution being an enterprise.

As on the registration date, ownership structure in "Projekt Echo - 53" Sp. z o.o. has changed and is now as follows:

- the subsidiary "Echo - Centrum Biznesu Łódź” Sp. z o.o. ["Echo - Łódź Business Center" Limited Liability Company] holds 1,029,279 shares in the subsidiary with a total value of PLN 51,463,950, yielding 1,029,279 votes at the meeting of shareholders, which forms 51.96% of the initial capital.
- the subsidiary "Echo - Centrum Bankowości i Finansów Łódź” Sp. z o.o. ["Echo - Łódź Banking and Financial Center" Limited Liability Company] holds 950,466 shares in the subsidiary with a total value of PLN 47,523,300, yielding 950,466 votes at the meeting of shareholders, which forms 47.98% of the initial capital.
- "Echo Investment SA" holds 999 shares in the subsidiary with a total value of PLN 49,950, yielding 999 votes at the meeting of shareholders, which forms 0.05% of the initial capital,
- the subsidiary "Projekt Echo - 17" Sp. z o.o. ("Project Echo - 17" Limited Liability Company) with its registered seat in Kielce holds 1 share with a total value of PLN 50, yielding 1 vote at the meeting of shareholders, which forms 0.0001% of the initial capital.

4. On May 16, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary "Echo - Centrum Bankowości i Finansów Łódź” Sp. z o.o. with its registered seat in Kielce. The value of the company's initial capital was reduced and now equals PLN 3,000,500, divided into 6,001 shares with a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 6,001.

As on the registration date, ownership structure in "Echo - Centrum Bankowości i Finansów Łódź” Sp. z o.o. is now as follows:

- Echo Investment SA holds 6,001 shares in the subsidiary with a total value of PLN 3,000,500, giving 6,001 votes at the meeting of shareholders, forming 100% of the initial capital.

IV. Names of the following subsidiaries were changed:

The District Court in Kielce, 10th Department of the National Court Register, registered the following:

- replacement of company name of "Hotel Investment Sp. z o.o." Sp.k. ['Hotel Investment Limited Liability Company' Limited Partnership], having its registered seat in Kielce, with "Echo - Arena Sp. z o.o." Sp.k. ['Echo - Arena Limited Liability Company' Limited Partnership], having its registered seat in Kielce,
- replacement of company name of "Kieleckie Centrum Handlowe - Rozrywkowe Echo" Sp. z o.o. ['Echo Shopping & Entertainment Center of Kielce' Limited Liability Company], having its registered seat in Kielce, with "Echo - Galeria Kielce" Sp. z o.o. ['Echo - Kielce Gallery' Limited Liability Company], having its registered seat in Kielce,
- replacement of company name of "Echo - SPV 6" Sp. z o.o. ['Echo - SPV 6' Limited Liability Company], having its registered seat in Kielce, with "Echo Investment - Centrum Handlowe Świętochłowice" Spółka z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] with its registered seat in Kielce,
- replacement of company name of "Echo - Veneda" Sp. z o.o. ['Echo - Veneda' Limited Liability Company], having its registered seat in Kielce, with "Echo Investment - Centrum Handlowe Łomża" Spółka z o.o. ['Echo Investment - Łomża Shopping Center' Limited Liability Company] 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 Suretyship 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.
2. The surety for the debts of Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością 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 13 million.

Surety agreements in force as on June 30, 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]	8,370 PLN	year 2095	Payment of fees for perpetual usufruct of land by MDP sp. z o.o. (100% subsidiary of Echo Investment SA)
Bank PeKaO SA	740 PLN	until the day of contract of transfer from the rights of bank performance guarantee in favor of PeKaO SA Bank.	surety for the debts of Echo Investment - Centrum Bełchatów Sp. z o.o. as a collateral of a loan granted by PeKaO SA Bank.

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.
3. Bank guarantee as of August 2, 2006, granted by EUROHYPO AG as a collateral of payment of remuneration for construction works in favor of Strabag Sp. z o.o., has expired. The value of the guarantee was PLN 18,241 thousand.

Guarantee agreements in force as on June 30, 2007 are presented in the table below:

Guarantor	Value (in thousands PLN)	Expiry date	On account of
PKO BP S.A.	3.995	05.09.2007	security of liabilities towards Spółdzielnia Spożywców MOKPOL

5.11 Description of the issuer's significant achievements or failures

During the 2nd 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.

