

# ANNUAL REPORT 2007

## Individual financial statement of Echo Investment S.A.

Kielce, May 06, 2008

## Letter to Shareholders, Partners and Clients

Dear Sirs,

2007 turned out to be another outstanding year in the history of Echo Investment Capital Group. We have reinforced our market position. We have been able to significantly expand the range of our operations. Again, we earned record gains:

the net profit of the Capital Group was PLN 319 million, i.e. 14.7% higher than that earned during the preceding year.

The value of consolidated revenues was 14.8% higher than in 2006, having reached PLN 382 million.

The key factor influencing the profit earned was the revaluation of real estates belonging to the Capital Group, as well as the sales of commercial projects in Lodz and Kielce.

The good results were achieved as a consequence of changes implemented in the Group's organizational structure at the beginning of last year, confirming that the assumed development strategy was correct.

In 2007, Echo Investment focused on guaranteeing new development opportunities through buying attractive land properties, continuation of commenced investments and preparing new projects.

The Group invested in largest Polish cities while launching its activities on new markets as well: land was purchased for housing projects in Lodz and Wroclaw, office investments in Szczecin, Gdansk and Katowice, and shopping & entertainment centers in Kalisz and Koszalin. One of last year's key events was the commencement of investment process in another country of our region – Echo Investment obtained land for building a shopping and entertainment center in Brasov, Romania.

The most important investment-related event was the opening of the Pasaż Grunwaldzki shopping and entertainment center in Wroclaw, which is the largest of all the Group's projects. An Office Park was also opened in Kielce as a new seat for Capital Group companies. Works were also commenced in 2007 on development of two large office projects, namely the Malta Office Park in Poznan and Park Postępu in Warsaw. Two housing projects were further launched in Poznan.

A number of new projects were prepared, to commence in 2008:

- in the malls sector: extension of Galeria Echo in Kielce
- in the office sector: business parks in Gdansk, Szczecin, Lodz and Krakow
- in the housing sector: Klimt House luxury apartment building in Warsaw, and an estate of detached houses in Biczka near Kielce.

The year 2007 brought a breakthrough in terms of reinforcing the Group's organizational structure necessary for implementing the tasks determined in the adopted development strategy. An intensive training program for managers has been introduced, based on top project management standards of the Project Management Institute. Training courses were also held for the purpose of perfecting specialist staff's and ordinary workers' skills. Proper technological solutions were introduced, along with implementation of IT tools for supporting work of the entire organization, and project management support tools.

According to the Group's development strategy, the basic goal is to ensure guaranteed long-term growth of goodwill.

The following means will be used in achieving this goal: execution of development projects for sale (apartments and hotel), regular expansion of the investment project portfolio (offices and shopping centers for rent).

The Group's main task in 2008 and during the next years will be persistent implementation of the adopted strategy, where the assumptions for 2008 to 2013 include completion of 43 new investments, significant increase of expenditures and land bank for consecutive projects. Total rentable area and area for sale in the scheduled investments exceeds 1 million square meters.

As it was the case in the preceding years, all the Group's activities are focused on our global but still very simple goal – namely, achievement of best results possible to guarantee steady growth of asset value and yield rate of Echo Investment Capital Group, which is what our Shareholders and Partners expect from us.

On behalf of the Management Board, I would like to express my gratitude to all those who have contributed to the achievement of such outstanding results by Echo Investment Capital Group in 2007. I truly believe this success will make us stronger on our way to continued development and will motivate us to take more challenges in the future.

Yours sincerely,

Jarosław Grodzki

President of the Management Board

## POLISH FINANCIAL SUPERVISION AUTHORITY

## Annual Report R 2007

(according to Article 86 clause 1 item 3 of the Regulation of the Council of Ministers as of October 19, 2005  
(Journal of Laws No. 209, item 1744))

(for issuers of securities performing production, construction, trade or service activities)

For the current financial year 2007, covering the period from January 01, 2007 to December 31, 2007  
including an IAS financial statement  
currency of the report: PLN  
dated May 6, 2008

(submission date)

"Echo Investment" Spółka Akcyjna [Joint Stock Company]			
(full name of issuer)			
"Echo Investment" S.A.	building sector		
(contracted name of issuer)	(sector according to Warsaw Stock Exchange classification)		
25-323	Kielce	Solidarności 36	
(postcode)	(town/city)	(Street)	(number)
(0-41) 33 33 333	(0-41) 33 32 333	office@kielce.echo.com.pl	
(phone)	(fax)	(e-mail)	
657 023 09 12	290463755	www.echo.com.pl	
(NIP – Tax Identification Number)	(REGON – Statistical Company Number)	(WWW)	

BDO Numerica S.A.

(Certified auditors' organization)

The annual report consists of:

- ☐ Report by a certified auditor of financial statements on review of the annual financial statement
- ☒ Opinion and report by a certified auditor of financial statements on audit of the annual financial statement
- ☒ Annual financial statement
- ☒ Introduction ☒ Statement of changes in equity
- ☒ Balance Sheet ☒ Cash Flow Statement
- ☒ Profit and Loss Account ☒ Additional information and explanations
- ☒ Management Report (report on the issuer's activities)
- ☒ Statement of the Management Board on fairness and credibility of the individual financial statement
- ☒ Statement of the Management Board on specification of the organization certified to audit financial statements

Selected financial data	in thousands PLN		in thousands EUR	
	2007	2006	2007	2006
I. Net revenues from sales of products, goods and materials	254 343	259 237	67 344	66 487
II. Profit (loss) on operating activity	26 997	65 545	7 148	16 810
III. Gross profit (loss)	60 950	91 634	16 138	23 501
IV. Net profit (loss)	54 893	80 754	14 534	20 711
V. Net cash flows on operating activity	(3 216)	19 385	(851)	4 972
VI. Net cash flows on investment activity	(93 228)	45 911	(24 685)	11 775
VII. Net cash flows on financial activity	122 245	2 554	32 367	655
VIII. Net cash flows total	25 800	67 850	6 831	17 401
IX. Assets total	1 310 030	1 041 054	365 726	271 731
X. Liabilities and provisions for liabilities	851 086	637 004	237 601	166 268
XI. Long-term debts	553 488	252 049	154 519	65 789
XII. Short-term debts	248 082	344 478	69 258	89 914
XIII. Equity	458 943	404 050	128 125	105 463
XIV. Initial capital	21 000	21 000	5 863	5 481
XV. Number of shares (pcs.)	420 000 000	420 000 000	420 000 000	420 000 000
XVI. Profit (loss) per one ordinary share (in PLN/EUR)	0,13	0,19	0,03	0,05
XVII. Diluted profit (loss) per one ordinary share (in PLN/EUR)	0,13	0,19	0,03	0,05
XVIII. Book value per one share (in PLN/EUR)	1,09	0,96	0,31	0,25
XIX. Diluted book value per one share (in PLN/EUR)	1,09	0,96	0,31	0,25
XX. Declared or paid dividend per one share (in PLN/EUR)	-	-	-	-

## Introduction



1. The main objects of the activity of "Echo Investment" Spółka Akcyjna (Joint Stock Company), having its registered seat in Kielce, Poland (address: 25-323 Kielce al. Solidarności 36), recorded in the National Court Register with number 0000007025, District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register – according to Polish Classification of Economic Activities – are real estate services – PKD code 70, industry according to the regulated market: construction. Duration of the company - unlimited.
2. Echo Investment S.A. prepares a consolidated financial statement. The dominant company of Echo Investment S.A., which prepares the consolidated financial statement, is Magellan Pro – Equity Fund I S.A. (25-323 Kielce al. Solidarności 36). Ownership rights method applies to Echo shares. Consolidated accounts of Magellan Pro – Equity Fund I S.A. are prepared at the end of each respective financial year and published in Monitor Polski B.
3. The statement presents individual financial data for the period from January 1, 2007 to December 31, 2007, as compared to the period from January 1, 2006 to December 31, 2006. The reporting currency is the Polish zloty. The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards.
4. The following persons are members of the Management Board of Echo Investment S.A.: Jarosław Grodzki, President of the Management Board, Piotr Gromniak, Member of the Management Board and Artur Langner, Member of the Management Board. The following persons are members of the Supervisory Board: Wojciech Ciesielski, chairman, Andrzej Majcher, deputy chairman, and members: Mariusz Waniółka, Robert Oskard, Karol Żbikowski and Tomasz Kalwat.
5. Both the financial statement and the comparable financial information contains combined data, because the structure of "Echo Investment" S.A. comprises Echo Investment S.A.'s representative office in Ukraine, the latter being an internal unit of organization that prepares its own independent financial statement. No merger took place during the period covered by the statement.
6. The financial statement has been drawn up under the assumption of continuation of business operations in foreseeable future and there are no circumstances indicating any risk for the continuation of operations.
7. Items disclosed in the report are determined in accordance with the following principles:

### 1. Intangible assets

Intangible assets are recognized if there is a probability of yielding economic advantages in the future that may be directly related to such assets. Initially, intangible assets are disclosed according to acquisition prices or production costs. After initial posting, intangible assets are valued according to acquisition prices or production cost, less depreciation and write-offs due to permanent loss in value.

Records of intangible assets are kept according to analytic methods. Tax rates are applied in the amortization scheme. The most significant item of intangible assets is computer software.

### 2. Tangible assets

Fixed assets are interpreted as immovable property owned by the company (not leased and not intended for trade), machines and items of equipment, means of transport and other complete and usable items with

an estimated life longer than one year. The following are particularly classified as fixed assets: furniture, fixed and mobile telephones, items of electronic equipment, regardless of their prices.

Fixed assets are valued and disclosed in the statements according to acquisition prices or production costs, less depreciation and write-downs due to permanent loss in value. The costs pertaining to a fixed asset, which were borne after putting such asset in operation, refer to the profit and loss account, except for a situation where it is possible to prove that such costs resulted in an increase in expected future economic advantages on account of possessing the given fixed asset. In such case, the yielded costs add up to the initial value of the fixed asset.

Fixed assets are booked on summary accounts according to Fixed Assets Classification groups. Detailed records of fixed assets are also kept. 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 in other operating costs. Fixed assets include, among other items, the right to perpetual usufruct of land, which is depreciated equally during the period of usufruct. Ownership rights of land are not depreciated.

The company has verified the value of available fixed assets. The values of fixed assets disclosed in the statement do not differ from their assumed costs.

### **3. Fixed assets under construction**

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 activated and direct financial costs. After obtaining an occupancy permit, the completed real estates are reclassified as fixed assets or investments in real property, depending on their designed use. Fixed assets under construction are valued according to acquisition prices or production costs.

### **4. Investment immovable property**

Investment immovable property includes leased real estates with land directly related to such real estates, owned by the company. Investment properties are initially disclosed according to acquisition prices / production costs.

After initial posting as on the first balance day, investment properties are presented according to their fair value. Fair value is revaluated at least once every three months. Profits or losses resulting from change in fair value of investment immovable property are disclosed in the profit and loss account in the period of their occurrence.

Fair value is determined by the company individually, with the investment method, using simple capitalization method as a result of net operating income (NOI) of the project and yield rate. Yield rate is verified by independent property experts at least once a year.

Residential and garage properties with values below PLN 1,000 thousand, due to minor difference between such valuation and valuation according to fair value, are appraised according to production costs method corrected by depreciation and write-offs due to permanent loss in value.

Differences on investment property are applied to the profit and loss account under the item of immovable property revaluation.

### **5. Shares and stocks**

Shares and stocks in other companies are valued according to acquisition prices, less write-downs due to permanent loss in value.

Differences on valuation of shares are applied to the profit and loss account under the item of financial revenues / costs.

### **6. Inventories**

The following are disclosed under inventories: semi-finished products and work in process, finished products, goods, and advances on deliveries. Due to unique quality of operations, purchased land or right of perpetual usufruct of land is classified as work in process if the land is designed for development, or as

goods if the land is designed for sale. Finished products mainly include housing and service premises sold through final contracts.

