

GLOBE TRADE CENTRE S.A.

**IFRS INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED
30 JUNE 2007**

Globe Trade Centre S.A.
Interim Condensed Consolidated Balance Sheet
As of 30 June 2007
(in thousands of Euro)

	<u>Note</u>	<u>30 June 2007</u> <i>(unaudited)</i>	<u>30 June 2006</u> <i>(unaudited)</i>	<u>31 December</u> <u>2006</u>
ASSETS				
Non current assets				
Investment property		721,493	685,001	541,751
Property, plant and equipment		193,164	87,170	170,252
Investment in associates	11	25,539	14,138	28,531
Loans granted		9,103	2,113	7,718
Deferred tax asset		3,210	2,358	3,026
Long term receivables		5,787	-	4,506
Advances to contractors		4,580	10,109	9,323
Derivatives		734	-	-
Goodwill		7,983	9,220	8,918
Other non-current assets	12	1,844	749	1,750
		973,437	810,858	775,775
Current Assets				
Inventory		144,395	58,121	115,780
Advances to contractors		8,489	-	-
Debtors		4,105	2,685	3,855
Accrued income	13	10,308	7,437	12,990
Derivatives		3,802	612	653
VAT and other tax recoverable		15,953	10,045	12,109
Income tax recoverable		2,324	1,268	1,623
Prepayments, deferred expenses		3,801	4,045	2,479
Short-term deposits		9,739	14,367	7,889
Cash and cash equivalents		417,453	212,329	277,636
		620,369	310,909	435,014
TOTAL ASSETS		1,593,806	1,121,767	1,210,789

The accompanying notes are an integral part of this Interim Condensed Consolidated Balance Sheet

Globe Trade Centre S.A.
Interim Condensed Consolidated Balance Sheet
As of 30 June 2007
(in thousands of Euro)

	<u>Note</u>	<u>30 June 2007</u> <i>(unaudited)</i>	<u>30 June 2006</u> <i>(unaudited)</i>	<u>31 December</u> <u>2006</u>
EQUITY AND LIABILITIES				
Capital attributable to equity holders of the parent				
Share capital	15	4,741	5,197	5,230
Share premium	15	223,173	242,591	245,170
Capital reserve		1,510	1,660	1,660
Hedge reserve		645	145	230
Foreign currency translation		10,799	(9,822)	(51,764)
Accumulated profit		558,687	414,933	530,532
		799,555	654,704	731,058
Minority Interest		21,389	(91)	26
Total Equity		820,944	654,613	731,084
Long-term Liabilities				
Long-term portion of long-term loans	14	539,555	334,109	258,499
Deposits from tenants		1,730	2,709	1,468
Long term payable		2,768	1,110	2,701
Financial liability	18	12,820	10,229	9,412
Provision for deferred tax liability		74,948	49,749	54,332
		631,821	397,906	326,412
Current Liabilities				
Trade and other payables		40,930	19,266	41,936
Current portion of long-term loans	14	43,332	25,405	48,060
Credit line		1,526	2,514	3,030
Current portion of long term payable		2,870	-	3,663
VAT and other taxes payable		2,810	634	12,814
Income tax payable		756	483	10,069
Accruals		18,131	14,906	19,482
Advances received		30,314	5,809	14,096
Deferred income		372	217	79
Derivatives		-	14	64
		141,041	69,248	153,293
TOTAL EQUITY AND LIABILITIES		1,593,806	1,121,767	1,210,789

The accompanying notes are an integral part of this Interim Condensed Consolidated Balance Sheet

Globe Trade Centre S.A.
Interim Condensed Consolidated Income Statement
for the three-month period ended 30 June 2007
(in thousand of Euro)

	Note	<u>Six-month period</u>		<u>Three-month period</u>		<u>Year ended</u>
		<u>ended 30 June</u>		<u>ended 30 June</u>		<u>31 December</u>
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	
Revenues from operations	8	28,041	43,000	13,096	20,689	80,883
Cost of operations	9	(8,345)	(16,951)	(3,203)	(7,884)	(32,095)
Gross margin from operations		19,696	26,049	9,893	12,805	48,788
Selling expenses		(2,012)	(1,332)	(973)	(550)	(2,932)
Administration expenses		(6,976)	(6,149)	(3,488)	(2,732)	(14,862)
Profit from revaluation of investment property		101,386	111,226	90,655	31,406	199,108
Other income/(expenses) net		571	2,601	69	2,843	2,486
Profit from continuing operations before tax and financial related income / (expense)		112,665	132,395	96,156	43,772	232,588
Foreign currency gain/(loss), net		(2,566)	4,879	(1,298)	2,910	10,020
Interest income		8,062	2,613	4,627	1,486	5,876
Financial expense, net		(7,502)	(8,431)	(4,170)	(4,012)	(16,461)
Profit on sale of subsidiaries		718	1,332	-	1,332	1,332
Share of profit/ (losses) from associates		(98)	98	(80)	(7)	4,224
Profit before taxation		111,279	132,886	95,235	45,481	237,579
Taxation		(22,198)	(23,326)	(17,345)	(8,787)	(39,632)
Profit for the period		89,081	109,560	77,890	36,694	197,947
Attributable to:						
Equity holders		67,666	106,506	56,435	36,703	195,071
Minority interest		21,415	3,054	21,455	(9)	2,876
Basic earnings per share (USD)	16	0.31	0.51	0.26	0.17	0.91
Diluted earnings per share (USD)	16	0.31	0.51	0.26	0.17	0.91

The accompanying notes are an integral part of this Interim Condensed Consolidated Income Statement

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June 2007
(in thousands of Euro)

	Issued and Paid in Share Capital	Share Premium	Capital reserve	Hedge reserve	Foreign currency translation	Accumulated Profit	Total	Minority interest	Total
Balance as of 1 January 2006	4,759	118,458	1,040	(240)	(5,697)	342,676	460,996	677	461,673
Hedge transactions	-	-	-	369	-	-	369	-	369
Put option granted to minority	-	-	-	-	-	(6,597)	(6,597)	(3,632)	(10,229)
Sale of subsidiary	-	-	-	(1)	(1,405)	-	(1,406)	-	(1,406)
Currency translation differences	-	-	-	17	(2,720)	(27,032)	(29,735)	(190)	(29,925)
Net income recognized directly in equity	4,759	118,458	1,040	145	(9,822)	309,047	423,627	(3,145)	420,482
Profit for the six-months period ended 30 June 2007 (unaudited)	-	-	-	-	-	106,506	106,506	3,054	109,560
Total recognized income and expenses for the period	4,759	118,458	1,040	145	(9,822)	415,553	530,133	(91)	530,042
Issuance of shares	438	123,293	-	-	-	-	123,731	-	123,731
Share based payment	-	840	-	-	-	-	840	-	840
Increase in capital reserve	-	-	620	-	-	(620)	-	-	-
Balance as of 30 June 2006 (unaudited)	5,197	242,591	1,660	145	(9,822)	414,933	654,704	(91)	654,613