Apart from the investment projects enumerated below, immovable property for future investment projects were purchased in the following cities: Częstochowa and Kalisz (ca. 4.2 hectares). The value of executed contracts was about PLN 22 million.

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 tenants.

In the 2nd quarter of 2007, an advanced shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław at Grunwaldzki Square, was opened. Rentable area of about 48,700 sq. m has been let to tenants in 100%.

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.

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 facility 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. 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 22, 2008, acquire the immovable property in Łomża and if it does not obtain a final building permit until June 30, 2009. 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 space

In the office investments segment, Echo Investment Capital Group has completed facilities for lease in Warsaw 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 space is let 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 (rentable area of about 33,000 square meters). The four office buildings designed by APA Wojciechowski design office of Warsaw shall be executed in two stages. The Company obtained a building permit in July 2007. The anticipated commencement date of investment falls in the 2nd half of 2007 and completion date in the 1st half of 2009.

The Poznań market

The process of preparing for realization of the 'Malta Office Park' office complex in Poznań was also carried out (rentable area of about 30,000 square meters). In the 2nd quarter of 2007, the Company obtained a building permit for the 1st stage of the investment project. The six office buildings designed by Litoborski-Marciniak design office of Poznań shall be executed in three stages. Execution of the investment project was launched in the 3rd quarter of the year 2007. First stage of construction is expected to complete in the 2nd half of the year 2008.

The Kielce market

During the second 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 (area of the buildings is about 18,000 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. Office space of ca. 3,700 square meters in one of the above mentioned buildings will be let to Echo Investment SA. The contract was made for a period of 10 years. Anticipated completion date of the investment project falls in the 3rd quarter of the year 2007.

The Cracow market

The Company prepares to development of a new office building in Cracow, Lea Street. The architectural concept shall be developed by DDJM Biuro Architektoniczne Sp. z o.o., a designing office of Cracow. Rentable area will be about 9,000 square meters. The anticipated commencement date of this investment project falls in the 1st half of 2008 and completion date in the 2nd half of 2009.

The Gdańsk market

The Company intends to develop office space on the immovable property in Gdańsk, Jana z Kolna Street. The building designed by Arch – Deco designing office of Gdynia shall comprise ca. 23,000 sq. m of rentable area. In the 2nd quarter of year, a plot of land at Dyrekcyjna Street, immediately adjoining the aforementioned real estate, with an area exceeding 1,100 sq. m, was purchased. The anticipated commencement date of the development process 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 12,000 sq. m of that building area will be designed for rent by companies specializing in advanced IT and telecommunication technologies. 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 1st half of 2008, and completion date – in the 1st half of 2009.

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 2nd quarter of the year, 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 (130 apartments) falls in the 1st half of 2008.

2nd stage of the investment project at Zwycięzców Street (ca. 15,000 square meters for sale) 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 9,250 thousand square meters, will be built on the 6.3 hectares of land. The anticipated project commencement date will be in the 1st half of 2008, and completion date – in the 2nd half of 2009.

The Poznań market

Construction works were also performed in Poznań. Stage III of the Naramowice Housing Estate (150 apartments) was realized. Anticipated completion date of the Poznań investment falls in the 2nd 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), as designed by Archikwadrat Sp. z o.o. of Poznań. The completion of this investment project 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. About 280 apartments will be built in residential buildings designed by Studio Lisiak Sp. z o.o. of Poznań (area for sale is over 17,000 sq. m). Anticipated date of delivery of these buildings falls in the 2nd 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 designing office of Poznań. This housing estate will comprise about 68 apartments. Anticipated completion date falls in the 1st quarter of 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. This building, designed by The Blok office, will have an area of about 3,000 square meters. (40 apartments).

The Company initiated the process of designing a housing and commercial building to be erected in Cracow, Krasickiego Street (area for sale of 5,500 sq. m, 84 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. Area for sale will be about 5,500 sq. m (109 apartments). The launch of this investment project is anticipated in the 1st half of 2008 and completion in the 1st half of 2010.