Inventories of non-current assets are valued according to equivalents of acquisition price of land property and costs of production of development activity products increased by activated financial costs. Inventories related to long-term construction contracts are valued according to the guidelines of IAS No. 11 'Construction Contracts'. Inventories are valued not higher than obtainable net value at sale. Advances on deliveries are valued according to cash expenditure and according to received VAT invoices documenting granting an advance.

## **7. Accounts receivable**

Receivables are disclosed in the balance sheet as amounts due and payable, with due caution. The value of receivables is updated accounting for probability of their payment through a revaluation write-down. Revaluation write-downs on receivables are posted at the end of each consecutive 6-month period and each consecutive year according to the following criteria:

- for receivables aged over one year – for full value of the account,
- for receivables aged over six months but not longer than one year – 50% of the value of the account.

In certain justified cases, individual principles of calculating revaluation write-downs may apply.

Receivables include interest on deposits, charged but not matured, valued as amounts due and payable.

## **8. Short-term investments**

Short-term investments, except for financial instruments, are valued according to acquisition price or market value, whichever is lower. Short-term investments for which an active market does not exist are valued according to acquisition prices, accounting for write-downs due to permanent loss of value. The results of increases or decreases in the value of short-term investments valued according to market prices (values) are classified as financial revenues or costs, respectively.

## **9. Cash**

Cash on bank accounts and in hand, short-term investments maintained up to due dates and other financial assets (interest on loans granted if falling due within 3 months from the statement date) are valued in nominal values.

Cash in foreign currencies is valued at least on each reporting date according to the buy rate of the bank employed by the Company. Foreign exchange gains / losses pertaining to cash in foreign currencies and operations of sale of foreign currencies are classified as financial costs or revenues, respectively. The same definition of cash applies to the cash flow statement.

## **10. Loans granted**

Loans granted are disclosed according to depreciated acquisition price, determined using effective interest rate method.

## **11. Deferred income tax**

The following items are created on account of deferred tax: deferred income tax assets, and provision for income tax. These items are valued according to their reasonable estimated value. The provision is calculated with the tax rate to apply during the next reporting 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.

## **12. Equity capitals**

Share capital and reserve capital is valued in its nominal value. The differences between fair value of received payment and nominal value of shares are disclosed in supplementary capital from sale of shares above their nominal value. The costs of shares issue, which are borne at the point of establishment of a joint stock company or increase in initial capital reduce the company's supplementary capital to the amount of surplus of issue value over nominal value of shares, while their remaining part is classified under financial costs.

## **13. Reserves**

Reserves are established if the Company is under an existing obligation resulting from past events, it is probable that fulfillment of this obligation will occasion necessary expensing of funds existing as economic



benefits, and the amount of such obligation can be fairly and credibly estimated. Reserves are specifically established for costs of investment projects in progress, costs of bonuses, cash equivalents for holidays not used by employees and audit costs, which have not been borne yet but which fall on the current period. Reserves for costs of bonuses are established pursuant to resolutions of the management board. Other reserves are established on the basis of resolutions of the management board or decisions of the chief accountant / deputy chief accountant.

According to the adopted principle, reserves for leave payments are not established. Such potential reserves would have no significant impact on the presented financial statement. At the point of occurrence they would be booked on a cash basis.

#### **14. Accounts payable**

Accounts payable are disclosed in the balance sheet as amounts due and payable.

Financial liabilities include in particular loans, credits, debt securities, not matured interest on bank credit facilities which are booked according to the accruals method, as well as discount on short-term and long-term debt securities to be settled in the following accounting period, with a minus mark. Foreign currency credits are valued according to the sell rate of the bank employed by the Company.

Long-term financial obligations (debts) are valued with the 'depreciated cost of liabilities component' method, according to IAS 39. The risk and probability of early repayment of long-term debts is taken into consideration during appraisal.

The item of advances for deliveries covers both invoiced advances (including advances on apartments) and ones that have not been invoiced.

The amount of the company social benefits fund is established on the basis of the Act on Company Social Benefits Fund (Journal of Laws of 1994, no. 43, item 163, as amended) and disclosed in the balance sheet in its nominal value, in the amount brought forward.

#### **15. Methods of determining the financial result (profit/loss)**

The bottom line 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 bottom line. The bottom line (profit/loss) is determined using the multiple-step method.

a) The costs of production of products sold include yielded costs pertaining to the revenues of a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.

b) The cost of sold services and products is valued on the basis of production costs, using one of the following two methods, depending on the types of projects:

- return ratio according to the sales contract, or average (calculated) return ratio assumed by the company;

- percentage share of such items as: sold area of land, sold shares, etc. (according to average prices) In particular, 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.

c) The following items are also classified as costs and revenues:

- in the range of other sales of products and services – revenues invoiced and due to the company, with corresponding costs,

- yielded costs of sales and overheads; costs not yet borne, booked according to the principle of matching revenues and costs,

- gains and losses from sales of securities and valuation of the company's assets and liabilities (including differences in receivables revaluation write-downs),

- all financial revenues 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 which are directly related to acquisition and production of assets disclosed as inventories and commenced investments. The following amount of costs is activated: interest, discount and commissions, less revenues earned on temporary deposition of cash (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts).
- realized extraordinary gains and yielded extraordinary losses, including only those items that did not occur in the course of normal economic activity.

#### **16. Cash Flow Statement**

Cash flow statement is prepared according to indirect method. Arranged overdraft obligations are presented as debt on account of credits and not as a cash equivalent.

- The data contained in the financial statement for the period from 2007-01-01 to 2007-12-31 is comparable with the data contained in the accounts for 2006-01-01 to 2006-12-31

## Basic data converted to EURO:

Selected financial data	in thousands PLN		in thousands EUR	
	2007	2006	2007	2006
Net revenues from sales of products, goods and materials	254 343	259 237	67 344	66 487
Profit (loss) on operating activity	26 997	65 545	7 148	16 810
Gross profit	60 950	91 634	16 138	23 501
Net Profit	54 893	80 754	14 534	20 711
Net cash flows on operating activity	(3 216)	19 385	(851)	4 972
Net cash flows on investment activity	(93 228)	45 911	(24 685)	11 775
Net cash flows on financial activity	122 245	2 554	32 367	17 655
Net cash flows total	25 800	67 850	6 831	17 401
Assets total	1 310 030	1 041 054	365 726	271 731
Liabilities and reserves for liabilities	851 086	637 004	237 601	166 268
Long-term debts	553 488	252 049	154 519	65 789
Short-term debts	248 082	344 478	69 258	89 914
Equity	458 943	404 050	128 125	105 463
Number of shares (pcs.)	21 000	21 000	5 863	5 481
Profit per one ordinary share (in PLN / EUR)	420 000 000	420 000 000	420 000 000	420 000 000
Diluted profit (loss) per one ordinary share (in PLN/EUR)	0,13	0,19	0,03	0,05
Book value per one share (in PLN/EUR)	0,13	0,19	0,03	0,05
Diluted book value per one share (in PLN/EUR)	1,09	0,96	0,31	0,25
Declared or paid dividend per one share (in PLN/EUR)	1,09	0,96	0,31	0,25

The conversion was made as follows:

- assets and liabilities items in the balance sheet were converted according to the average exchange rate as of the balance day, i.e. as on December 31, 2007 1 EUR = PLN 3.5820, as on December 31, 2006 1 EUR = PLN 3.8312,
- specific items of the profit and loss account and the cash flow statement for the period from January 1 to December 31, 2007 were converted according to an exchange rate that is an arithmetic average of average exchange rates published by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 3.7768. For the period from January 1 to December 31, 2006, the conversion was made according to an exchange rate that is an arithmetic average of average exchange rates published by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 3.8991.

**Balance sheet (in thousands PLN)**

	balance as on	Note	2007	2006
<b>Assets</b>				
<b>1. Fixed assets</b>				
1.1. Intangible assets	1		524	89
1.2. Tangible assets	2		49 693	45 475
1.3. Long-term investments	3		526 737	376 976
1.3.1. Immovable properties			442	102 834
1.3.2. Long-term financial investments			526 295	274 141
1.4. Deferred income tax assets	4		26 254	16 908
			<b>603 208</b>	<b>439 447</b>
<b>2. Current assets</b>				
2.1. Inventories	5		408 394	230 090
2.2. Short-term receivables	6		48 970	191 563
2.3. Short-term financial investments	7		99 144	47 768
2.3.1. In affiliated companies			85 165	47 258
2.3.2. In other companies			13 979	510
2.4. Cash and cash equivalents	7		148 739	131 909
2.5. Short-term accruals			1 575	277
			<b>706 822</b>	<b>601 607</b>
				-
<b>Total assets</b>			<b>1 310 030</b>	<b>1 041 054</b>
<b>Liabilities</b>				
<b>1. Equity</b>				
1.1. Initial capital	8		21 000	21 000
1.2. Supplementary capital	9		378 967	298 213
1.3. Profit (loss) carried forward			4 083	4 083
1.4. Net profit (loss)			54 893	80 754
			<b>458 943</b>	<b>404 050</b>
<b>2. Reserves</b>				
2.1.1. Reserve for deferred income tax	10		28 395	22 548
2.2.4. Reserves			21 122	17 929
			<b>49 517</b>	<b>40 477</b>
<b>3. Accounts payable</b>				
3.1. Long-term debts	11		553 488	252 049
3.2. Short-term debts	12		248 082	344 478
3.2.1. To affiliated companies			3 413	38 487
3.2.2. To other companies			244 636	305 982
3.2.3. Special funds			34	9
			<b>801 570</b>	<b>596 527</b>
<b>Total liabilities</b>			<b>1 310 030</b>	<b>1 041 054</b>
<b>Book value</b>				
Book value			458 943	404 050
Number of shares			420 000 000	420 000 000
Book value per one share (in PLN)			1,09	0,96
Anticipated number of shares			420 000 000	420 000 000
Diluted book value per one share (in PLN)			1,09	0,96

**Off-balance items (in thousands PLN)**

	note	2007	2006
<b>1. Contingent receivables</b>		-	-
<b>2. Contingent debt</b>	13		
2.1. To affiliated companies (on account of)		22 862	442 131
- warranties and sureties granted		22 862	442 131
2.2. To other companies (on account of)		-	21 725
- warranties and sureties granted		-	21 725
		<b>22 862</b>	<b>463 856</b>
<b>3. Other (on account of)</b>			
- other agreements		-	-
- court proceedings against Echo Investment		379	737
		<b>379</b>	<b>737</b>
<b>Total</b>		<b>23 241</b>	<b>464 593</b>

**Sureties and guarantees granted by 'Echo Investment' S.A.:**

1. Surety as of May 15, 2007 for the obligations of Projekt Echo – 39 Sp. z o.o. (Project Echo – 39 Limited Liability Company) to an individual running their own business under company name MTM Consulting Sp. for payment of additional price of sale of perpetual usufruct right to land property situated in Kalisz. The surety was granted up to the amount of PLN 18,807 thousand.

2. Surety as of November 15, 2000 for liabilities of “Echo - Centrum Bełchatów” Sp. z o.o. (“Echo – Bełchatów Center” Limited Liability Company) under a credit agreement as of June 28, 2000, made with PeKaO Spółka Akcyjna Bank, concerning a facility for financing an investment project consisting in purchase and development of a shopping center in Bełchatów, in the amount of PLN 740 thousand.

3. Surety as of July 4, 2007 for the obligations of “Projekt – Echo 49” Sp. z o.o. (“Project – Echo 49” Limited Liability Company) concerning repair of damage up to the amount of PLN 3,315 thousand.