The accompanying notes are an integral part of this Interim Condensed Consolidated Statement of Changes in Equity

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June 2007
(in thousands of Euro)

	Issued and paid in share capital	Share premium	Capital reserve	Hedge reserve	Foreign currency translation	Accumulated profit	Total	Minority interest	Total
Balance as of 1 January 2006	4,759	118,458	1,040	(240)	(5,697)	342,676	460,996	677	461,673
Hedge transactions	-	-	-	473	-	-	473	-	473
Put option granted to minority	-	-	-	-	-	(6,595)	(6,595)	(3,634)	(10,229)
Sale of subsidiary	-	-	-	(3)	(1,332)	-	(1,335)	-	(1,335)
Currency translation differences	-	-	-	-	(44,735)	-	(44,735)	107	(44,628)
Net income recognized directly in equity	4,759	118,458	1,040	230	(51,764)	336,081	408,804	(2,850)	405,954
Profit for the year ended 31 December 2006	-	-	-	-	-	195,071	195,071	2,876	197,947
Total recognized income and expenses for the period	4,759	118,458	1,040	230	(51,764)	531,152	603,875	26	603,901
Issuance of shares	471	123,393	-	-	-	-	123,864	-	123,864
Share based payment	-	3,319	-	-	-	-	3,319	-	3,319
Increase in capital reserve	-	-	620	-	-	(620)	-	-	-
Balance as of 31 December 2006	5,230	245,170	1,660	230	(51,764)	530,532	731,058	26	731,084
Change of functional currency (see note 20)	(524)	(23,347)	(150)	26	63,506	(39,511)	-	-	-
Balance as of 1 January 2007	4,706	221,823	1,510	256	11,742	491,021	731,058	26	731,084
Hedge transactions	-	-	-	389	-	-	389	-	389
Sale of shares in subsidiary	-	-	-	-	-	-	-	(140)	(140)
Acquisition of subsidiary	-	-	-	-	-	-	-	(29)	(29)
Currency translation differences	-	-	-	-	(943)	-	(943)	117	(826)
Net income recognized directly in equity	4,706	221,823	1,510	645	10,799	491,021	730,504	(26)	730,478
Profit for the six-month period ended 30 June 2007 (unaudited)	-	-	-	-	-	67,666	67,666	21,415	89,081
Total recognized income and expenses for the period	4,706	221,823	1,510	645	10,799	558,687	798,170	21,389	819,559
Issuance of shares	35	89	-	-	-	-	124	-	124
Share based payment	-	1,261	-	-	-	-	1,261	-	1,261
Balance as of 30 June 2007 (unaudited)	4,741	223,173	1,510	645	10,799	558,687	799,555	21,389	820,944

The accompanying notes are an integral part of this Interim Condensed Consolidated Statement of Changes in Equity

Globe Trade Centre S.A.
Interim Condensed Consolidated Cash Flow Statement
for the six-month period ended 30 June 2007
(In thousands of Euro)

	<u>Six -month period ended 30 June 2007</u> <i>(unaudited)</i>	<u>Six -month period ended 30 June 2006</u> <i>(unaudited)</i>	<u>Year ended 31 December 2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from continuing operations before tax and financial related expenses	112,665	132,395	232,588
Adjustments for:			
Revaluation of investment properties	(101,386)	(111,226)	(199,108)
Share based payment	1,261	840	3,319
Depreciation and amortization	163	119	257
Operating cash before working capital changes	12,703	22,128	37,056
Decrease/(increase) in debtors and prepayments and other current assets	4,770	(10,842)	(11,025)
Decrease/(increase) in inventory	(32,342)	(14,550)	(53,681)
Increase in advances received	16,320	4,747	23,391
Increase in other non-current assets	-	(74)	(85)
Increase/(decrease) in short-term payables and accruals	2,411	(997)	2,474
Cash generated/(used in) from operations	3,862	412	(1,870)
Interest paid	(7,393)	(9,114)	(18,193)
Interest received	3,756	2,550	5,396
Tax paid in the period	(1,619)	(218)	(1,367)
Net cash used in operating activities	(1,394)	(6,370)	(16,034)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(86,526)	(38,195)	(103,082)
Purchase of shares in subsidiaries, net of cash acquired	(19,084)	(14,264)	(36,412)
Sale of non current assets/shares in subsidiary	7,230	-	224,224
Sale of subsidiary	-	57,984	57,984
Tax paid	(21,381)	(9,605)	3,036
Dividend received	1,360	-	-
Lease origination expenses	(735)	(91)	(1,169)
Loans granted	(4,207)	(2,183)	(23,777)
Loans repayments	2,372	2,340	3,060
Increase in short term deposits	(3,360)	(3,456)	(5,247)
Decrease in short term deposits	-	-	8,355
Net cash from /(used in) investing activities	(124,331)	(7,470)	126,972
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of share	124	125,066	125,066
Proceeds from long-term borrowings	286,185	53,516	107,601
Repayment of long-term borrowings	(17,217)	(9,119)	(117,230)
Proceeds from / (repayments of) short-term loan	(1,519)	2,500	2,953
Shares origination cost	-	(1,504)	(1,473)
Loans origination cost	(1,333)	(660)	(1,487)
Deposits received from/(repaid to) tenants	245	248	(646)
Net cash from financing activities	266,485	170,047	114,784
Effect of foreign currency translation	(943)	(5,731)	(9,939)
Net increase in cash and cash equivalents	139,817	150,476	215,783
Cash and cash equivalents, at the beginning of the year	277,636	61,853	61,853
Cash and cash equivalents, at the end of the period	417,453	212,329	277,636

The accompanying notes are an integral part of this Interim Condensed Consolidated Cash Flow Statement

Globe Trade Centre S.A.
Interim Condensed Consolidated Cash Flow Statement
for the six-month period ended 30 June 2007
(In thousands of Euro)

(a) Purchase of shares in subsidiaries, net of cash acquired

	<u>Six-month period ended 30 June 2007 (unaudited)</u>	<u>Six -month period ended 30 June 2006 (unaudited)</u>	<u>Year ended 31 December 2006</u>
Real estate under construction	18,622	7,472	18,469
Investment property	-	1,997	1,997
Inventory	14,588	10,284	20,986
Current asset	75	-	541
Current liabilities	(8,540)	(1,868)	(596)
Long term liabilities	(5,690)	(3,621)	(4,984)
Minority interests	29	-	(1)
Total paid net of cash acquired	19,084	14,264	36,412

The accompanying notes are an integral part of this Interim Condensed Consolidated Cash Flow Statement

Globe Trade Centre S.A.
Notes to the Interim Condensed Consolidated Financial Statements
for the three-month periods ended 30 June 2007
(In thousands of Euro)

1. Principal activities

Globe Trade Centre S.A. (the “Company”, “GTC”) was registered in Warsaw on December 19, 1996. The Company’s registered office is in Warsaw at Wołoska 5 Street. The Company owns through subsidiaries, joint ventures and associates commercial and residential real estate companies in Poland, Hungary, Romania, Serbia, Croatia, Ukraine, Slovakia, Bulgaria and Czech Republic. The Company is developing, and leasing or selling space to commercial and individual tenants, through its directly and indirectly owned subsidiaries.