The Company intends to develop a residential building on its land situated in Cracow, Bronowicka Street, for an approximate area of 3,000 sq. m (39 apartments). A contract was made with Studio S Michał Szymanowski design office of Cracow concerning performance of designing works on the above mentioned project. 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. The housing estate will be designed by StoMM Architektura Maciej Stoczkiewicz design office of Kielce. The total area of land is about 200,000 square meters. The anticipated completion date of this investment project falls in the 2nd half of 2009.

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. The total area of land is about 180,000 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 in the 1st half of 2008.

The Łódź market

Echo Investment SA acquired the right of perpetual usufruct of immovable property situated in Łódź at Okopowa Street and Górnicza Street. The value of concluded real estate purchase agreements was a net of PLN 43.3 million. The Company intends to erect residential buildings on the above mentioned real estate, with an area of about 50,000 sq. m for sale (800 apartments). The anticipated commencement date of this investment project falls in the 2nd half of 2008 and completion date in the 1st half of 2013.

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

A modern, multifunctional shopping, entertainment and office project called MUNDO will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14th District of Budapest. The anticipated rentable area of this shopping, entertainment and office project shall be about 60,000 square meters. Further plans include location of the Zuglo District Mayor's Office and an office park in the complex. The design office is MOFO Architekci Sp. z o.o. 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 2nd quarter of 2007, revaluation of the Pasaż Grunwaldzki shopping and entertainment center in Wrocław after its delivery had a significant impact on the financial result, as well as quarterly revaluation of fair value of the Capital Group's immovable properties, considering for changes due to EUR and USD exchange rate gains/losses (q/q).

Another factor affecting the gained profit was the income earned under General Contractor Agreement made by Echo Investment SA with Ustra Sp. z o.o. of Kielce for development of an office building complex in Kielce, Al. Solidarności Street, and income earned from letting of commercial space and 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 2nd quarter of 2007 constituted 55.4% 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. 6.1% 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 2nd quarter of 2007 constituted approx. 37.1% of net income from sales in 2005.

- other income:

Other sources of income include income earned on property management services and other services. Property trade also forms a portion of other incomes. As at the end of the 2nd quarter of 2007, this income made up 1.4% of the total.

Specification	Incomes for 2 quarters of 2007 [in millions PLN]	Incomes in 2006 [in millions PLN]	Incomes for 2 quarters of 2006 [in millions PLN]
Lease of areas shopping centers and commercial and entertainment centers	105,8	150,9	73,2
Sale of residential space	11,7	111,5	75,3
Realization and lease of areas in office and hotel facilities	70,9	59,7	28,1
Other income	2,6	11,1	7,8
Operating income total	191,0	333,2	184,4

5.14 Selected consolidated financial data

	in thousands PLN		in thousands EURO	
	2 quarters accrued the period from 01.01.2007 to 30.06.2007	2 quarters accrued the period from 01.01.2006 do 30.06.2006	2 quarters accrued the period from 01.01.2007 to 30.06.2007	2 quarters accrued the period from 01.01.2006 to 30.06.2006
I. Operating income	190 991	184 362	48 893	47 941
II. Profit before tax and financial income/costs	266 820	169 139	68 305	43 982
III. Gross profit (loss)	263 209	127 126	67 381	33 058
IV. Net profit (loss)	212 402	102 184	54 374	26 572
V. Net cash flows on operating activity	12 161	(4 933)	3 113	(1 283)
VI. Net cash flows on investment activity	(197 049)	(16 177)	(50 444)	(4 207)
VII. Net cash flows on financial activity	288 367	112 258	73 821	29 191
VIII. Net cash flows total	103 479	91 148	26 490	23 702
IX Total assets	3 312 196	2 392 222	879 546	591 636
X. Equity capital allocated to shareholders of the dominant company	1 407 644	1 019 287	373 797	252 087
XI. Long-term liabilities	1 246 279	992 190	330 947	245 385
XII. Short-term liabilities	400 236	194 803	106 282	48 178
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)	9,25	4,76	2,37	1,24
XV. Diluted profit (loss) per one ordinary share (in PLN/EUR)	9,25	4,76	2,37	1,24
XVI. Book value per one share (in PLN/EUR)	33,52	24,27	8,90	6,00
XVII. Diluted book value per one share (in PLN/EUR)	33,52	24,27	8,90	6,00

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

The following shareholders, directly or indirectly through subsidiaries, held at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on August 14, 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**, managing the funds of BZ WBK TFI 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

** BZ WBK AIB Asset Management SA with its registered office in Poznań, managing the investment portfolios of BZ WBK TFI SA Funds, communicated its achievement of 5.05% threshold in the number of votes at the General Meeting of Shareholders of Echo Investment SA on November 30, 2006.