**Statement of changes in equity (in thousands PLN)**

	Initial capital	Supplementa ry capital	Profit (loss) carried forward	Profit (loss) of the current year	Total owner's equity
<b>Balance as on January 01, 2007</b>	<b>21 000</b>	<b>298 213</b>	<b>84 837</b>	<b>-</b>	<b>404 050</b>
changes in applied accounting principles	-	-	-	-	-
corrections of basic errors	-	-	-	-	-
<b>Balance as on January 01, 2007, after reconciliation to comparable data</b>	<b>21 000</b>	<b>298 213</b>	<b>84 837</b>	<b>-</b>	<b>404 050</b>
Changes during the period:					
Distribution of profit/loss carried forward	-	80 754	(80 754)	-	-
Net profit (loss) of the current period	-	-	-	54 893	54 893
Changes total	-	80 754	(80 754)	54 893	54 893
<b>Balance as on December 31, 2007</b>	<b>21 000</b>	<b>378 967</b>	<b>4 083</b>	<b>54 893</b>	<b>458 943</b>
<b>Balance as on January 01, 2006</b>	<b>21 000</b>	<b>288 690</b>	<b>13 606</b>	<b>-</b>	<b>323 296</b>
changes in the applied accounting principles related to conversion to IAS	-	-	-	-	-
corrections of basic errors	-	-	-	-	-
<b>Balance as on January 01, 2006, after reconciliation to comparable data</b>	<b>21 000</b>	<b>288 690</b>	<b>13 606</b>	<b>-</b>	<b>323 296</b>
Changes during the period:					
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
<b>Balance as on December 31, 2006</b>	<b>21 000</b>	<b>298 213</b>	<b>4 083</b>	<b>80 754</b>	<b>404 050</b>

**Profit and loss account (in thousands PLN)**

	note	2007	2006
Operating revenues	14	254 343	259 237
Operating costs	15	(202 500)	(195 419)
<b>Gross profit (loss) on sales</b>		<b>51 843</b>	<b>63 818</b>
Profit (loss) on sales of real estate		(47)	3 890
Revaluation of non-financial assets		21 461	(12 273)
Costs of sales		(21 848)	(9 818)
Overheads		(29 609)	(30 915)
Other operating revenues / costs	16	5 197	50 842
<b>Earnings before tax and financial revenues / costs</b>		<b>26 997</b>	<b>65 545</b>
Financial revenues	17	82 382	53 979
Financial costs	18	(48 429)	(27 890)
<b>Gross profit</b>		<b>60 950</b>	<b>91 634</b>
Income tax	19	(6 057)	(10 880)
a) current portion		(9 557)	(3 817)
b) deferred portion		3 500	(7 063)
<b>Net Profit</b>	20	<b>54 893</b>	<b>80 754</b>
Net profit (loss) (annualized)		54 893	80 754
Weighted average number of ordinary shares		420 000 000	420 000 000
Profit (loss) per one ordinary share (in PLN)		0,13	0,19
Weighted average diluted number of ordinary shares		420 000 000	420 000 000
Diluted profit (loss) per one ordinary share (in PLN)		0,13	0,19

**Cash flow statement (in thousands PLN)**

	note	2007	2006
<b>Cash flows on operating activity – indirect method</b>			
I. Net profit (loss)		54 893	80 754
II. Adjustments			
1. Shares in net (profit) loss of subsidiaries valuated according to ownership rights method		-	-
2. Amortization / Depreciation		5 514	3 144
3. Foreign exchange gains/losses		8 970	8 171
4. Interest and shares in profits (dividends)		(28 968)	(23 038)
5. Current income tax in the profit and loss account		9 557	3 836
6. Income tax paid		(19 624)	(1 384)
7. (Profit) loss on investment activity		(21 068)	(44 339)
8. Change in reserves		9 040	11 000
9. Change in inventories		(179 056)	(114 753)
10. Change in receivables		143 472	54 287
11. Change in short-term debts, except for loans and credits		45 159	38 414
12. Change in accruals		(7 050)	3 313
13. Other adjustments	21	(24 056)	(19)
		<b>(58 109)</b>	<b>(61 369)</b>
<b>Net cash flows on operating activity</b>		<b>(3 216)</b>	<b>19 385</b>
<b>Cash flows on investment activity</b>			
I. Incomes			
1. Sales of intangible assets and tangible assets		87	202
2. Sales of investments in real estate and in intangible assets		1 141	70 257
3. From financial assets, including:		90 432	73 386
a) in affiliated companies		90 250	73 294
- sales of financial assets		-	-
- dividends and shares in profits		54 093	42 160
- repayment of granted loans		34 656	27 123
- interest		1 501	4 011
- other incomes from financial assets		-	-
b) in other companies		182	91
- sales of financial assets		182	91
- dividends and shares in profits		-	-
- repayment of granted loans		-	-
- interest		-	-
- other incomes from financial assets		-	-
4 . Other revenues from investments		-	-
		<b>91 660</b>	<b>143 846</b>

**Cash flow statement continued (in thousands PLN)**

	note	2007	2006
<b>II. Expenditures</b>			
1. Acquisition of intangible assets and tangible assets		7 496	4 692
2. Investments in immovable property and in intangible assets		805	9 630
3. On financial assets, including:		176 588	83 415
a) in affiliated companies		176 588	83 415
- acquisition of financial assets		683	38 715
- granted long-term loans		176 299	44 700
b) in other companies		-	-
- acquisition of financial assets		-	-
- granted loans		-	-
4. Other investment expenditures		-	197
		<b>184 889</b>	<b>97 934</b>
<b>Net cash flows on investment activity</b>		<b>(93 228)</b>	<b>45 911</b>
<b>Cash flows on financial activity</b>			
<b>I. Revenues</b>			
1. Net revenues from issue of stocks (issue of shares) and other capital instruments, additional payments to capital		-	-
2. Loans and credit facilities		3 978	526
3. Issue of debenture bonds		346 405	373 223
4. Other financial incomes		-	-
		<b>350 383</b>	<b>373 749</b>
<b>II. Expenditures</b>			
1. Acquisition of own shares (stocks)		-	-
2. Dividends and other payments to owners		-	-
3. Expenses on profit distribution, other than payments to owners		-	-
4. Repayments of loans and credits		42 715	83 051
5. Redemption of debenture bonds		160 000	265 000
6. On account of other financial obligations		-	-
7. Payments of obligations under financial lease contracts		-	-
8. Interest		25 423	23 145
9. Other financial expenses		-	-
		<b>228 138</b>	<b>371 196</b>
<b>Net cash flows on financial activity</b>		<b>122 245</b>	<b>2 554</b>
<b>Net cash flows total</b>		<b>25 800</b>	<b>67 850</b>
Difference in cash balances, including:		<b>16 830</b>	<b>59 678</b>
- change in cash balance on account of exchange rate gains/losses		<b>(8 970)</b>	<b>(8 171)</b>
<b>Cash at the beginning of period</b>		<b>131 909</b>	<b>72 231</b>
<b>Cash at the end of period, including:</b>	22	<b>148 739</b>	<b>140 080</b>
- with limited disposability		<b>150</b>	<b>57 333</b>

## Additional explanatory notes

### Note 1A

Intangible assets	2007	2006
a) costs of finished development works	-	-
b) goodwill	-	-
c) acquired concessions, patents, licences and similar assets, including:	516	77
- computer software	424	74
d) other intangible assets	8	12
e) advances for intangible assets	-	-
<b>Intangible assets total</b>	<b>524</b>	<b>89</b>



## NOTE 1B

## Change in the value of intangible assets (according to type groups) (in thousands PLN)

	a) acquired concessions, patents, licences and similar assets, including:	computer software	b) other intangible assets	c) advances for intangible assets	d) intangible assets for sale	Intangible assets total
a) gross value of intangible assets at the beginning of period	1 705	1 657	27	-	-	1 732
b) increases (on account of)						
- purchase	993	887	-	-	-	993
c) decreases (on account of)	-	-	19	-	-	19
- sale	-	-				-
- liquidation			19			19
d) gross value of intangible assets at the end of period	2 698	2 544	8	-	-	2 706
e) accumulated amortization at the beginning of the period	1 628	1 583	15	-	-	1 643
f) depreciation for the period (on account of)						
- scheduled	554	537	-	-	-	554
- liquidation	-	-	15	-	-	15
	554	537	15	-	-	539

**Change in the value of intangible assets continued (according to type groups) (in thousands PLN)**

	a) acquired concessions, patents, licences and similar assets, including:	computer software	b) other intangible assets	c) advances for intangible assets	d) intangible assets for sale	Intangible assets total
g) accumulated amortization (depreciation) at the end of period	2 182	2 120		-	-	2 182
h) write-downs for permanent loss of value at the beginning of period	-	-	-	-	-	-
- increase	-	-	-	-	-	-
- decrease	-	-	-	-	-	-
i) write-downs for permanent loss in value at the end of period	-	-	-	-	-	-
j) net value of intangible assets at the end of period	516	424	8	-	-	524

All intangible assets held by the company have been acquired.

Applied methods of amortization and assumed periods of utilization or applied rates of amortization for:

- acquired concessions, patents, licences and similar value - amortized equally, 50%, amortization booked under overheads
- other intangible assets - not put into use, not amortized as on December 31, 2007

**Note 2A**

<b>Tangible assets (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) fixed assets, including:	49 668	45 433
- land (including right of perpetual usufruct of land)	3 519	3 512
- buildings, premises and civil engineering structures	34 609	33 045
- technical equipment and machines	1 149	506
- means of transport	9 198	8 298
- other fixed assets	1 193	72
b) fixed assets under construction	25	41
c) advances for fixed assets under construction	-	-
<b>Tangible assets total</b>	<b>49 693</b>	<b>45 474</b>

**NOTE 2B****Changes in fixed assets (according to type groups) (in thousands PLN)**

	- own land and right of perpetual usufruct of land	- buildings and structures	- technical equipment and machines	- means of transport	- other fixed assets	fixed assets total
<b>a) gross value of fixed assets at the beginning of period</b>	<b>3 678</b>	<b>44 342</b>	<b>3 411</b>	<b>11 978</b>	<b>2 071</b>	<b>65 480</b>
<b>b) increases (on account of)</b>						
- purchase	-	1 586	1 410	2 898	2 557	8 451
- transfer from fixed assets under construction	34	717	-	-	-	751
	<b>34</b>	<b>2 303</b>	<b>1 410</b>	<b>2 898</b>	<b>2 557</b>	<b>9 202</b>
<b>c) decreases (on account of)</b>						
- sale	-	-	25	141	-	166
- liquidation		1 500	145		1 593	3 238
	<b>-</b>	<b>1 500</b>	<b>170</b>	<b>141</b>	<b>1 593</b>	<b>3 404</b>
						<b>-</b>
<b>d) gross value of fixed assets at the end of period</b>	<b>3 712</b>	<b>45 145</b>	<b>4 651</b>	<b>14 735</b>	<b>3 035</b>	<b>71 278</b>
<b>e) accumulated amortization (depreciation) at the beginning of period</b>	<b>166</b>	<b>4 783</b>	<b>2 905</b>	<b>3 681</b>	<b>1 998</b>	<b>13 533</b>
<b>f) depreciation for the period (on account of)</b>						
- scheduled depreciation	27	734	745	1 979	1 413	4 898
- sale	-	-	25	123	-	148
- liquidation	-	976	123	-	1 569	2 668
	<b>27</b>	<b>(242)</b>	<b>597</b>	<b>1 856</b>	<b>(156)</b>	<b>2 082</b>

**Change in the value of fixed assets continued (according to type groups) (in thousands PLN)**

	- own land and right of perpetual usufruct of land	- buildings and structures	- technical equipment and machines	- means of transport	- other fixed assets	fixed assets total
g) accumulated amortization (depreciation) at the end of period	193	4 541	3 502	5 537	1 842	15 615
h) write-downs for permanent loss of value at the beginning of period		5 995				5 995
- increase	-	-	-	-	-	-
- decrease	-	-	-	-	-	-
i) write-downs for permanent loss of value at the end of period		5 995				5 995
j) net value of fixed assets at the end of period	3 519	34 609	1 149	9 198	1 193	49 668

Applied methods of depreciation and assumed periods of utilization or applied depreciation rates for:

- own land - right of perpetual usufruct of land is amortized equally during 95 years. Ownership rights of land are not amortized.
- buildings and structures - equally, depreciation rate: residential 1.5%, service 2.5%, used 10%, structures 4.5%, investments in third party facilities 10%
- technical equipment and machines - equally, rates from 10% to 20%, computers - accelerated method, rate 30% or 60%
- means of transport - equally, rate 20% or 14% for airplane
- other fixed assets - equally, rates from 10% to 20%

The amount of contractual obligations incurred in relation to acquisition of tangible assets is: 2 385 thousand PLN



**Note 3A**

<b>Change in real estate investments (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>A) gross value of investments in real estate at the beginning of period</b>	<b>54 501</b>	<b>14 302</b>
<b>a) increases (on account of)</b>		
- purchase	947	8 618
- transfer from fixed assets	-	-
- transfer from inventories	-	98 223
- transfer from fixed assets under construction	-	-
	<b>947</b>	<b>106 841</b>
<b>b) decreases (on account of)</b>		
- sale	2 406	-
- transfer to branch	45 848	-
- non-cash contribution	6 722	66 642
	<b>54 976</b>	<b>66 642</b>
<b>B) gross value of investments in real estate at the end of period</b>	<b>472</b>	<b>54 501</b>
<b>D) valuation to fair value at the beginning of period</b>	<b>48 422</b>	<b>(260)</b>
<b>a) increases</b>	<b>4 571</b>	<b>59 008</b>
<b>b) decreases (on account of)</b>		
- sale	-	(4 124)
- transfer to branch	(51 633)	-
- valuation	(1 373)	(6 202)
	<b>(53 006)</b>	<b>(10 326)</b>
<b>E) valuation to fair value at the end of period</b>	<b>(13)</b>	<b>48 422</b>
<b>F) depreciation</b>	<b>88</b>	<b>52</b>
- decrease - sale	(110)	(23)
- increase – scheduled depreciation	39	59
<b>G) depreciation at the end of period</b>	<b>17</b>	<b>88</b>
<b>Net value of fixed assets at the end of period</b>	<b>442</b>	<b>102 835</b>

**Note 3B**

<b>Amounts accounted for in the profit and loss account (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
revenues from lease rent pertaining to investment property	1 133	2 134
direct operating costs (including costs of repairs and maintenance) pertaining to investment property that yielded lease rent revenues during the given period	377	621
direct operating costs (including costs of repairs and maintenance) pertaining to investment property that did not yield lease rent revenues during the given period	-	-

## Note 3C

Long-term financial assets (in thousands PLN)	2007	2006
<b>a) in subsidiaries</b>		
- shares or stocks	384 281	223 786
- debenture bonds	-	-
- other securities (according to type)	-	-
- granted loans	130 975	26 890
- other long-term financial assets (according to type)	-	12 466
- advances for shares	-	12 466
	<b>515 256</b>	<b>263 142</b>
<b>b) in partially owned subsidiaries</b>		
- shares or stocks	349	349
- debenture bonds	-	-
- other securities (according to type)	-	-
- granted loans	-	-
- other long-term financial assets (according to type)	-	-
- advances for shares	-	-
	<b>349</b>	<b>349</b>
<b>c) in associated companies</b>		
- shares or stocks	10 650	10 650
	<b>10 650</b>	<b>10 650</b>
<b>d) in the significant investor</b>	-	-
<b>e) in the dominant company</b>	-	-
<b>f) in other companies</b>		
- granted loans	40	-
- other long-term financial assets (according to type)	-	-
- advances for shares	-	-
	<b>40</b>	<b>-</b>
<b>Long-term financial assets total</b>	<b>526 295</b>	<b>274 141</b>

## Basic data of largest long-term loans (in thousands PLN)

Name of the other party	Amount	Interest rate	Due date
Projekt Naramowice Sp. z o.o. [Project Naramowice Limited Liability Company]	80 596	WIBOR 3M rate + margin	December 31, 2009
Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo - Business Center Łódź Limited Liability Company]	6 852	collateral loan rate + margin	June 28, 2012
Centrum Bankowości i Finansów Łódź Sp. z o.o. [Banking and Finance Center Łódź Limited Liability Company]	3 651	collateral loan rate + margin	December 31, 2011
Princess Boryszewska Sp. z o.o. [Princess Boryszewska Limited Liability Company]	39 876	WIBOR 3M rate + margin	December 31, 2009
Other	40		
<b>Total:</b>	<b>131 015</b>		

Registered pledge was established on current and future shares of "Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. [Echo Investment - Tarnów Shopping Center' Limited Liability Company], amounting to PLN 13,329 thousand, as a collateral of credit granted to the 'Echo - Centrum Tarnów' Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank Der Deutschen Bank in the amount of 11,100 thousand EUR.

Registered pledge was established on the shares of "Echo Investment - Centrum Handlowe Przemysł" Sp. z o.o. [Echo Investment - Przemysł Shopping Center' Limited Liability Company], amounting to PLN 1,279 thousand, as a collateral of credit granted to the 'Echo Investment - Centrum Handlowe Przemysł' Sp. z o.o. subsidiary by Bank Śląski S.A. in the amount of 2,850 thousand EUR.

Registered pledge was established on current and future shares of "Echo - Galaxy Sp. z o.o." Sp. K. [Echo - Galaxy Limited Liability Company] Limited Partnership (formerly "Echo Investment - Centrum Handlowo-Rozrywkowe Szczecin" Sp. z o.o. [Echo Investment - Szczecin Shopping and Entertainment Center Limited Liability Company]), amounting to PLN 35,882 thousand, as a collateral of credit granted to the subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutsche Bank in the amount of 150 million EUR.

Registered pledge was established on current and future shares of "Echo - Galaxy Sp. z o.o." ('Echo - Galaxy Limited Liability Company'), amounting to PLN 51 thousand, as a collateral of credit granted to the subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutsche Bank in the amount of 150 million EUR.

Registered pledge was established on current and future shares of "Projekt Echo - 43 Sp. z o.o." ('Project Echo - 43 Limited Liability Company'), amounting to PLN 50 thousand, as a collateral of credit granted to the subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutsche Bank in the amount of 150 million EUR.

Registered pledges were established on the shares in the following subsidiaries:

- Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Center Limited Liability Company] with a value of PLN 28,766 thousand in favor of Bank Przemysłowo-Handlowy PBK S.A. with its registered seat in Krakow. Registered pledges constitute collaterals of the credit agreement signed by the above mentioned subsidiaries with BPH PBK S.A. The pledges were established up to the amount of 72,600 thousand EUR.

Registered pledge was established on the shares of "Athina Park" Sp. z o.o. ('Athina Park' Limited Liability Company), amounting to PLN 6,009 thousand, as a collateral of credit facility granted to the 'Athina Park' Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutschen Bank in the amount of 30,600 thousand EUR.

Registered pledge was established on the shares of 'Wan - 11' Sp. z o.o. ['Wan-11' Limited Liability Company], amounting to PLN 1,500 thousand, as a collateral of a credit facility granted to the 'Wan - 11' Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutschen Bank in the amount of 48,000 thousand EUR.

Registered pledge was established on the shares of 'Echo - Pasaż Grunwaldzki' Sp. z o.o. [Echo - Grunwaldzki Arcade Limited Liability Company], amounting to PLN 51 thousand, as a collateral of credit facility granted to the 'Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. K. [Echo - Grunwaldzki Arcade Limited Liability Company' Limited Partnership] subsidiary by Eurohypo AG to the maximum amount of EUR 150 million.

Registered pledge was established on the shares of "Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością" Sp.K. [Echo - Grunwaldzki Arcade Limited Liability Company' Limited Partnership] , amounting to PLN 11 thousand, as a collateral of credit facility granted to the 'Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. K. [Echo - Grunwaldzki Arcade Limited Liability Company' Limited Partnership] subsidiary by Eurohypo AG to the maximum amount of EUR 150 million.

Registered pledge was established on current and future shares of "Projekt Echo - 61" Sp. z o.o. ['Project Echo - 61' Limited Liability Company], amounting to PLN 50 thousand, as a collateral of credit facility granted to

the “Echo - Centrum Tarnów” Sp. z o.o. (‘Echo – Tarnów Center’ Limited Liability Company) subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank Der Deutschen Bank in the amount of 8,873 thousand EUR.

**Note 3D**

<b>Change in long-term financial assets (according to type groups) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>a) balance at the beginning of period, including:</b>	<b>274 141</b>	<b>219 838</b>
- shares and stocks	234 785	202 644
- granted long-term loans	26 890	10 462
- advances for acquisition of shares	12 466	6 732
- other long-term financial assets	-	-
<b>b) increases (on account of)</b>		
- purchase of shares	160 869	33 132
- granted long-term loans	142 693	19 276
- charging of interest and foreign exchange gains / losses	3 555	2 085
- advances for acquisition of shares	1 445	12 466
- take-up of shares, stocks	-	-
- balance sheet valuation	817	-
- other	-	-
	<b>309 380</b>	<b>66 960</b>
<b>c) decreases (on account of)</b>		
- sale of shares	375	157
- granted long-term loans	25 015	-
- balance sheet valuation	394	835
- repayment of interest	229	4 733
- settlement of advances for acquisition of shares	13 516	6 732
- carrying of loans granted to the opening balance from long-term to short-term loans	17 696	
- balance sheet valuation of long-term loans	-	200
	<b>57 225</b>	<b>12 657</b>
<b>d) balance at the end of period, including:</b>	<b>526 295</b>	<b>274 141</b>
- shares and stocks	395 280	234 785
- granted long-term loans	131 015	26 890
- other long-term financial assets	-	12 466

**Note 3E**

<b>Securities, shares and other long-term financial assets (currency structure) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	394 291	234 734
b) in foreign currencies (according to currency, after conversion to zlotys)	990	51
- unit / currency thousands /RON	5	-
- thousands PLN	5	-
- unit / currency thousands/HUF	64 063	3 239
- thousands PLN	909	51
- unit / currency thousands/UAH	158	
- thousands PLN	76	
<b>Securities, shares and other long-term financial assets total</b>	<b>395 280</b>	<b>234 785</b>



**Note 3F**

<b>Securities, shares and other long-term financial assets (according to transferability) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>A. With unlimited transferability, quoted on stock exchanges (balance sheet value)</b>	-	-
<b>B. With unlimited transferability, quoted on OTC markets (balance sheet value)</b>	-	-
<b>C. With unlimited transferability, not quoted on regulated market (balance sheet value)</b>		
a) stocks (balance sheet value):	4 776	4 776
- revaluation adjustments (for the period)	(34)	34
- gross value	4 810	4 810
- net (balance sheet) value	4 776	4 776
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value) - shares:	287 659	140 672
- revaluation adjustments (for the period)	(35 816)	19 797
- gross value	323 475	160 469
- net (balance sheet) value	287 659	140 672
	<b>292 435</b>	<b>145 448</b>
<b>D. With limited transferability (balance sheet value)</b>		
a) shares and stocks (balance sheet value):	102 845	89 337
- revaluation adjustments (for the period)	-	16 019
- gross value	102 845	105 356
- net (balance sheet) value	102 845	89 337
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value):	-	-
	<b>102 845</b>	<b>89 337</b>
Balance sheet net value total	395 280	234 785
Gross value total	431 130	270 635
Revaluation adjustments (for the period) total	(35 850)	35 850
<b>Balance sheet value total</b>	<b>395 280</b>	<b>234 785</b>

**Note 3G**

<b>Granted long-term loans (currency structure) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	131 015	26 028
b) in foreign currencies (according to currency, after conversion to zlotys)	-	862
- unit / currency thousands/USD	-	297
- thousands PLN	-	862
<b>Granted long-term loans total</b>	<b>131 015</b>	<b>26 890</b>