Globe Trade Centre S.A. is the parent company of the capital group Globe Trade Centre (the “Group”).

The Group’s business activities are:

- a) Development and rental of office and retail space and
- b) Development and sale of residential units.

GTC is listed on the Warsaw Stock exchange.

The parent shareholder of the Company is GTC Real Estate N.V (“GTC Real Estate”) of the Netherlands that holds 46.1% of the Company’s shares (see note 15). The ultimate parent of the Company is Kardan N.V of the Netherlands.

2. Functional and reporting currencies

The currency of Polish economy is the Polish Zloty. GTC S.A manages its books in that currency.

On 1 January 2007, the Company changed the functional currency in the financial statements from USD to Euro (see note 20). After the sale of Mokotow Business Park most of group activity is based on Euro, and therefore the company believes that Euro reflects in a more appropriate manner the Group’s events and transactions.

The functional currency of some of GTC’s subsidiaries is a currency other than Euro. The financial statements of those companies prepared in their functional currencies are included in the interim condensed consolidated financial statements by translation into Euro using the closing rate method outlined in IAS 21. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the year. All resulting exchange differences are classified in equity as “Translation difference” without affecting earnings for the period.

Globe Trade Centre S.A.
Notes to the Interim Condensed Consolidated Financial Statements
for the three-month periods ended 30 June 2007
(In thousands of Euro)

3. Basis of preparation

The Company maintains its books of account in accordance with accounting principles and practices employed by enterprises in Poland as required by Polish accounting regulations. These interim condensed consolidated financial statements reflect certain adjustments not reflected in the Company's books to present these statements in accordance with standards issued by the International Accounting Standards Board, and the International Financial Reporting Interpretations Committee ("IFRIC").

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment properties, derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged (cash flow hedge) are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union have been condensed or omitted pursuant to International Accounting Standard No. 34, "Interim Financial Reporting" (IAS 34).

This interim condensed consolidated balance sheet, interim condensed consolidated income statement, interim condensed consolidated cash flows statement and interim condensed consolidated statement of changes in equity are unaudited. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended 31 December 2006. The interim financial results are not necessarily indicative of the full year results.

Impairment of assets

The carrying value of assets is periodically reviewed by Management to determine whether impairment may exist. Based upon its most recent analysis, management believes that no material impairment of assets exists as of 30 June 2007.

Goodwill impairment is tested annually at the year end, unless there are indicators of impairment at interim period. Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generated units, to which the goodwill relates.

Globe Trade Centre S.A.
Notes to the Interim Condensed Consolidated Financial Statements
for the three-month periods ended 30 June 2007
(In thousands of Euro)

4. Accounting policies

The Company applied to these interim condensed consolidated financial statements (“interim condensed consolidated financial statements”) for the six-month period ended 30 June 2007 all International Financial Reporting Standards (IFRS) effective for accounting periods beginning on or after 1 January 2007.

The Polish Accounting Act requires the Group to prepare its interim condensed consolidated financial statements in accordance with IFRS applicable to interim financial reporting as adopted by European Union (“EU”) (IAS 34). At this particular time, due to the endorsement process of the EU, and activities of the Company, there are no differences in the policies applied by the Company between IFRS and IFRS that have been endorsed by the Commission of the European Communities.

The interim condensed consolidated financial statements have been prepared in accordance with IFRS applicable to the interim financial reporting (IAS 34) and all applicable IFRS that have been adopted by EU.

The Company followed the same accounting policies and methods of computation in these interim condensed consolidated financial statements as compared with the consolidated financial statements for the year ended 31 December 2006.

With the effect from 1 January 2007 International Financial Reporting Standards have been revised. There are the following new or revised standards and interpretations:

- IFRIC 7 - “Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies”
- IFRIC 8 - “Scope of IFRS 2”
- IFRIC 9 - “Reassessment of Embedded Derivatives”
- IFRIC 10 - “Interim Financial Reporting and Impairment”
- IFRIC 11 - IFRS 2: “Group and Treasury Share Transactions”
- IFRS 7 - “Financial Instruments: Disclosures”
- IAS 1 - “Presentation of Financial Statements”
- IAS 23- “Borrowing costs”

There are other changes in International Financial Reporting Standards, which should be applied in the periods commencing after 30 June 2007, but earlier application is encouraged:

- IFRIC 12 – “Service Concession Arrangements”
- IFRIC 13 – “Customer Loyalty Programmes”
- IFRIC 14 IAS 19- “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”
- IFRS 8 – “Operating Segments”

Globe Trade Centre S.A.
Notes to the Interim Condensed Consolidated Financial Statements
for the three-month periods ended 30 June 2007
(In thousands of Euro)

4. Accounting policies (continued)

Above mentioned standards were not yet applied by the Company.

The new standards and interpolations and amendments have been analysed by the Company. The changes in the standards and interpretations have no impact on the financial data presented in these interim condensed consolidated financial statements. The risks and the extent of the financial instruments used by the Company remained unchanged during the three month period ended 30 June 2007 in comparison with the position as at 31 December 2006. Therefore, the Management of the Company believes that full disclosure of financial instruments in accordance with the IFRS 7 is not required in these interim condensed financial statements. Full disclosure of IFRS 7 will be presented in the full financial statements of the Group.