On June 14, 2007, the clients of Pioneer Pekao Investment Management SA (PPIM) of Warsaw have become holders of shares giving more than 5% of the total number of votes at the Issuer's general meeting of shareholders, as a result of performance of contracted financial instruments portfolio management service by PPIM.

Before the aforementioned increase of share, Pioneer Pekao Investment management SA's clients held 2,057,723 shares of Echo Investment SA on their accounts covered by the management agreement, forming 4.90% of the Issuer's share capital. These shares gave 2,057,723 votes, forming 4.90% of the total number of votes at the Issuer's general meeting of shareholders.

On June 14, 2007 there were 2,100,123 shares of Echo Investment SA on Pioneer Pekao Investment Management SA customers' securities accounts, forming 5.0003% of the Issuer's initial capital. These shares carried 2,100,123 votes, forming 5.0003% of the total number of votes at the Issuer's general meeting of shareholders.

All clients of Pioneer Pekao Investment Management SA with respect to portfolios managed by PPIM have become the shareholders holding the aforementioned number of votes exceeding 5% of the total number of votes at the Issuer's general meeting of shareholders.

On June 20, 2007, the clients of Pioneer Pekao Investment Management SA (PPIM) of Warsaw have become holders of shares giving more than 4.99% of the total number of votes at the general meeting of shareholders of Echo Investment SA, as a result of performance of contracted financial instruments portfolio management service by PPIM, to the extent of the financial instruments contained in portfolios managed within the scope of PPIM's brokerage service concerning contracted management of financial instruments portfolio.

Before the aforementioned decrease of share, Pioneer Pekao Investment management SA's clients held 2,100,270 shares of Echo Investment SA on their accounts covered by the management agreement, forming 5.0006% of the Issuer's share capital. These shares carried 2,100,270 votes, forming 5.0006% of the total number of votes at the Issuer's general meeting of shareholders.

On June 20, 2007 there were 2,097,401 shares of Echo Investment SA on Pioneer Pekao Investment Management SA customers' securities accounts, forming 4.99% of the Issuer's initial capital. These shares carried 2,097,401 votes, forming 4.99% of the total number of votes at the Issuer's general meeting of shareholders.

All clients of Pioneer Pekao Investment Management SA with respect to portfolios managed by PPIM have become the shareholders holding the aforementioned number of votes at the Issuer's general meeting of shareholders.

*** BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA (hereinafter referred to as the Society), acting on behalf of Arka BZ WBK Akcji FIO, Arka BZ WBK Akcji Środkowej i Wschodniej Europy FIO, Arka BZ WBK Stabilnego Wzrostu FIO, ARKA BZ WBK Zrównoważony FIO and Lukas FIO (hereinafter called the „Funds”) and pursuant to Article 69 clause 1 item 1 with reference to Article 87 clause 1 item 2 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005 (Journal of Laws No. 184 item 1539, as amended) notified that as a result of acquisitions of shares that were cleared on July 16, 2007, the Funds enumerated above have become joint holders of shares carrying more than 5% of the total number of votes at the general meeting of shareholders of Echo Investment SA.

Before the increase of that percentage, the Funds' accounts contained 2,097,823 shares of Echo Investment S.A., constituting 4.99% of the Issuer's share capital. These shares carried 2,097,823 votes at the general meeting of shareholders, i.e. 4.99% share in the total number of votes at the general meeting of shareholders of Echo Investment S.A.

As on July 16, 2007, a total of 2,108,623 shares were present in the Funds' securities accounts, giving 5.02% of the Issuer's share capital. These shares carried 2,108,623 votes at the general meeting of shareholders, i.e. 5.02% share in the total number of votes at the general meeting of shareholders of Echo Investment S.A.

The Society further informed that, in accordance with Article 46 clause 1 item 1 of the Act as of May 27, 2004 on Investment Funds (Journal of Laws

No. 146, item 1546, as amended), it contracted the Funds' investment portfolios management from BZ WBK AIB Asset Management SA of Poznań.