## Note 3H Shares or stocks in subsidiaries (in thousands PLN)

Item	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
1	"PHS Szczecin" S.A. ['PHS Szczecin' Joint Stock Company]	Szczecin	trade activity	subsidiary	full	1999-06-01	4 776				4 776	100,00%	100,00%	none
2	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Limited Liability Company]	Kielce	automotive	subsidiary	full	1997-03-11	320	(255)		(255)	65	100,00%	100,00%	none
3	"M.D.P." Sp. z o.o. ['M.D.P.' Limited Liability Company]	Kielce	construction activity	subsidiary	full	1996-11-22	16 019	(16 019)		(16 019)	-	99,99%	99,99%	none
4	"Galeria Echo - Kielce" Sp. z o.o. ['Echo Arcade - Kielce' Limited Liability Company]	Kielce	development activity	subsidiary	full	1997-04-25	51				51	99,00%	99,00%	none
5	"Wyględów" Sp. z o.o. ['Wyględów' Limited Liability Company]	Kielce	construction activity	subsidiary	full	1998-10-21	51				51	99,00%	99,00%	none
6	"Princess Investment" Sp. z o.o. ['Princess Investment' Limited Liability Company]	Kielce	development activity	subsidiary	full	1999-10-26	2 663	(1 736)		1 736	927	100,00%	100,00%	none
7	"Echo Investment Centrum Handlowe w Radomiu" Sp. z o.o. ['Echo Investment Radom Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	11 729		(11 729)	(11 729)	-	99,99%	99,99%	none
8	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. ['Echo Investment - Tarnów Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-11-09	13 329				13 329	99,99%	99,99%	none
9	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp. z o.o. ['Echo Investment Jelenia Góra Shopping Center Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	5 401				5 401	100,00%	100,00%	none
10	"Echo Investment Centrum Handlowe Siemianowice" Sp. z o.o. ['Echo Investment Siemianowice Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-11-10	4 214		(4 214)	(4 214)	-	99,99%	99,99%	none

11	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. [‘Echo Investment – Bełchatów Shopping Center’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 083		2 083	99,99%	99,99%	none	
12	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	6 510	22 255	22 255	28 765	84,12%	84,12%	none
13	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o. [‘Echo Investment – Łódź Business Center’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 511			2 511	99,98%	99,98%	none
14	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o. [‘Echo Investment – Przemyśl Shopping Center’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-11-06	1 279			1 279	100,00%	100,00%	none

## Note 3H Shares or stocks in subsidiaries continued (in thousands PLN)

Item	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
15	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1999-02-23	2 321		16 049	16 049	18 370	99,99%	99,99%	none
16	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment - Tczew Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 514	(1 514)	(1 514)		-	99,99%	99,99%	none
17	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment - Łódź Banking and Finance Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	3 008				3 008	100,00%	100,00%	none
18	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment - Pabianice Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	10 526	(10 526)	(10 526)		-	100,00%	100,00%	none
19	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment - Piła Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	350	(350)	(350)		-	99,99%	99,99%	none
20	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment - Olkusz Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	8 083	(8 083)	(8 083)		-	99,99%	99,99%	none
21	"Echo - Centrum Rzeszów" Sp. z o.o. ['Echo - Rzeszów Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	4 969	(4 304)		(4 304)	665	99,99%	99,99%	none

22	"Projekt Echo -17" Sp. z o.o. ['Project Echo -17' Limited Liability Company] "Echo Investment - Centrum Handlowe Zamość" Sp. z o.o.	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	52			52	100,00%	100,00%	none
23	['Echo Investment – Zamość Shopping Center' Limited Liability Company] "Echo Investment - Centrum Handlowo -Usługowo - Rozrywkowe Gliwice" Sp. z o.o.	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 888	(1 888)	(1 888)	-	99,99%	99,99%	none
24	['Echo Investment – Gliwice Shopping, Service and Entertainment Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	3 490	(77)	(77)	3 413	99,99%	99,99%	none
25	"Echo - Property Poznań 1" Sp. z o.o. ['Echo - Property Poznań 1' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	11 283	( 7 626)	( 7 626)	3 657	99,99%	99,99%	
26	"Echo - Veneda" Sp. z o.o. ['Echo - Veneda' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	6 133			6 133	99,99%	99,99%	none
27	"Echo - Kielce 1" Sp. z o.o. ['Echo - Kielce 1' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	8 369			8 369	99,99%	99,99%	none
28	"Echo Acc" Sp. z o.o. ['Echo Acc' Limited Liability Company]	Kielce	accounting and bookkeeping activity	subsidiary	full	1998-10-30	51			51	99,99%	99,99%	none



## Note 3H Shares or stocks in subsidiaries continued (in thousands PLN)

Item	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
29	"Athina Park" Sp. z o.o. ['Athina Park' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	6 009				6 009	99,99%	99,99%	none
30	"Projekt Echo -28" Sp. z o.o. ['Project Echo -28' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 508				2 508	99,99%	99,99%	none
31	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 007				2 007	99,99%	99,99%	none
32	"Projekt Echo -30" Sp. z o.o. ['Project Echo -30' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
33	"Echo - Arena" Sp. z o.o. ['Echo - Arena' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 008				1 008	99,99%	99,99%	none
34	"Echo - Galaxy" Sp. z o.o. ['Echo - Galaxy' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
35	"Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Grunwaldzki Arcade' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,99%	99,99%	none
36	"Projekt Echo -34" Sp. z o.o. ['Project Echo -34' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
37	"Projekt Echo -37" Sp. z o.o. ['Project Echo -37' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
38	"EchoBau" Sp. z o.o. ['EchoBau' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	52				52	100,00%	100,00%	none
39	"Projekt Echo -39" Sp. z o.o. ['Project Echo -39' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none



40	"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company]	Poznan	orcharding activity	subsidiary	ownership rights	2000-05-11	40 676	(5 702)	(5 702 )	34 974	100,00%	100,00%	none
41	"EST-ON Property Management" Sp. z o. o. ['EST-ON Property Management' Limited Liability Company]	Kielce	property management	subsidiary	full	1998-10-27	50			50	99,00%	99,00%	none
42	"Projekt S" Sp. z o.o. ['Project S' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2004-03-23	6 402			6 402	63,00%	63,00%	none
43	"Echo - Pasaż Grunwaldzki" Sp. z o.o. Sp.K. ['Echo - Grunwaldzki Arcade' Limited Liability Company Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2005-08-30	11			11	90,00%	90,00%	none
44	"Echo - Arena" Sp. z o.o. Sp.k. ['Echo - Arena' Limited Liability Company Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2005-09-27	12			12	90,00%	90,00%	none

## Note 3H Shares or stocks in subsidiaries continued (in thousands PLN)

Item	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
45	“Wan 11” Sp. z o.o. [‘Wan 11’ Limited Liability Company]	Warsaw	construction activity and real estate services	partially owned subsidiary	full	2004-03-08	1 500				1 500	50,00%	50,00%	none
46	“Projekt Echo -23” Sp. z o.o. [‘Project Echo -23’ Limited Liability Company]	Kielce	processing non-ferrous metals	associated company	ownership rights	1998-10-30	11				11	37,50%	37,50%	none
47	W.A. Hotele Sp. z o.o. [W.A. Hotels Limited Liability Company]	Warsaw	construction activity and real estate services	associated company	ownership rights	2002-04-18	10 639				10 639	43,45%	43,45%	none
48	“SPC” S.A. [‘SPC’ Joint Stock Company]	Warsaw	managing other companies	associated company	ownership rights	1996-03-26	34	(34)		(34)	-	34,00%	34,00%	none
49	Wan - Invest Sp. z o.o. [Wan - Invest Limited Liability Company]	Warsaw	construction activity and real estate services	partially owned subsidiary	ownership rights		446	(97)		(97)	349	50,00%	50,00%	none
50	“Projekt Echo - 41” Sp. z o.o. [‘Project Echo - 41’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
51	“Projekt Echo - 42” Sp. z o.o. [‘Project Echo - 42’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
52	“Projekt Echo - 43” Sp. z o.o. [‘Project Echo - 43’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
53	“Projekt Echo - 44” Sp. z o.o. [‘Project Echo - 44’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
54	“Projekt Echo - 45” Sp. z o.o. [‘Project Echo - 45’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none

55	„Echo – Galaxy Sp. z o.o.” Sp.k. ['Echo – Galaxy Limited Liability Company' Limited Partnership], formerly "Echo Investment Centrum Handlowo – Rozrywkowe Szczecin Sp. z o.o. ['Echo Investment Szczecin Shopping and Entertainment Center Limited Liability Company]	Kielce	construction activity and real estate services	subsidiar y	full	2006-06-29	35 882				35 882	99,99%	99,99%	none
56	„Echo Investment Hangary” Kft	Budapest	construction activity and real estate services	subsidiar y	full	2006-04-24	47				47	100%	100%	none
57	“Echo – Centrum Poznań” Sp. z o.o. ['Echo – Poznań Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiar y	full	2006-08-31	40 417				40 417	100%	100 %	none

### Note 3H Shares or stocks in subsidiaries continued (in thousands PLN)

Item	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
58	“Projekt Echo – 46” Sp. z o.o. [“Project Echo – 46” Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-11-21	51				51	99,90%	99,90%	none
59	“Projekt Echo – 47” Sp. z o.o. [“Project Echo – 47” Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-11-21	51				51	99,90%	99,90%	none
60	“Projekt Echo – 48” Sp. z o.o. [“Project Echo – 48” Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-11-21	51				51	99,90%	99,90%	none
61	“Projekt Echo -41” Sp. z o.o. Sp.K. ['Project Echo -41' Limited Liability Company Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2006-09-27	11				11	99,00%	99,00%	none
62	“Projekt Echo -42” Sp. z o.o. Sp.K. ['Project Echo -42' Limited Liability Company Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2006-09-27	11				11	99,00%	99,00%	none
63	“Projekt Echo -45” Sp. z o.o.	Kielce	construction		full	2006-09-27						99,00%	99,00%	none

	Sp.K. [‘Project Echo -45’ Limited Liability Company Limited Partnership]		activity and real estate services	subsidiary			11		11			
64	„Echo Investment Projekt 1” S.R.L.	Bucharest	construction activity and real estate services	subsidiary	full	2006-02-27	4		4	100%	100%	none
65	„Echo – Project Management Ingatlanhasznosito ” KFT	Budapest	construction activity and real estate services	subsidiary	full	2006-11-07	815		815	100,00%	100,00%	none
66	"Echo Building” KFT	Budapest	construction activity and real estate services	subsidiary	full	2007-05-23	47		47			
67	“Projekt Echo -53” Sp. z o.o. [‘Project Echo -53’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-19	50		50	0,05%	0,05%	none
68	“Projekt Echo -54” Sp. z o.o. [‘Project Echo -54’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	110 147		110 147	99,90%	99,90%	none
69	“Projekt Echo -55” Sp. z o.o. [‘Project Echo -55’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	50		50	99,90%	99,90%	none
70	“Projekt Echo -56” Sp. z o.o. [‘Project Echo -56’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	50		50	99,90%	99,90%	none
71	“Projekt Echo -57” Sp. z o.o. [‘Project Echo -57’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	50		50	99,90%	99,90%	none
72	“Projekt Echo -58” Sp. z o.o. [‘Project Echo -58’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	50		50	99,90%	99,90%	none

## Note 3H Shares or stocks in subsidiaries continued (in thousands PLN)

Item	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
73	"Projekt Echo -59" Sp. z o.o. ['Project Echo -59' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
74	"Projekt Echo -60" Sp. z o.o. ['Project Echo -60' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
75	"Projekt Echo -61" Sp. z o.o. ['Project Echo -61' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
76	"Projekt Echo -62" Sp. z o.o. ['Project Echo -62' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
77	"Projekt Echo -63" Sp. z o.o. ['Project Echo -63' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	12 794				12 794	99,90%	99,90%	none
78	"Projekt Echo -64" Sp. z o.o. ['Project Echo -64' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	25			-	25	99,90%	99,90%	none
79	"Projekt Echo -65" Sp. z o.o. ['Project Echo -65' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	19 822				4 369	99,90%	99,90%	none
80	"Projekt Echo -66" Sp. z o.o. ['Project Echo -66' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	4 369				19 822	99,90%	99,90%	none
81	"Projekt Echo -67" Sp. z o.o. ['Project Echo -67' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
82	"Projekt Echo -68" Sp. z o.o. ['Project Echo -68' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
83	"Projekt Echo -69" Sp. z o.o. ['Project Echo -69' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
84	"Projekt Echo -70" Sp. z o.o. ['Project Echo -70' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none