Globe Trade Centre S.A.
Notes to the Interim Condensed Consolidated Financial Statements
for the three-month periods ended 30 June 2007
(In thousands of Euro)

5. Investment in Subsidiaries, Associates and Joint Ventures

The interim condensed consolidated financial statements include the financial statements of the Company, its subsidiaries, associates and jointly controlled entities listed below together with direct and indirect ownership of these consolidated subsidiaries as at the end of each period:

Name	Holding Company	Country of incorporation	30 June 2007**	30 June 2006**	31 December 2006 **
GTC Mars Sp. z o.o. ("GTC Mars")	GTC S.A.	Poland	100%	100%	100%
GTC Taurus Sp. z o.o. ("GTC Taurus"), (in liquidation)	GTC S.A.	Poland	100%	100%	100%
Darat Sp. z o.o. ("Darat") (in liquidation)	GTC S.A.	Poland	100%	100%	100%
GTC Konstancja Sp. z o.o. ("GTC Konstancja")	GTC S.A.	Poland	100%	100%	100%
GTC Korona S.A ("GTC Korona")	GTC S.A.	Poland	100%	100%	100%
Globis Poznań Sp. z o.o ("Globis Poznan")	GTC S.A.	Poland	100%	100%	100%
GTC Vega Sp. z o.o. ("GTC Vega"), (in liquidation)	GTC S.A.	Poland	100%	100%	100%
GTC Aeropark Sp. z o.o. ("GTC Aeropark")	GTC S.A.	Poland	100%	100%	100%
GTC Topaz Office Sp. z o.o. ("GTC Topaz Office ")	GTC S.A.	Poland	100%	100%	100%
Globis Wroclaw Sp. z o.o ("Globis Wroclaw")	GTC S.A.	Poland	100%	100%	100%
GTC Galeria Kazimierz Sp. z o.o ("GTC Galeria Kazimierz") (*)	GTC S.A.	Poland	50%	50%	50%
GTC Nefryt Sp. z o.o. ("formerly GTC Orion")	GTC S.A.	Poland	100%	100%	100%
GTC Satellite Sp. z o.o. ("GTC Satellite")	GTC S.A.	Poland	100%	100%	100%
GTC Sonata Sp. z o.o. ("GTC Sonata ")	GTC S.A.	Poland	100%	100%	100%
GTC GK Office Sp. z o.o. ("formerly GTC Kazimierz Hotel")	GTC S.A.	Poland	100%	100%	100%
Rodamco CHI Sp. z o.o. ("Rodamco CHI") (*)	GTC S.A.	Poland	50%	50%	50%
GTC Com 1 Sp. z o.o. ("GTC Com 1")	GTC S.A.	Poland	100%	100%	100%
GTC Wroclaw Office Sp. z o.o. („formerly GTC Kazimierz Office”)	GTC S.A.	Poland	100%	100%	100%
GTC Byrant Sp. z o.o. ("GTC Byrant")	GTC S.A.	Poland	100%	-	100%
GTC Diego Sp. z o.o. ("GTC Diego")	GTC S.A.	Poland	100%	-	100%
GTC Cyril Sp. z o.o. ("GTC Cyril")	GTC S.A.	Poland	100%	-	100%
GTC Com 3 Sp. z o.o. ("GTC Com 3")	GTC S.A.	Poland	100%	100%	100%
GTC Com 4 Sp. z o.o. ("GTC Com 4")	GTC S.A.	Poland	100%	100%	100%
GTC Com 5 Sp. z o.o. ("GTC Com 5")	GTC S.A.	Poland	100%	100%	100%
Alfa Development Inwestycje sp. z o.o	GTC S.A.	Poland	100%	-	-
Sigma Development Inwestycje sp. z o.o	GTC S.A.	Poland	100%	-	-
Omega Development Inwestycje sp. z o.o	GTC S.A.	Poland	100%	-	-
GTC Galeria CTWA Sp. z o.o. ("Galeria CTWA ")	GTC S.A.	Poland	100%	100%	100%

* Proportionate consolidation.

** Share of GTC S.A includes, where applicable, share currently held by Eli Alroy, the chairman of the supervisory board, or a company controlled by him ("Alroy"). The value of Alroy shares is presented as financial liability (see note 18).

Globe Trade Centre S.A.
Notes to the Interim Condensed Consolidated Financial Statements
for the three-month periods ended 30 June 2007
(In thousands of Euro)

5. Investment in Subsidiaries, Associates and Joint Ventures (continued)

Name	Holding Company	Country of incorporation	30 June 2007**	30 June 2006**	31 December 2006 **
GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")	GTC S.A.	Hungary	100%	100%	100%
Vaci Ut 81-85 Kft.	GTC Hungary	Hungary	100%	100%	100%
Riverside Apartments Kft. ("Riverside")	GTC Hungary	Hungary	100%	100%	100%
Centre Point I. Kft. ("Centre Point I")	GTC Hungary	Hungary	100%	100%	100%
Centre Point II. Kft. ("Centre Point II")	GTC Hungary	Hungary	100%	100%	100%
River Loft Kft.	GTC Hungary	Hungary	100%	100%	100%
Vector H Ltd (liquidated)	GTC Hungary	Hungary	-	100%	-
Spiral Holding Kft..	GTC Hungary	Hungary	100%	100%	100%
Spiral I. Kft.	GTC Hungary	Hungary	100%	100%	100%
Spiral II. Kft.	GTC Hungary	Hungary	100%	100%	100%
Spiral III. Kft.	GTC Hungary	Hungary	100%	100%	100%
SASAD Resort Kft. (formerly "Kékmadár Apartmanok Kft.")	GTC Hungary	Hungary	50.1%	50.1%	50.1%
Albertfalva Kft. ("Gate Way")	GTC Hungary	Hungary	100%	-	100%
Jazmin Ingatlan Kft.	GTC Hungary	Hungary	100%	-	100%
Toborzo Széplak Ltd.	GTC Hungary	Hungary	100%	-	-
Mastix Champion Ltd.	GTC Hungary	Hungary	100%	-	-
GTC Renaissance Plaza Ltd.	GTC Hungary	Hungary	100%	-	-
SASAD II Ltd.	GTC Hungary	Hungary	100%	-	-
Szep-Madárhegy Kft.	GTC Hungary	Hungary	100%	-	100%
GTC Real Estate Investments Ukraine B.V. ("GTC Ukraine")	GTC S.A.	Netherlands	90%	100%	90%
GTC Real Estate Management Services Ukraine LLC	GTC Ukraine	Ukraine	90%	100%	90%
GTC Real Estate Investments Moldova B.V. ("GTC Moldova")	GTC S.A.	Netherlands	100%	-	100%
GTC Real Estate Investments Slovakia B.V. ("GTC Slovakia")	GTC S.A.	Netherlands	100%	100%	100%
GTC Real Estate Developments Bratislava B.V. ("GTC Bratislava")	GTC Slovakia	Netherlands	70%	70%	70%
GTC Real Estate Management s.r.o.	GTC Slovakia	Slovakia	100%	-	100%
GTC Real Estate Park s.r.o.	GTC Bratislava	Slovakia	70%	-	70%
GTC Real Estate Vinohrady s.r.o. ("GTC Vinohrady")	GTC Bratislava	Slovakia	70%	70%	70%
GTC Real Estate Investments Croatia B.V. ("GTC Croatia")	GTC S.A.	Netherlands	100%	100%	100%
Marlera Golf LD d.o.o	GTC Croatia	Croatia	75%	-	75%
GTC Center Point Ltd.	GTC Croatia	Croatia	100%	-	-
Euro Structor d.o.o.	GTC Croatia	Croatia	70%	70%	70%
GTC Nekretnine Zagreb d.o.o. ("GTC Zagreb")	GTC Croatia	Croatia	100%	100%	100%

* Proportionate consolidation.