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 August 14, 2007, 42,000,000 shares of the Company are presently available for stock trade. All shares carry 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 at 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
Razem:	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 2007-08-14	balance as on 2007-05-15
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 Waniółka, acting Member of the Management Board*	did not hold any shares	did not hold any shares

* From March 27, 2007 to June 27, 2007 Mr. Mariusz Waniółka was assigned by the Supervisory Board of Echo Investment S.A. to take up temporarily the functions of Management Board Member, as a substitute for Mr. Andrzej Majcher. As on June 27, 2007 Mr. Mariusz Waniółka did not hold any shares of Echo Investment SA.

Supervising Persons*	balance as on 14.08.2007	balance as on 15.05.2007
Wojciech Ciesielski, Chairman of the Supervisory Board**	144,000 shares	144,000 shares
Andrzej Majcher, Vice-President of the Supervisory Board**	10,080 shares	10,080 shares
Mariusz Waniółka, Member 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 May 29, 2007 the Ordinary General Meeting of Shareholders of Echo Investment SA passed a resolution no. 18, whereunder it decided to appoint 6 new members of the Supervisory Board for the next term of office (combined 3-years' term of office).

In addition, on the basis of resolutions passed in respect of appointment of the Supervisory Board for the new term of office, on May 29, 2007 the Ordinary General Meeting of Shareholders of Echo Investment SA appointed the following persons as supervisors:

- Wojciech Ciesielski
- Mariusz Waniółka
- Robert Oskard
- Andrzej Majcher
- Tomasz Kalwat
- Karol Żbikowski

Compared to the Supervisory Board for the previous term of office, Mr. Andrzej Majcher is a new member.

** During the meeting of June 11, 2007 the Supervisory Board of Echo Investment SA, acting pursuant to paragraph 1 clause 2 of the Regulations of the Supervisory Board of Echo Investment SA, enacted resolutions on election of Chairman and Deputy Chairman of the Supervisory Board of Echo Investment SA. Mr. Wojciech Ciesielski was elected Chairman and Mr. Andrzej Majcher was elected Deputy Chairman of the Supervisory Board of Echo Investment SA. Both functions shall be held as from June 11, 2007.

*** Mr. Kamil Latos, who was a Member of the Management Board of Echo Investment SA until May 29, 2007, resigned from applying to a post for the next term of office.

5.17 Information about court proceeding

During the period from January 01, 2007 to June 30, 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 01, 2007 to June 30, 2007, 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 sureties or guarantees granted

During the 2nd quarter of 2007, Echo Investment Capital Group did not grant any sureties of loans or credits, or any guarantees combined to a single subsidiary organization or company that would exceed a total of at least 10% of the Issuer's equity.

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 item affecting the financial results earned by Echo Investment Capital Group during the consecutive period shall be the clearing of transactions of sales of two office projects situated in Łódź and two shopping centers in Łódź and in Kielce. The contracts of sale of immovable property were executed on July 04, 2007. Total net price of transaction was USD 25,600,173 and EUR 47,373,902, i.e. an equivalent of PLN 248.7 million according to the exchange rate of the National Bank of Poland as on the transaction date. The book value of the assets in the books was PLN 222.6 million (balance as on June 30, 2007). Total rentable area is about 37.8 thousand square meters. Cash from the sales of assets shall affect the financial result of the 3rd quarter of 2007. During the consecutive period, the result shall be affected by signing final contracts of sale of the housing project of Warsaw, Inflancka Street.

In the perspective of at least one consecutive quarter of year, the results achieved by the Echo Capital Group will be affected by quarterly revaluation of fair value of real estates, considering such factors as currency rates fluctuations (EUR, USD) and annual variation of yield rates for individual projects, which is effected in the 3rd quarter of each consecutive year.