Liability Company]			estate services	y									
85	“Projekt Echo -71” Sp. z o.o. [‘Project Echo -71’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiar y	full	2006-12-21	50	50	99,90%	99,90%	none		
86	“Projekt Echo -72” Sp. z o.o. [‘Project Echo -72’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiar y	full	2006-12-21	50	50	99,90%	99,90%	none		
87	“Projekt Echo -73” Sp. z o.o. [‘Project Echo -73’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiar y	full	2006-12-21	50	50	99,90%	99,90%	none		
88	“Projekt Echo -74” Sp. z o.o. [‘Project Echo -74’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiar y	full	2006-12-21	50	50	99,90%	99,90%	none		
89	“Projekt Echo -75” Sp. z o.o. [‘Project Echo -75’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiar y	full	2006-12-21	50	50	99,90%	99,90%	none		
90	“Projekt Echo -76” Sp. z o.o. [‘Project Echo -76’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiar y	full	2006-12-21	50	50	99,90%	99,90%	none		

### Note 3H Shares or stocks in subsidiaries continued (in thousands PLN)

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91	"Projekt Echo -77" Sp. z o.o. ['Project Echo -77' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
92	"Projekt Echo -78" Sp. z o.o. ['Project Echo -78' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	-				-	99,90%	99,90%	none
93	"Projekt Echo -79" Sp. z o.o. ['Project Echo -79' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	-				-	99,90%	99,90%	none
94	"Projekt Echo -80" Sp. z o.o. ['Project Echo -80' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
95	"Projekt Echo -81" Sp. z o.o. ['Project Echo -81' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none



96	"Projekt Echo -82" Sp. z o.o. ['Project Echo -82' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	-	-	99,90%	99,90%	none
97	"Projekt Echo -83" Sp. z o.o. ['Project Echo -83' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
98	"Projekt Echo -84" Sp. z o.o. ['Project Echo -84' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
99	"Projekt Echo -85" Sp. z o.o. ['Project Echo -85' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
100	"Projekt Echo -86" Sp. z o.o. ['Project Echo -86' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
101	"Projekt Echo -87" Sp. z o.o. ['Project Echo -87' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
102	"Projekt Echo -88" Sp. z o.o. ['Project Echo -88' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
103	"Projekt Echo -89" Sp. z o.o. ['Project Echo -89' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
104	"Projekt Echo -90" Sp. z o.o. ['Project Echo -90' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
105	"Projekt Echo -91" Sp. z o.o. ['Project Echo -91' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
106	"Projekt Echo -92" Sp. z o.o. ['Project Echo -92' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	50	50	99,90%	99,90%	none
107	"Echo Investment Ukraina" LLC	Kielce	construction activity and real estate services	subsidiary	full	2006-12-21	76	76	99,90%	99,90%	none
<b>Total</b>							<b>431 130</b>	<b>(35 850)</b>	<b>-</b>	<b>(35 850)</b>	<b>395 280</b>

## Note 3I Shares or stocks in subsidiaries (in thousands PLN)

Item	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	revenues from sales	value of shares / stocks in the company not paid by the issuer	dividends from the company for the last financial year
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:													
					profit (loss) carried forward	net profit (loss)	long-term debts	short-term debts	long-term receivables	short-term receivables								
Shares/stocks in wholly and partially owned subsidiaries																		
1	"PHS Szczecin" S.A. [PHS Szczecin' Joint Stock Company]	12 415	2 519	7 883	2 013		2 013	14 579	5 315	5 440	428		428	26 994	7 483			
2	"Piomot Auto" Sp. z o.o. [Piomot Auto' Limited Liability Company]	53	150		(97)	(85)	(12)	1 761	58	45				1 814				
3	"M.D.P." Sp. z o.o. [M.D.P.' Limited Liability Company]	16	16 004	3 831	(19 819)	(29 521)	9 702	9 599	1 794	7 806	1 676		1 676	9 615	3 019			
4	"Galeria Echo - Kielce" Sp. z o.o. [Echo Arcade - Kielce' Limited Liability Company]	53	50	1	1	(1)	3	2		1	2		2	55				
5	"Wygłędów" Sp. z o.o. [Wygłędów' Limited Liability Company]	94	50	2	42		42	24 940	24 665	268	247		247	25 034	9			
6	"Princess Investment" Sp. z o.o. [Princess Investment' Limited Liability Company]	775	1 600		(825)	(673)	(152)	4 581	1 794	2 783	52		52	5 356				
7	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. [Echo Investment - Tarnów Shopping Center' Limited Liability Company]	68 261	12 894	12 729	42 638	37 138	5 500	9 085	8 787	298	571		571	77 346	9 111		2 500	
8	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp.z o.o. [Echo Investment Jelenia	67 069	11 057	20 372	35 640	32 307	3 333	7 548	7 319	229	273		273	74 617	10 555			

9	Góra Shopping Center Limited Liability Company] "Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. ['Echo Investment - Bełchatów Shopping Center' Limited Liability Company]	20 506	8 524	9 607	2 376	2 376	4 733	2 269	2 176	111	111	25 239	5 364
10	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company]	120 393	32 772	70 331	17 290	17 290	116 869	98 996	10 757	429	429	237 262	32 817
11	Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo - Business Center Łódź Limited Liability Company]	22 367	2 504	11 026	8 837	8 837	29 294	26 545	23	28	28	51 661	1 040
12	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o. ['Echo Investment - Przemyśl Shopping Center' Limited Liability Company]	12 006	3 784	7 448	774	774	6 898	4 230	2 643	41	41	18 904	3 146

## Note 3I Shares or stocks in subsidiaries continued (in thousands PLN)

Item	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	revenues from sales	value of shares / stocks in the company not paid by the issuer	dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:												
							profit (loss) carried forward	net profit (loss)		long-term debts	short-term debts		long-term receivables	short-term receivables				
13	"Echo – SPV 6" Sp. z o.o. [‘Echo – SPV 6’ Limited Liability Company]	81 490	33 662		43 862	3 966	27	3 939	4 027		4	687		687	85 517			12 996
14	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. [‘Echo Investment – Łódź Banking and Finance Center’ Limited Liability Company]	23 298	3 001		5 232	15 065		15 065	24 385	17 155	1 643	75		75	47 682	801		
15	"Echo – Centrum Rzeszów" Sp. z o.o. [‘Echo – Rzeszów Center’ Limited Liability Company]	690	7 782			(7 092)	(7 132)	40	2 742	1 541	1 201	4		4	3 432			
16	"Projekt Echo -17" Sp. z o.o. [‘Project Echo -17’ Limited Liability Company]	46	50		10	(14)	(11)	(4)	1		1	6		6	47			
17	"Echo Investment - Centrum Handlowo – Usługowo - Rozrywkowe Gliwice" Sp. z o.o. [‘Echo Investment – Gliwice Shopping, Service and Entertainment Center’ Limited Liability Company]	3 503	4 433			(930)	(1 035)	105	23		5	70		70	3 526			
18	"Echo – Property Poznań 1" Sp. z o.o. [‘Echo – Property Poznań 1’ Limited Liability Company]	3 634	11 239			(7 605)	(7 612)	7	1 461	1 456	5	516		516	5 095	4		

	Company]													
19	"Echo - Veneda" Sp. z o.o. ['Echo - Veneda' Limited Liability Company]	6 772	6 781		(9)	(28)	19	330	321	8	1	1	7 101	24
20	"Echo - Kielce 1" Sp. z o.o. ['Echo - Kielce 1' Limited Liability Company]	48 281	32 132	226	15 923		15 923	39 603	36 895	157	239	239	87 884	4 000
21	"Echo Acc" Sp. z o.o. ['Echo Acc' Limited Liability Company]	1 551	50	762	739		739	1 255		246	420	420	2 806	3 910
22	"Athina Park" Sp. z o.o. ['Athina Park' Limited Liability Company]	19 376	6 000	6 610	6 766		6 766	85 093	62 914	19 972	1 065	1 065	104 469	16 094
23	"Projekt Echo 28" Sp. z o.o. ['Project Echo -28' Limited Liability Company]	2 941	2 500	325	116		116	28		1	4	4	2 969	

## Note 3I Shares or stocks in subsidiaries continued (in thousands PLN)

Item	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	revenues from sales	value of shares / stocks in the company not paid by the issuer	dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:												
						profit (loss) carried forward	net profit (loss)	long-term debts	short-term debts	long-term receivables	short-term receivables							
24	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	2 228	2 000		76	152		152	27 283		27 283	5 272		5 272	29 510	6 350		
25	"Projekt Echo -30" Sp. z o.o. ['Project Echo -30' Limited Liability Company]	104	50		4	50		50	24 749	24 734	5	1 029		1 029	24 853	8		
26	"Echo - Arena" Sp. z o.o. ['Echo - Arena' Limited Liability Company]	1 169	1 000		124	45		45	16		5	4		4	1 185			
27	"Echo - Galaxy" Sp. z o.o. ['Echo - Galaxy' Limited Liability Company]	696	50		347	299		299	3		1	59		59	698			
28	"Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Grunwaldzki Arcade' Limited Liability Company]	41	50		4	(13)	(2)	(11)	23		23	10		10	64			
29	"Projekt Echo -34" Sp. z o.o. ['Project Echo -34' Limited Liability Company]	52	50		4	(2)		(2)	3		1	1		1	54			
30	"Projekt Echo -37" Sp. z o.o. ['Project Echo -37' Limited Liability Company]	53	50		4	(2)		(2)	3		1	1		1	55			
31	"Echo Bau" Sp. z o.o. ['Echo Bau' Limited Liability Company]	52	50		3	(1)	(1)	0	2		1	1		1	54			
32	"Projekt Echo -39" Sp. z o.o. ['Project Echo -39' Limited Liability Company]	73	50		4	19	(2)	21	21 705	21 698	1	1 784		1 784	21 778	49		



	Limited Liability Company]												
33	"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company]	(96)	13 000	601	(13 697)	(13 183)	(514)	13 324	13 190	540	540	13 228	4 056
34	"EST-ON Property Management" Sp. z o. o. ['EST-ON Property Management' Limited Liability Company]	2 200	50	1 113	1 037	(952)	1 989	2 348	848	1 430	1 430	4 548	12 461
35	"Projekt S" Sp. z o.o. ['Project S' Limited Liability Company]	41	50	3	(12)	(7)	(5)	1 136	10	1 126	2	1 177	2
36	"Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością" Sp.K. ["Echo – Grunwaldzki Arcade Limited Liability Company" Limited Partnership]	388 005	11	3 901	384 093	(142)	384 235	5 258	5 258	6 562	6 562	393 263	51 363
37	"Echo – Arena Spółka z ograniczoną odpowiedzialnością" Sp.K. ["Echo – Arena Limited Liability Company" Limited Partnership]	142	11		131		131	27 178	38	27 140	220	27 320	560
38	"Wan 11" Sp. z o.o. ['Wan 11' Limited Liability Company]	31 574	3 000	18 126	10 448		10 448	121 159	117 235	3 924	520	152 733	17 409