** Share of GTC S.A includes, where applicable, share currently held by Alroy. The value of Alroy shares is presented as financial liability (see note 18).

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5. Investment in Subsidiaries, Associates and Joint Ventures (continued)

Name	Holding Company	Country of incorporation	30 June 2007**	30 June 2006**	31 December 2006 **
GTC Real Estate Investments Romania B.V. ("GTC Romania")	GTC S.A.	Netherlands	100%	100%	100%
Complexul Multifunctional Victoria S.R.L	Titulescu Investments B.V.	Romania	100%	100%	100%
Towers International Property S.R.L	GTC Romania	Romania	100%	100%	100%
Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L.")	GTC Romania	Romania	100%	100%	100%
Green Dream S.R.L. (formerly "International Shopping Centre S.R.L.")	GTC Romania	Romania	100%	100%	100%
Aurora Business Complex S.R.L	GTC Romania	Romania	50.1%	100%	100%
Yasmine Residential Complex S.R.L	GTC Romania	Romania	100%	100%	100%
Bucharest City Gate B.V.	GTC Romania	Netherlands	58.9%	100%	58.9%
Mablethompe Investitii S.R.L.	GTC Romania	Romania	100%	-	100%
National Commercial Centers B.V. (*)	GTC Romania	Netherlands	50%	50%	50%
Mercury Commercial Center S.R.L.	National Commercial Centers B.V.	Romania	50%	50%	50%
Venus Commercial Center S.R.L.	National Commercial Centers B.V.	Romania	50%	50%	50%
Mars Commercial Center S.R.L.	National Commercial Centers B.V.	Romania	50%	50%	50%
Beaufort Commercial Center S.R.L.	National Commercial Centers B.V.	Romania	50%	-	50%
Fajos S.R.L.	National Commercial Centers B.V.	Romania	50%	-	-
City Gate S.R.L	Bucharest City Gate B.V.	Romania	58.9%	-	58.9%
Brightpoint Investments Limited	GTC Romania	Romania	50.1%	-	100%
Complexul Residential Colentina S.R.L .	Brightpoint Investments Limited	Romania	50.1%	-	100%
Titulescu Investments B.V. ("Titulescu")	GTC Romania	Netherlands	100%	100%	100%
GTC Real Estate Investments Serbia B.V. ("GTC Serbia")	GTC S.A.	Netherlands	100%	100%	100%
GTC International Development d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Business Park d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Commercial Centers d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Real Estate Developments d.o.o.	GTC Serbia	Serbia	100%	100%	100%
Atlas Centar d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Commercial Development d.o.o.	GTC Serbia	Serbia	100%	100%	100%
GTC Real Estate Investments Bulgaria BV („GTC Bulgaria")	GTC S.A.	Netherlands	100%	100%	100%
GTC Galeria Varna EOOD	GTC Bulgaria	Bulgaria	65%	-	-
Galeria Ikonovov GmbH	GTC Bulgaria	Bulgaria	65%	-	-
GTC Yuzhen Park EAD ("GTC Yuzhen")	GTC Bulgaria	Bulgaria	100%	100%	100%

* Proportionate consolidation.

** Share of GTC S.A includes, where applicable, share currently held by Alroy. The value of Alroy shares is presented as financial liability (see note 18).

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5. Investment in Subsidiaries, Associates and Joint Ventures (continued)

Investment in Associates

The Company has a 35% (*) interest in the following associates:

Lighthouse Holdings Limited S.A. (“Lighthouse”)
Vokovice BCP Holding S.A. (“Vokovice”)
Holesovice Residential Holdings S.A. (“Holesovice”)
CID Holding S.A. (“CID”)

The above associates hold between 87.5% and 95.5% in companies which are involved in the real estate development in Czech Republic (see note 11).

* Share of GTC S.A includes, where applicable, share currently held by Alroy. The value of Alroy shares is presented as financial liability (see note 18).

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6. Projects description

The Company develops and leases or sells space to commercial and individual tenants, through its direct and indirect investments in subsidiaries, associates and joint ventures.

Completed projects:

Country	Property	Total rentable/saleable space (sq.m) (*)	Details
Poland	Galeria Kazimierz (**)	36,200	Shopping centre in Krakow
	Galeria Mokotow (**)	62,100	Shopping centre in Warsaw
	Galileo	10,300	Office building in Krakow
	Newton	10,400	Office building in Krakow
	Globis Poznan	13,000	Office building in Poznan
	Topaz office building	11,000	Office building in Warsaw
	Konstancja Residential phase 2	16,000	Residential project in Konstancin
Hungary	Centre Point I	18,800	Office building in Budapest
	Centre Point II	23,000	Office building in Budapest
Romania	America House	26,500	Office building in Bucharest
Croatia	Avenue Mall	33,500	Shopping and office centre in Zagreb
Serbia	GTC House	13,500	Office building in Belgrad
Czech	Lighthouse Towers	7,510	Office building in Prague

(*) Projects area represents GTC's stake.

(**) Operated through joint venture

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6. Projects description (continued)

Building rights in projects that are in different stages of development, acquisitions or under acquisitions are described in the tables below:

Country	Office (net rentable area in sq.m)	Shopping malls (net rentable area in sq. m)	Residential properties (net salable area in sq. m)	Total GTC's stake (net rentable/salable area in sq.m.)
Bulgaria	8,075	62,530	39,134	109,739
Croatia	15,897	17,496	17,211	50,604
Czech	44,038	12,597	76,690	133,325
Hungary	182,607		107,764	290,371
Poland	265,285	55,700	193,104	514,089
Romania	48,251	104,421	293,468	446,140
Serbia	66,384	25,589	16,182	108,155
Slovakia			56,960	56,960
Total	630,537	278,333	800,513	1,709,383

Projects area in the above table represents GTC's stake.

There is no seasonality in the business of the Group companies.

7. Events in the period

On 1 January 2007, the Company changed the functional currency in the financial statements from USD to Euro as further disclosed in Note 2 and 20.

On 4 January 2007 the chairman of the Supervisory Board, exercised 1,250,750 Subscription Warrants at a price of PLN 0.1, and 90,700 Subscription Warrants at a price of PLN 3.89. The remaining 146,500 Subscription Warrants expired and will not be exercised (see note 15).

In March 2007, Newton office building in Krakow was successfully completed. The value of Newton office building according to the independent appraiser report amounts to USD 32.1 million, and is included in these financial statements.

On 25 April 2007, GTC completed PLN 800 million bonds offering (see note 19)

In June 2007 the subsidiary Euro Structor d.o.o has completed the construction of Avenue Mall in Zagreb. The opening of Avenue Mall is planned for August 2007. The value of Avenue Mall according to the independent appraiser report amounts to EUR 163.2 million, and is included in these financial statements (see appendix A).