Other factors include regular incomes from lease contracts, progress of execution, lease and sale of currently built commercial and housing investments, and quality improvement and value increase of the available 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 six months expiring on June 30, 2007

	balance as on 2007.06.30 end of quarter	balance as on 2006.12.31 end of preceding year	balance as on 2006.06.30 end of quarter
Assets			
1. Fixed assets			
1.1. Intangible assets	200	89	97
1.2. Tangible assets	54 578	45 475	50 033
1.3. Long-term receivables	-	-	-
1.4. Long-term investments	448 961	376 975	219 492
1.4.1. Investment immovable property	5 069	102 834	5 334
1.4.2. Long-term financial assets	443 892	274 141	214 158
1.5. Deferred income tax assets	14 651	16 908	17 665
	518 390	439 447	287 287
2. Current assets			
2.1. Inventories	311 397	230 090	267 486
2.2. Short-term receivables	212 267	191 563	82 586
2.2.1. Tax receivables	7 898	6 069	12 804
2.2.2. Receivables on account of deliveries and services, other receivables	204 369	185 494	69 782
2.2.2.1. In affiliated companies	125 777	158 615	61 262
2.2.2.2. In other companies	54 393	26 879	8 520
2.3. Short-term financial investments	49 148	47 768	25 383
2.3.1. In affiliated companies	48 629	47 258	25 040
2.3.2. In other companies	519	510	343
2.4. Cash and cash equivalents	260 248	131 909	173 302
2.5. Accruals	113	277	238
	833 173	601 607	548 994
Assets total	1 351 563	1 041 054	836 281
Liabilities			
1. Equity			
1.1. Initial capital	21 000	21 000	21 000
1.2. Supplementary capital	378 967	298 213	298 213
1.3. Profit (loss) carried forward	4 083	4 083	4 083
1.4. Profit (loss) of the current year	45 397	80 754	44 693
	449 447	404 050	367 989
2. Reserves			
2.1. Reserve for deferred income tax	27 086	22 548	13 614
2.2. Other reserves	19 691	17 929	17 616
	46 777	40 477	31 230
3. Long-term liabilities			
3.1. Financial liabilities	546 844	252 049	299 994
3.1.1. To affiliated companies	155	6 088	57 681
3.1.2. To other companies	546 689	245 961	242 313
3.2. Other liabilities	-	-	-
	546 844	252 049	299 994
4. Short-term liabilities			
4.1. Financial liabilities	108 812	145 650	25 573
4.1.1. To affiliated companies	386	37 075	10 420
4.1.2. To other companies	108 426	108 575	15 153
4.2. Tax liabilities	64	2 974	2 532
4.3. Liabilities on account of deliveries and services	48 801	84 365	39 318
4.3.1. To affiliated companies	50	1 412	31
4.3.2. To other companies	48 750	82 952	39 287
4.4. Other liabilities	150 720	111 481	69 580
4.5. Special funds	98	9	65
	308 495	344 478	137 068
Liabilities total	1 351 563	1 041 054	836 281
Book value	449 447	404 050	367 989
Number of shares	42 000 000	42 000 000	42 000 000
Book value per one share (in PLN)	10,70	9,62	8,76

Off-balance liabilities (in thousands PLN)	balance as on 2007.06.30 end of quarter	balance as on 2006.12.31 end of previous year	balance as on 2006.06.30 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	9 942	464 593	487 553
Off-balance items total	9 942	464 593	487 553

Profit and loss account (in thousands PLN)	2nd quarter the period from 2007.04.01 to 2007.06.30	2 quarters the period from 2007.01.01 to 2007.06.30	2nd quarter the period from 2006.04.01 to 2006.06.30	2 quarters the period from 2006.01.01 to 2006.06.30
Operating income	91 235	150 023	44 141	84 207
Operating costs	(73 645)	(123 631)	(21 784)	(42 364)
Gross profit (loss) on sales	17 590	26 392	22 357	41 843
Profit (loss) from sale of immovable property	6	11	419	6 568
Revaluation of immovable property	12 873	12 431	(11 137)	(11 447)
Costs of sales	(7 784)	(11 468)	(2 175)	(4 466)
Overheads	(9 837)	(14 249)	(13 126)	(17 867)
Other operating income / costs	(2 541)	10 201	7 838	(196)
Profit before tax and financial income/costs	10 307	23 318	4 176	14 434
Financial income	36 621	44 376	45 902	48 546
Financial costs	(8 826)	(15 282)	(13 393)	(18 124)
including foreign exchange losses	307	689	3 644	4 903
Gross profit (loss)	38 102	52 412	36 685	44 856
Income tax	(4 119)	(7 015)	2 242	(163)
Net profit (loss)	33 983	45 397	38 927	44 693
Net profit (loss) (annualized)		81 458		46 961
Weighted average number of ordinary shares		42 000 000		42 000 000
Profit (loss) per one ordinary share (in PLN)		1,94		1,12
Weighted average diluted number of ordinary shares		42 000 000		42 000 000
Diluted profit per one ordinary share (in PLN)		1,94		1,12