## Note 3I Shares or stocks in subsidiaries continued (in thousands PLN)

Item	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	revenues from sales	value of shares / stocks in the company not paid by the issuer	dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:												
						profit (loss) carried forward	net profit (loss)	long-term debts	short-term debts	long-term receivables	short-term receivables							
39	Wan - invest Sp. z o.o. [Wan - invest Limited Liability Company]	672	760			(88)	(60)	(29)	6		6	3		3	678			
40	"Projekt Echo -41" Sp. z o.o. ['Project Echo -41' Limited Liability Company]	44	50			(6)	(2)	(4)	2		2				46			
41	"Projekt Echo -42" Sp. z o.o. ['Project Echo -42' Limited Liability Company]	44	50			(6)	(2)	(4)	2		2				46			
42	"Projekt Echo -43" Sp. z o.o. ['Project Echo -43' Limited Liability Company]	48	50			(2)	(2)	(0)	2		2	1		1	50			
43	"Projekt Echo -44" Sp. z o.o. ['Project Echo -44' Limited Liability Company]	45	50			(5)	(2)	(3)	2		2				46			
44	"Projekt Echo -45" Sp. z o.o. ['Project Echo -45' Limited Liability Company]	45	50			(5)	(2)	(4)	2		2			0	46			
45	„Echo – Galaxy Sp. z o.o.” Sp.k. [„Echo – Galaxy Limited Liability Company” Limited Partnership], formerly Echo Investment Centrum Handlowo – Rozrywkowe Szczecin Sp. z o.o. [Echo Investment Szczecin]	382 427	36 636		301 618	44 173		44 173	1 073		1 073	647		647	383 500	54 731		

46	Shopping and Entertainment Center Limited Liability Company] "Echo Investment Hungary KFT "Projekt Echo -41" Sp. z o.o. Sp.K. ['Project Echo -	(430)	44		(474)	(22)	(452)	57 843	56 535	1 308	32	32	57 412
47	41' Limited Liability Company Limited Partnership]	7	10		(3)		(3)	2		2			9
48	"Projekt Echo -42" Sp. z o.o. Sp.K. ['Project Echo - 42' Limited Liability Company Limited Partnership]	7	10		(3)		(3)	2		2			9
49	"Projekt Echo -45" Sp. z o.o. Sp.K. ['Project Echo - 45' Limited Liability Company Limited Partnership]	7	10		(3)	(0)	(3)	2		2	0	0	9
50	Echo - Centrum Poznań Sp. z o.o. [Echo - Poznań Center' Limited Liability Company]	(19)	50	7	(77)	(50)	(26)	1 085		7	822	822	1 066 58
51	Echo-Project-Management KFT	(352)	805	11	(1 169)	(32)	(1 137)	940		940	99	99	588

## Note 3I Shares or stocks in subsidiaries continued (in thousands PLN)

Item	company name	equity of the company, including:						liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	revenues from sales	value of shares / stocks in the company not paid by the issuer	dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:											
						profit (loss) carried forward	net profit (loss)	long-term debts	short-term debts	long-term receivables	short-term receivables						
52	“Projekt Echo -46” Sp. z o.o. [‘Project Echo -46’ Limited Liability Company]	46	50			(4)	(0)	(4)	2		2			48			
53	“Projekt Echo -47” Sp. z o.o. [‘Project Echo -47’ Limited Liability Company]	53	50			3	(0)	3	49 403	49 283	118	7 290	7 290	49 455			
54	“Projekt Echo -48” Sp. z o.o. [‘Project Echo -48’ Limited Liability Company]	46	50			(4)	-	(4)	2		2			48			
55	"Echo Investment Project 1 S.R.L.	(3 539)	4			(3 544)	(84)	(3 460)	97 085	243	96 842	261	261	93 545			
56	“Projekt Echo -53” Sp. z o.o. [‘Project Echo -53’ Limited Liability Company]	93 112	99 037			(5 925)		(5 925)	2 320		2 199	139	139	95 432	3 608		
57	“Projekt Echo -54” Sp. z o.o. [‘Project Echo -54’ Limited Liability Company]	111 040	110 147			892		892	2 874	111	2 763	40	40	113 913	4 036		
58	“Projekt Echo -55” Sp. z o.o. [‘Project Echo -55’ Limited Liability Company]	44	50			(6)		(6)	2		2	1	1	46			
59	“Projekt Echo -56” Sp. z o.o. [‘Project Echo -56’ Limited Liability Company]	74 361	74 200			161		161	9 943	5 913	3 921	468	468	84 304	1 957		
60	“Projekt Echo -57” Sp. z o.o. [‘Project Echo -57’ Limited Liability Company]	44	50			(6)		(6)	2		2	1	1	46			

	Limited Liability Company]										
61	"Projekt Echo -58" Sp. z o.o. ['Project Echo -58' Limited Liability Company]	44	50	(6)	(6)	2	2	1	1	46	
62	"Projekt Echo -59" Sp. z o.o. ['Project Echo -59' Limited Liability Company]	44	50	(6)	(2)	(4)	2	2	1	1	46
63	"Projekt Echo -60" Sp. z o.o. ['Project Echo -60' Limited Liability Company]	365 853	382 600	(16 747)	(16 747)	150 584	135 762	14 822	2 490	2 490	516 437 5 506
64	"Projekt Echo -61" Sp. z o.o. ['Project Echo -61' Limited Liability Company]	78 177	76 705	1 472	1 472	15 695	10 332	4 930	191	191	93 873 4 318
65	"Projekt Echo -62" Sp. z o.o. ['Project Echo -62' Limited Liability Company]	387 009	386 600	409	409	322 844	267 446	53 652	3 007	3 007	709 853 5 587
66	"Projekt Echo -63" Sp. z o.o. ['Project Echo -63' Limited Liability Company]	12 688	12 794	(106)	(106)	186	186		23	23	12 874 10

## Note 3I Shares or stocks in subsidiaries continued (in thousands PLN)

Item	company name	equity of the company, including:						liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	revenues from sales	value of shares / stocks in the company not paid by the issuer	dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:											
						profit (loss) carried forward	net profit (loss)	long-term debts	short-term debts	long-term receivables	short-term receivables						
67	“Projekt Echo -64” Sp. z o.o. [‘Project Echo -64’ Limited Liability Company]	44	50			(6)		(6)	2		2	1		1	46		
68	“Projekt Echo -65” Sp. z o.o. [‘Project Echo -65’ Limited Liability Company]	9 562	9 620			(58)		(58)	536		536	92		92	10 097	7	
69	“Projekt Echo -66” Sp. z o.o. [‘Project Echo -66’ Limited Liability Company]	52 957	53 283			(326)		(326)	2 373		2 373	343		343	55 330	9	
70	“Projekt Echo -67” Sp. z o.o. [‘Project Echo -67’ Limited Liability Company]	44	50			(6)		(6)	2		2	1		1	46		
71	“Projekt Echo -68” Sp. z o.o. [‘Project Echo -68’ Limited Liability Company]	44	50			(6)		(6)	2		2	1		1	46		
72	“Projekt Echo -69” Sp. z o.o. [‘Project Echo -69’ Limited Liability Company]	44	50			(6)		(6)	2		2	1		1	46		
73	“Projekt Echo -70” Sp. z o.o. [‘Project Echo -70’ Limited Liability Company]	44	50			(6)		(6)	2		2	1		1	46		
74	“Projekt Echo -71” Sp. z o.o. [‘Project Echo -71’ Limited Liability Company]	44	50			(6)		(6)	2		2	1		1	46		



75	Company] "Projekt Echo -72" Sp. z o.o. ['Project Echo -72' Limited Liability Company]	44	50	(6)	(6)	2	2	1	1	46
76	"Projekt Echo -73" Sp. z o.o. ['Project Echo -73' Limited Liability Company]	44	50	(6)	(6)	2	2	1	1	46
77	"Projekt Echo -74" Sp. z o.o. ['Project Echo -74' Limited Liability Company]	44	50	(6)	(6)	2	2	1	1	46
78	"Projekt Echo -75" Sp. z o.o. ['Project Echo -75' Limited Liability Company]	44	50	(6)	(6)	2	2	1	1	46
79	"Projekt Echo -76" Sp. z o.o. ['Project Echo -76' Limited Liability Company]	44	50	(6)	(6)	2	2	1	1	46
80	"Projekt Echo -77" Sp. z o.o. ['Project Echo -77' Limited Liability Company]	44	50	(6)	(6)	2	2	1	1	46
81	"Projekt Echo -80" Sp. z o.o. ['Project Echo -80' Limited Liability Company]	44	50	(6)	(6)	2	2	1	1	46

### Note 3I Shares or stocks in subsidiaries continued (in thousands PLN)

Item	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	revenues from sales	value of shares / stocks in the company not paid by the issuer	dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:												
						profit (loss) carried forward	net profit (loss)	long-term debts	short-term debts	long-term receivables	short-term receivables							
82	"Projekt Echo -81" Sp. z o.o. ['Project Echo -81' Limited Liability	39 635	39 888			(253)	(253)	45 745		45 745	14		14	85 380	3			

83	Company] Echo Building Kft "Projekt Echo -83" Sp. z o.o. ['Project Echo -83' Limited Liability Company]	(117)	47		(164)	(164)	7 145	7 145	5	5	7 028
84		48	50		(2)	(2)	0	0			48
85	"Projekt Echo -84" Sp. z o.o. ['Project Echo -84' Limited Liability Company]	48	50		(2)	(2)	0	0			48
86	"Projekt Echo -85" Sp. z o.o. ['Project Echo -85' Limited Liability Company]	48	50		(2)	(2)	0	0			48
87	"Projekt Echo -86" Sp. z o.o. ['Project Echo -86' Limited Liability Company]	48	50		(2)	(2)	0	0			48
88	"Projekt Echo -87" Sp. z o.o. ['Project Echo -87' Limited Liability Company]	48	50		(2)	(2)	0	0			48
89	"Projekt Echo -88" Sp. z o.o. ['Project Echo -88' Limited Liability Company]	48	50		(2)	(2)	0	0			48
90	"Projekt Echo -89" Sp. z o.o. ['Project Echo -89' Limited Liability Company]	47	50		(3)	(3)	0	0			48
91	"Projekt Echo -90" Sp. z o.o. ['Project Echo -90' Limited Liability Company]	47	50		(3)	(3)	0	0			48
92	"Projekt Echo -91" Sp. z o.o. ['Project Echo -91' Limited Liability Company]	47	50		(3)	(3)	0	0			48
93	"Projekt Echo -92" Sp. z o.o. ['Project Echo -92' Limited Liability Company]	48	50		(2)	(2)	0	0			48
94	Echo Investment	55	25	51	(21)	(21)	1	1	2	2	56

	Ukraina LLC												
Shares/stocks in associated companies													
1	“Projekt Echo -23” Sp. z o.o. [‘Project Echo -23’ Limited Liability Company]	18	28		(10)	(8)	(2)	0	0	0	0	18	
2	W.A. Hotele Sp. z o.o. [W.A. Hotels Limited Liability Company]	25 771	25 537	36	198		198	44	44	98	98	25 580	24
3	"S.P.C." S.A. [‘S.P.C.’ Joint Stock Company]	-			-			-		-			

**Note 4**

<b>Change in the balance of deferred income tax assets (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>1. Balance of deferred income tax assets at the beginning of period, including:</b>		
a) applied to the bottom line	16 908	15 479
Tangible assets	1 139	-
Long-term investments	7 420	7 197
Inventories	3 299	4 289
Short-term receivables	536	536
Short-term investments	1 553	978
Short-term accruals	1 057	645
Reserves for liabilities	-	419
Long-term debts	(481)	-
Short-term debts	2 386	1 417
b) applied to equity	-	-
c) applied to goodwill or negative goodwill	-	-
	<b>16 908</b>	<b>15 479</b>
<b>2. Increases</b>		
a) applied to the bottom line of the period due to negative timing differences on balance sheet items:	9 499	3 318
Tangible assets	-	1 139
Long-term investments	-	225
Inventories	1 102	-
Short-term receivables	-	-
Short-term investments	226	574
Short-term accruals	1 241	412
Reserves for liabilities	-	-
Long-term debts	1 079	-
Short-term debts	5 850	969
b) applied to the bottom line of the period in relation to tax loss	-	-
c) applied to equity due to negative timing differences	-	-
d) applied to equity in relation to tax loss	-	-
e) applied to goodwill or negative goodwill due to negative timing differences	-	-
	<b>9 499</b>	<b>3 318</b>
<b>3. Decreases</b>		
a) applied to the bottom line of the period due to negative timing differences on balance sheet items:	(153)	(1 889)
Tangible assets	-	-
Long-term investments	(153)	-
Inventories	-	(990)
Short-term receivables	-	-
Short-term investments	-	-
Short-term accruals	-	-
Reserves for liabilities	-	(419)
Long-term debts	-	(481)
Short-term debts	-	-