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8. Revenue from operations

Revenue from operations comprises the following:

	Six-month period ended 30 June 2007 <i>(unaudited)</i>	Six-month period ended 30 June 2006 <i>(unaudited)</i>	Three-month period ended 30 June 2007 <i>(unaudited)</i>	Three-month period ended 30 June 2006 <i>(unaudited)</i>	Year ended 31 December 2006
Office and Commercial revenue	23,567	31,757	12,130	15,880	65,020
Residential revenue	4,474	11,243	966	4,809	15,863
	28,041	43,000	13,096	20,689	80,883

The majority of revenue from operations is earned predominantly on the basis of amounts denominated in, directly linked to or indexed by reference to the US Dollar or Euro.

9. Cost of operations

Costs of operations comprise the following:

	Six-month period ended 30 June 2007 <i>(unaudited)</i>	Six-month period ended 30 June 2006 <i>(unaudited)</i>	Three-month period ended 30 June 2007 <i>(unaudited)</i>	Three-month period ended 30 June 2006 <i>(unaudited)</i>	Year ended 31 December 2006
Cost of office and commercial operations	5,763	8,661	2,874	4,251	18,935
Residential costs	2,582	8,290	329	3,633	13,160
	8,345	16,951	3,203	7,884	32,095

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Notes to the Interim Condensed Consolidated Financial Statements
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10. Segmental analysis

The Group's business activities, which are the primary segments, can be categorised into two main segments:

1. Development and rental of office space and shopping malls ("rental") and
2. Development and sale of houses and apartment units ("residential").

All the Group's activities and assets are located in Poland, Hungary, Romania, Serbia, Croatia, Bulgaria, Ukraine, Slovakia.

Segment analysis for the six-month periods ended 30 June 2007 and 30 June 2006 is presented below:

	Poland		Hungary		Romania		Serbia		Other		Consolidated	
	For the six month period ended		For the six month period ended		For the six month period ended		For the six month period ended		For the six month period ended		For the six month period ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Rental income	14,116	27,106	4,086	1,948	3,603	1,267	1,762	1,437	-	-	23,567	31,758
Residential income	1,499	2,397	2,975	8,845	-	-	-	-	-	-	4,474	11,242
Total income	15,615	29,503	7,061	10,793	3,603	1,267	1,762	1,437	-	-	28,041	43,000
Rental costs	3,349	7,096	1,086	587	988	628	340	350	-	-	5,763	8,661
Residential costs	663	1,807	1,919	6,483	-	-	-	-	-	-	2,582	8,290
Total costs	4,012	8,903	3,005	7,070	988	628	340	350	-	-	8,345	16,951
Rental result	10,767	20,010	3,000	1,361	2,615	639	1,422	1,087	-	-	17,804	23,097
Residential result	836	590	1,056	2,362	-	-	-	-	-	-	1,892	2,952
Total result	11,603	20,600	4,056	3,723	2,615	639	1,422	1,087	-	-	19,696	26,049

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Segment analysis for the three-month periods ended 30 June 2007 and 30 June 2006 is presented below:

	Poland		Hungary		Romania		Serbia		Other		Consolidated	
	For the three month period ended		For the three month period ended		For the three month period ended		For the three month period ended		For the three month period ended		For the three month period ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Rental income	7,158	13,022	2,131	1,007	1,800	1,127	1,041	725	-	-	12,130	15,881
Residential income	52	1,044	914	3,764	-	-	-	-	-	-	966	4,808
Total income	7,210	14,066	3,045	4,771	1,800	1,127	1,041	725	-	-	13,096	20,689
Rental costs	1,706	3,447	527	333	472	308	169	163	-	-	2,874	4,251
Residential costs	70	969	259	2,664	-	-	-	-	-	-	329	3,633
Total costs	1,776	4,416	786	2,997	472	308	169	163	-	-	3,203	7,884
Rental result	5,452	9,575	1,604	674	1,328	819	872	562	-	-	9,256	11,630
Residential result	(18)	75	655	1,100	-	-	-	-	-	-	637	1,175
Total result	5,434	9,650	2,259	1,774	1,328	819	872	562	-	-	9,893	12,805

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11. Investment in associates

The Company has a 35% interest in the following associates:

Lighthouse Holdings Limited S.A.
Vokovice BCP Holding S.A.
Holesovice Residential Holdings S.A.
CID Holding S.A.

The above associates are involved in real estate development in Czech Republic.

The investment in associates comprises the following:

	30 June 2007 <i>(unaudited)</i>	30 June 2006 <i>(unaudited)</i>	31 December 2006
Shares	4,792	4,964	4,792
Translation differences	-	513	436
Equity profit	4,277	1,659	5,735
Investment in shares	9,069	7,136	10,963
Loans granted	16,470	7,002	17,568
Investment in associates	25,539	14,138	28,531

12. Other non-current assets

Included within other non-current assets are the following:

	30 June 2007 <i>(unaudited)</i>	30 June 2006 <i>(unaudited)</i>	31 December 2006
Lease origination costs	1,766	749	947
Deferred debt expenses (*)	78	-	803
	1,844	749	1,750

(*)Expenses related to loan that has not been drawn-down.

13. Accrued income

Accrued income consists of the following:

	30 June 2007 <i>(unaudited)</i>	30 June 2006 <i>(unaudited)</i>	31 December 2006
Sale of residential units	8,087	6,798	10,484
Accrued interest	1,903	-	-
Sale of subsidiary	-	-	1,899
Services and other	318	639	607
	10,308	7,437	12,990

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14. Long-term loans

Long-term loans comprise the following:

	30 June 2007 <i>(unaudited)</i>	30 June 2006 <i>(unaudited)</i>	31 December 2006
Bonds (see note 19)	212,438	-	-
Loan from BPH Bank (GTC Mars)	-	87,121	-
Loan from Aareal Bank (Rodamco CH1)	38,624	42,873	40,399
Loan from BPH (GTC Taurus)	-	14,502	-
Loan from Aareal Bank (GTC Galeria Kazimierz)	35,749	37,322	36,534
Loan from WBK (Globis Poznan)	8,714	9,221	8,967
Loan from WBK 1 (GTC Korona)	7,741	10,070	8,195
Loan from WBK 2 (GTC Korona)	11,942	-	3,958
Loan from WBK 3 (GTC Korona)	1,176	-	-
Loan from EUROHYPO (GTC Topaz office)	14,452	14,857	14,715
Loan from BPH Bank (Globis Wroclaw)	4,073	-	-
Loan from MKB (Centre Point I)	30,176	31,215	30,710
Loan from MKB (Centre Point II)	36,080	17,260	36,901
Loan from MKB (Riverloft)	19,174	10,103	15,063
Loan from MKB (Spiral)	6,588	5,996	6,422
Loan from MKB (Sasad)	13,404	-	-
Loans from GTC Real Estate	1,908	1,810	1,853
Loan from EBRD and Raiffeisen Bank (GTC Serbia)	21,668	22,520	22,199
Loan from EBRD and Raiffeisen Bank (America house)	26,295	27,370	23,918
Loan from EBRD and Raiffeisen Bank (Green Dream)	7,177	-	7,076
Loan from MKB and Zagrebacka Banka (GTC Croatia)	48,099	19,845	17,502
Loans from minorities in subsidiaries	40,709	11,691	34,616
Deferred issuance debt expenses	(3,300)	(4,262)	(2,469)
	582,887	359,514	306,559

The loans conditions are described in the consolidated financial statement prepared under IFRS for the year ended 31 December 2006.