Statement of changes in equity (in thousands PLN)	Initial capital	Supplementary capital	Profit brought forward	Net profit during the period	Capitals total
For 2 quarters (current year), the period from 2007.01.01 to 2007.06.30					
Balance at the beginning of the period	21 000	298 213	84 837	0	404 050
Corrections of basic errors					
Balance at the beginning of the period, after reconciliation to comparable data	21 000	298 213	84 837	0	404 050
Distribution of profit/loss carried forward		80 754	(84 837)	0	0
Net profit (loss) of the current period			-	45 397	45 397
Changes total		80 754	(84 837)	45 397	45 397
Balance at the end of the period	21 000	378 967	4 083	45 397	449 447
For 4 quarters (previous year), period from January 1, 2006 to December 31, 2006					
Balance at the beginning of the 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 2 quarters (previous year), period from January 1, 2006 to June 30, 2006					
Balance at the beginning of the period					
Changes in applied accounting principles (policy)	21 000	288 690	13 606	-	323 296
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	-	-	-	44 693	44 693
Changes total	-	9 523	(9 523)	44 693	44 693
Balance at the end of the period	21 000	298 213	4 083	44 693	367 989

Cash flow statement (in thousands PLN)	2 quarters period from 2007.01.01 to 2007.06.30	2 quarters period from 2006.01.01 to 2006.06.30
Cash flows on operating activity – indirect method		
I. Net profit (loss)	45 397	44 693
II. Adjustments:		
1. Share in net (profits) losses of associated companies	-	-
2. Amortization / Depreciation	1 766	1 593
3. Foreign exchange gains/losses	4 810	(9 729)
4. Interest and shares in profits (dividends)	(24 849)	(28 995)
5. Current income tax in the profit and loss account	220	2 792
6. Income tax paid	(3 550)	(1 194)
7. (Profit) loss on investment activity	(12 642)	(725)
8. Change in reserves	6 300	1 752
9. Change in inventories	(81 853)	(53 925)
10. Change in receivables	(19 916)	163 753
11. Change in short-term liabilities, except for loans and credits	2 249	(48 648)
12. Change in accruals	3 720	(2 261)
13. Other adjustments	-	-
	(123 745)	24 413
Net cash flows on operating activity	(78 348)	69 106
Cash flows on investment activity		
I. Income		
1. Sales of intangible assets and fixed assets	35	225
2. Sales of investments in immovable property and in intangible assets	-	15 568
3. From financial assets	37 821	70 451
4. Other income from investments	-	-
	37 856	86 245
II. Expenditure		
Acquisition of intangible assets and tangible assets	(10 425)	(1 587)
2. Investments in real property and in intangible assets	(947)	(188)
3. On financial assets	(57 535)	(9 620)
4. Other investment expenditure	(168)	(350)
	(69 075)	(11 744)
Net cash flows on investment activity	(31 219)	74 501
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	1 719	11 750
3. Issue of debenture bonds	347 559	99 654
4. Other financial income	-	-
	349 278	111 404

Cash flow statement (in thousands PLN) ctd.	2 quarters period from 2007.01.01 to 2007.06.30	2nd quarter period from 2006.01.01 to 2006.06.30
II. Expenditure		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit allocation, other than payments to owners	-	-
4. Repayments of loans and credits	(42 622)	(59 789)
5. Redemption of debenture bonds	(50 000)	(95 000)
6. Interest	(13 940)	(8 804)
	(106 562)	(163 593)
Net cash flows on financial activity	242 716	(52 190)
Net cash flows total	133 149	91 418
Balance change of cash balance, including:	128 338	101 146
- change in cash balance due to exchange rate gains/losses	(4 810)	9 729
Cash at the beginning of period	131 909	76 936
Cash at the end of period, including:	260 247	168 354
- with limited disposability	-	66 704

Kielce, dated August 14, 2007

Representatives of the Company:

President of the Management Board

Member of the Management Board

Jarosław Grodzki

Artur Langner

Person in charge of keeping the books of accounts:

Chief Accountant

Tomasz Sulek