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14. Long-term loans (continued)

Long-term loans have been separated into the current portion and the long-term portion as disclosed below:

	30 June 2007 <i>(unaudited)</i>	30 June 2006 <i>(unaudited)</i>	31 December 2006
Long term portion of long term loans:			
Bonds	212,438	-	-
Loan from BPH Bank (GTC Mars)	-	81,375	-
Loan from Aareal Bank (Rodamco CH1)	36,805	40,947	38,539
Loan from BPH (GTC Taurus)	-	13,628	-
Loan from Aareal Bank (GTC Galeria Kazimierz)	34,177	35,751	34,963
Loan from WBK (Globis Poznan)	8,207	8,714	8,460
Loan from WBK 1 (GTC Korona)	7,288	9,590	7,732
Loan from WBK 2 (GTC Korona)	11,892	-	3,958
Loan from WBK 3 (GTC Korona)	1,176	-	-
Loan from EUROHYPO (GTC Topaz office)	13,916	14,452	14,190
Loan from BPH Bank (Globis Wroclaw)	4,073	-	-
Loan from MKB (Centre Point I)	29,101	30,184	29,659
Loan from MKB (Centre Point II)	34,454	16,800	35,275
Loan from MKB (Sasad Resort)	13,404	-	-
Loan from MKB (Spiral)	-	5,748	-
Loans from GTC Real Estate	1,908	1,810	1,853
Loan from EBRD and Raiffeisen Bank (GTC Serbia)	20,518	21,649	21,115
Loan from EBRD and Raiffeisen Bank (America house)	23,422	26,126	22,614
Loan from EBRD and Raiffeisen Bank (Green Dream)	7,177	-	7,076
Loan from MKB and Zagrebacka Banka (GTC Croatia)	42,564	19,845	13,025
Loans from minorities in subsidiaries	40,260	11,691	22,497
Deferred issuance debt expenses	(3,225)	(4,201)	(2,457)
	539,555	334,109	258,499

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14. Long-term loans (continued)

	30 June 2007 <i>(unaudited)</i>	30 June 2006 <i>(unaudited)</i>	31 December 2006
Current portion of long term loans:			
Loan from BPH Bank (GTC Mars)	-	5,746	-
Loan from Aareal Bank (Rodamco CH1)	1,819	1,926	1,860
Loan from BPH (GTC Taurus)	-	874	-
Loan from Aareal Bank (GTC Galeria Kazimierz)	1,572	1,571	1,571
Loan from WBK (Globis Poznan)	507	507	507
Loan from WBK (GTC Korona)	453	480	463
Loan from WBK 2 (GTC Korona)	50	-	-
Loan from EUROHYPO (GTC Topaz office)	536	405	525
Loan from MKB (Centre Point I)	1,075	1,031	1,051
Loan from MKB (Centre Point II)	1,626	460	1,626
Loan from MKB (Sasad Resort)	-	-	-
Loan from MKB (Riverloft)	19,174	10,103	15,063
Loan from MKB (Spiral)	6,588	248	6,422
Loans from GTC Real Estate	-	-	-
Loan from EBRD and Raiffeisen Bank (GTC Serbia)	1,150	871	1,084
Loan from EBRD and Raiffeisen Bank (America house)	2,873	1,244	1,304
Loan from MKB and Zagrebecka Banka (GTC Croatia)	5,535	-	4,477
Loans from minorities in subsidiaries	449	-	12,119
Deferred issuance debt expenses	(75)	(61)	(12)
	43,332	25,405	48,060

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15. Capital and Reserves

As at 30 June 2007, the shares structure is as follows:

Number of Shares	Share series	Total value In PLN	Total value in Euro
139,286,210	A	13,928,621	3,153,995
1,152,240	B	115,224	20,253
235,440	B1	23,544	4,443
8,356,540	C	835,654	139,648
9,961,620	D	996,162	187,998
39,689,150	E	3,968,915	749,022
3,571,790	F	357,179	86,949
17,120,000	G	1,712,000	398,742
219,372,990		21,937,299	4,741,050

All shares are entitled to the same rights.

Movement in number of shares:

The reconciliation of the number of shares outstanding as at the beginning and at the end of the respective periods is presented below:

	30 June 2007 (unaudited)	30 June 2006 (unaudited)	31 December 2006
Number of shares as at the beginning of the year	218,031,540	199,648,410	199,648,410
Issuance of shares (series G)	-	17,120,000	17,120,000
Issuance of shares (series F)	1,341,450	1,263,130	1,263,130
Number of shares as at the end of the period	219,372,990	218,031,540	218,031,540

The major shareholder of the Company as of 30 June 2007 was GTC Real Estate N.V. with total number of shares held 101,193,780 which constitute 46.1% of total shares.

Other shareholders who as of 30 June 2007 held above 5% of the Company shares were as follows:

- Commercial Union OFE BPH CU WBK

On 4 January 2007 the chairman of the Supervisory Board, exercised 1,250,750 Subscription Warrants at a price of PLN 0.1, 90,700 Subscription Warrants at a price of PLN 3.89. The remaining 146,500 Subscription Warrants expired and will not be exercised.

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15. Capital and Reserves (continued)

The total shares based payment expenses in the six month period ended 30 June 2007 and 2006 were Euro 1,261 thousand and Euro 840 thousand respectively. Those expenses are included within the Administration expenses.

On 26 March 2007, the Company held an ordinary shareholders meeting. The ordinary shareholder meeting decided that the profit for the year 2006 presented in the financial statements of Globe Trade Centre S.A. prepared in accordance with Polish Accounting Standards shall be retained as retained earnings.

Certain key management personnel are entitled to participate, under certain conditions, in a total of 2,000,000 Company Phantom Shares executable as follows:

Number of Tranches	Number of Phantom Shares granted	Cumulative Number of Phantom Shares granted	First Exercise Date	Final Exercise Date
1.	500,000	500,000	1 January 2007	31 December 2010
2.	500,000	500,000	1 January 2008	31 December 2010
3.	500,000	500,000	1 January 2009	31 December 2010
4.	500,000	500,000	1 January 2010	31 December 2010

The Phantom Shares grant the entitled persons a right for a settlement from the Company in the amount equal to the difference between the average closing price for the Company's shares on the Warsaw Stock Exchange during the 30-day period prior to the date of delivery to the Company of the exercise notice, and PLN 225 per share (adjustable for dividend). The Company as its discretion may settle it in form of cash.

The settlement of the phantom shares (cash or equity) is the decision of the supervisory board of the Company.

Phantom shares expenses have been provided for assuming equity payments will be effected.

In 2007 the key management personnel were granted total of 500,000 phantom shares, according to the plan.

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16. Earnings per share

	<u>Six-month period ended 30</u>		<u>Three-month period ended 30 June</u>		<u>Year ended</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>31 December</u>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<u>2006</u>
Profit for the year attributable to shareholders (Euro)	67,666,000	106,506,000	56,435,000	36,703,000	195,071,000
Weighted average number of shares for calculating basic earnings per share	219,350,756	208,987,590	219,372,990	216,768,410	213,865,109
Basic earnings per share (Euro)	0.31	0.51	0.26	0.17	0.91
Weighted average number of shares for calculating diluted earnings per share	220,440,564	210,249,350	220,488,214	218,068,380	215,265,102
Diluted earnings per share (Euro)	0.31	0.51	0.26	0.17	0.91

	<u>Six-month period ended 30 June</u>		<u>Three-month period ended 30</u>		<u>Year ended</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>31 December</u>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<u>2006</u>
Weighted average number of shares for calculating basic earnings per share	219,350,756	208,987,590	219,372,990	216,768,410	213,865,109
Adjustment for share options	1,089,808	1,261,760	1,115,224	1,299,970	1,399,993
Weighted average number of shares for calculating diluted earnings per share	220,440,564	210,249,350	220,488,214	218,068,380	215,265,102

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17. Proportionate consolidation

As of 30 June 2007, the Company proportionally consolidated assets and liabilities of Rodamco CH1, GTC Galeria Kazimierz, and National Commercial Centers B.V.

The Company's interest in the above companies comprises the following:

	30 June 2007	30 June 2006	31 December 2006
Cash	6,695	7,490	8,128
Non current assets	221,078	178,088	213,955
Current assets (other than cash)	3,408	3,779	5,865
Long term liabilities	(104,752)	(93,682)	(102,151)
Current liabilities	(6,183)	(6,245)	(6,205)
Net assets	120,246	89,430	119,592
Income	9,501	17,981	65,828
Expenses	(5,299)	(10,251)	(21,695)
Profit for the period/year	4,202	7,730	44,133

18. Financial liability

On 1 May 2006, GTC granted to Alroy an option (Put Option) to sell to GTC any or all of his shares in GTC's subsidiaries within a certain period following termination of his relationship with such subsidiary or with GTC. Expiry date of the put option is within 24 months following the 31 December 2009, unless the put option previously has become exercisable as provided in the agreement.

Any re-measurement of financial liability is accounted for through the profit and loss account (financial expenses).

The main estimates used in determining the fair value of the financial liability were as follows:

Investment properties were stated at their fair value as indicated by independent valuer or specific third party offer.

Projects in development stage were estimated using the residual value method to arrive at respective fair value.

Projects not yet in development stage were estimated using the comparable value method to arrive at respective fair value.

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19. Financial instruments

On 25 April 2007, GTC completed PLN 800 million bonds offering, of which PLN 80 million has been raised through bonds with 5-year maturity and PLN 720 million through bonds with 7-year maturity. The interest rate on the bonds is based on 6-month WIBOR increased by margin; Interest will be paid every 6 months.

The offering was addressed to the leading Polish institutions.

Following bonds offering, the Company converted the cash received into Euro and swapped the related liability by entering into a Euro-PLN cross-currency Interest Rate Swap transaction, whereby the liability bears fixed interest at a rate of 5.745% p.a.

The change in fair value of the above instrument is presented within the finance expenses.

20. Change in the functional currency and the presentation currency

On 1 January 2007, the Company changed the functional currency in the financial statements from USD to Euro. After the sale of Mokotow Business Park most of the group activity is based on Euro, and therefore the Company believes that Euro reflects in a more appropriate manner the Group's events and transactions.

The Company applied the translation procedures applicable to the new functional currency prospectively from 1 January 2007. All assets and liabilities were translated using the exchange rate at the date of the change. The resulting translated amounts for non monetary items are treated as their historic cost.

For comparative figures, presentation currency has changed. The comparable results and financial position of the company was translated from USD into Euro using the following procedures:

1. Assets and liabilities for each balance sheet presented were translated at the closing rate at the date of that balance sheet.
2. Income and expenses for each income statements were translated at exchange rates at the dates of the transactions. Equity components other than income for the period were translated using historic rates.
3. All resulting exchange differences were recognised as a separate component in equity.

For practical reasons, a rate that approximates the exchange rates at the dates of the transactions, like an average rate, was often used to translate income and expenses items.

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21. Other

The interim condensed consolidated financial statements were authorised for issue by the Management Board on 10 August 2007.

Appendix A

An Extract of the Valuation Certificate and Assumptions

REPORT DATE	30 th June 2007.
THE PROPERTY	Avenue Mall, Zagreb, CROATIA.
PROPERTY DESCRIPTION	Predominantly Shopping Centre with an element of office space.
INSTRUCTION	To value on the basis of Market Value the Freehold interest in the Property as at the Valuation Date.
VALUATION DATE	30 th June 2007
CAPACITY OF VALUER	Independent. The Valuer has no personal interest in GTC S.A. or any of its subsidiaries. The valuation fee is not tied to the result of the valuation.
PURPOSE OF VALUATION	For inclusion in the financial statements of the company.
MARKET VALUE	We are of the opinion that the Market Value of the freehold interest in the Property as at 30 th June 2007 is as follows: €163,180,000 (ONE HUNDRED AND SIXTY THREE MILLION, ONE HUNDRED AND EIGHTY THOUSAND EUROS) exclusive of VAT. Our value is net of purchaser's costs. Our opinion of Market Value reflect the following yield profile: True equivalent yield 6.64% Reversionary yield 6.03%
COMPLIANCE WITH VALUATION STANDARDS	The valuation has been prepared in accordance with the RICS Appraisal and Valuation Manual.
ASSUMPTIONS	We have made various assumptions as to tenure, letting, town planning; and the condition and repair of buildings and site – including ground and groundwater.
VARIATION FROM STANDARD ASSUMPTIONS	None.

VLATKO DUBRAVICA
MANAGING PARTNER
ARN WILLEMS MBA
PARTNER

For and on behalf of
CB Richard Ellis d.o.o.