<b>Change in the balance of deferred income tax assets continued (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
b) applied to the bottom line of the period in relation to tax loss (on account of)	-	-
c) applied to equity due to negative timing differences (on account of)	-	-
d) applied to equity in relation to tax loss (on account of)	-	-
e) applied to goodwill or negative goodwill due to negative timing differences (on account of)	-	-
	<b>(153)</b>	<b>(1 889)</b>
<b>4. Balance of deferred income tax assets at the end of period total, including:</b>		
a) applied to the bottom line	26 254	16 908
Tangible assets	1 139	1 139
Long-term investments	7 267	7 420
Inventories	4 401	3 299
Short-term receivables	536	536
Short-term investments	1 779	1 553
Short-term accruals	2 298	1 057
Reserves for liabilities	-	-
Long-term debts	598	(481)
Short-term debts	8 236	2 386
b) applied to equity	-	-
c) applied to goodwill or negative goodwill	-	-
	<b>26 254</b>	<b>16 908</b>

**Note 5A**

<b>Inventories (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) materials	-	-
b) semi-finished products and work in process	388 348	211 536
c) finished products	5 483	11 278
d) goods	1 693	5 477
e) advances for deliveries	12 870	1 799
<b>Inventories total</b>	<b>408 394</b>	<b>230 090</b>

**Note 5B**

<b>Inventories (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
Value of inventories recognized as cost during the period	186 958	185 976
Amounts of write-downs on values of inventories disclosed as cost during the period	7 396	5 033
Amounts of reversal of write-downs of values reducing the value of inventories disclosed as cost during the period	1 594	3 365

Inventories are valued not higher than obtainable net value. This value is obtained on the basis of information from the active market.

Reversal of write-down of inventory value took place as a result of sale of inventory or increase in net sales price.

The amounts of write-downs on the value of inventories disclosed as cost during the period are disclosed in the profit and loss account under revaluation of non-financial assets.

The amounts of reversal of write-downs the values decreasing the values of inventories disclosed as revenues during the period are disclosed in the profit and loss account under other revenues.

The real estate in Zabrze, disclosed under semi-finished products and work in progress, is charged with mortgage security in the amount of PLN 3,700 thousand in favor of the Municipal Commune of Zabrze as a security of payment of any possible claims that could occur due to payment of contractual penalty in case the Company fails to execute the investment project in due time.

**Note 6A**

<b>Short-term receivables (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>a) from affiliated companies</b>	<b>19 475</b>	<b>158 615</b>
- for deliveries and services, payable within:	19 475	158 615
- up to 12 months	19 475	156 380
- beyond 12 months	-	2 235
- other	-	-
- claimed through the court	-	-
<b>b) revaluation write-downs of receivables affiliated</b>	<b>6 285</b>	<b>17 529</b>
<b>c) receivables from other companies</b>	<b>29 495</b>	<b>32 947</b>
- for deliveries and services, payable within:	4 073	1 897
- up to 12 months	3 341	982
- beyond 12 months	732	915
- due to taxes, grants, customs, social security, health insurance and other performances	19 438	6 069
- other	5 983	24 982
- claimed through the court	-	-
<b>d) revaluation write-downs of receivables other</b>	<b>1 805</b>	<b>1 975</b>
<b>Net short-term receivables total</b>	<b>48 970</b>	<b>191 563</b>
revaluation write-downs of receivables total	8 090	19 505
<b>Gross short-term receivables total</b>	<b>57 059</b>	<b>211 067</b>

The reserve for receivables from affiliated companies is a reserve for receivables in the amount of:

- PLN 6,285 thousand not overdue



**Note 6B**

<b>Short-term receivables from affiliated companies (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) on account of deliveries and services, including:	19 475	158 615
- from subsidiaries	19 475	158 615
- from partially owned subsidiaries	-	-
- from associated companies	-	-
- from the significant investor	-	-
- from the dominant company	-	-
b) other	-	-
c) claimed through the court	-	-
<b>Net short-term receivables from affiliated companies total</b>	<b>19 475</b>	<b>158 615</b>
d) revaluation write-downs of receivables from affiliated companies	6 285	17 529
<b>Gross short-term receivables from affiliated companies total</b>	<b>25 760</b>	<b>176 144</b>

Receivables from affiliated companies are not secured. No guarantees were granted or received with reference to receivables from affiliated companies.

No receivables from affiliated companies were written down as on December 31, 2007.

**Note 6C**

<b>Change in the balance of revaluation write-downs of short-term receivables (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>Balance at the beginning of period</b>	<b>19 505</b>	<b>23 171</b>
a) increases (on account of)	23	1 469
- creating a write-off	23	1 469
b) decreases (on account of)	(11 438)	(5 135)
- repayment	-	-
- released	(11 435)	(5 116)
- used up	(3)	(19)
<b>Balance of revaluation write-downs of short-term receivables at the end of period</b>	<b>8 090</b>	<b>19 505</b>

**Note 6D**

<b>Gross short-term receivables (currency structure) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	57 059	211 067
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
<b>Short-term receivables total</b>	<b>57 059</b>	<b>211 067</b>

**Note 6E**

<b>Trade receivables (gross) – payable within the following period as from the balance date (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) up to 1 month	9 966	140 099
b) over 1 month up to 3 months	1 446	8 714
c) over 3 months up to 6 months	-	269
d) over 6 months up to 1 year	12 036	5 092
e) over 1 year	3 551	19 300
f) receivables overdue	4 527	6 431
<b>Trade receivables total (gross)</b>	<b>31 526</b>	<b>179 904</b>
g) revaluation write-downs on trade receivables	(7 977)	(19 393)
<b>Trade receivables total (net)</b>	<b>23 549</b>	<b>160 511</b>

**Note 6F**

<b>Trade receivables overdue (gross) - divided into amounts not paid during the period (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) up to 1 month	2 257	514
b) over 1 month up to 3 months	677	1 104
c) over 3 months up to 6 months	23	299
d) over 6 months up to 1 year	156	1 041
e) over 1 year	1 414	3 472
<b>Trade receivables overdue total (gross)</b>	<b>4 527</b>	<b>6 430</b>
f) revaluation write-downs on trade receivables overdue	(1 693)	(1 934)
<b>Trade receivables overdue total (net)</b>	<b>2 834</b>	<b>4 496</b>

**Note 6G**

<b>Disputed and overdue receivables (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>Disputable receivables</b>	<b>12</b>	<b>12</b>
- on account of deliveries of works and services	12	12
- including ones not covered by a revaluation write-down	-	-
<b>Overdue receivables</b>	<b>4 515</b>	<b>6 418</b>
- on account of deliveries of works and services	4 515	6 418
- including ones not covered by a revaluation write-down	2 834	4 496

**Note 7A**

<b>Short-term financial assets and cash (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>a) in subsidiaries</b>		
- granted loans	79 164	45 301
- other short-term financial assets (according to type)	6 001	1 957
- interest from 3 to 12 months	6 001	1 957
	<b>85 165</b>	<b>47 258</b>
<b>b) in partially owned subsidiaries</b>		
- granted loans	-	-
- other short-term financial assets (according to type)	-	-
- interest from 3 to 12 months	-	-
	<b>-</b>	<b>-</b>
<b>c) in associated companies</b>		
- shares or stocks	-	-
	<b>-</b>	<b>-</b>
<b>d) in the significant investor</b>	-	-
<b>e) in the dominant company</b>	-	-
<b>f) in other companies</b>		
- granted loans	7 176	506
- other short-term financial assets (according to type)	6 803	4
- foreign currency exchange rate options	6 720	
- interest from 3 to 12 months	83	4
	<b>13 979</b>	<b>510</b>
<b>g) cash and cash equivalents</b>		
- cash in hand and on bank accounts	148 705	131 879
- other monies	-	-
- other cash equivalents	34	30
	<b>148 739</b>	<b>131 909</b>
<b>Short-term financial assets total</b>	<b>247 884</b>	<b>179 677</b>

**Basic data of largest short-term loans (in thousands PLN)**

Name of the other party	Amount	Interest rate	Due date
Princess Investment Sp. z o.o. [Princess Investment Limited Liability Company]	583	collateral loan rate + margin	December 31, 2008
Projekt Echo - 81 Sp. z o.o. [Project Echo - 81 Limited Liability Company]	43 099	Wibor 3 rate + margin	December 31, 2008
Astra Park Sp. z o.o. [Astra Park Limited Liability Company]	6 455	Wibor 3 rate + margin	December 31, 2008
Ustra Sp. z o.o. [Ustra Limited Liability Company]	277	Wibor 3 rate + margin	December 31, 2008
Athina Park Sp. z o.o. [Athina Park Limited Liability Company]	16 509	collateral loan rate + margin	December 31, 2008
Echo investment Hungary KFT	17 649	Wibor 3 rate + margin	December 31, 2008
Projekt S Sp. z o.o. [Project S Limited Liability Company]	732	5% of the amount expressed in USD	December 31, 2008
Malta Office Park Sp. z o.o. [Malta Office Park Limited Liability Company]	6 593	collateral loan rate + margin	December 31, 2008
other	562	collateral loan rate + margin	December 31, 2008
<b>Total:</b>	<b>92 459</b>		

**Note 7B**

Securities, shares and other short-term financial assets (currency structure)	2007	2006
a) in the Polish currency - options	6 720	-
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
<b>Securities, shares and other short-term financial assets total</b>	<b>6 720</b>	<b>-</b>

## Note 7C

Securities, shares and other short-term financial assets (according to transferability)	2007	2006
<b>A. With unlimited transferability, quoted on stock exchanges (balance sheet value)</b>	-	-
<b>B. With unlimited transferability, quoted on OTC markets (balance sheet value)</b>	-	-
<b>C. With unlimited transferability, not quoted on regulated market (balance sheet value)</b>	<b>6 720</b>	-
a) stocks (balance sheet value):	-	-
b) bonds (balance sheet value):	-	-
c) other - options:	6 720	-
- fair value	-	-
- market value	6 720	-
- value according to acquisition prices	-	-
<b>D. With limited transferability (balance sheet value)</b>	-	-
Value according to acquisition prices total	-	-
Value at the beginning of period total	6 720	-
Revaluation adjustments (for the period) total	-	-
<b>Balance sheet value total</b>	<b>6 720</b>	-

## Note 7D

Granted short-term loans (currency structure)	2007	2006
a) in the Polish currency	91 693	47 768
b) in foreign currencies (according to currency, after conversion to zlotys)	732	-
<b>Granted short-term loans total*</b>	<b>92 425</b>	<b>47 768</b>

\*Note 7D comprises short-term loans with interest

## Note 7E

Cash and cash equivalents (currency structure) (in thousands PLN)	2007	2006
a) in the Polish currency	91 990	12 391
b) in foreign currencies (according to currency, after conversion to zlotys)	56 749	119 519
- unit / currency EUR	11 320	24 823
- thousands PLN	40 527	94 999
- unit / currency USD	6 674	8 442
- thousands PLN	16 217	24 507
- unit / currency HUF	360	792
- thousands PLN	5	12
<b>Cash and cash equivalents total</b>	<b>148 739</b>	<b>131 909</b>

**Note 8****Initial capital (structure)**

Series / issue	Class of shares	Shares preference	Type of restriction of rights to shares	Number of shares	Value of series / issue according to nominal value (in thousands PLN)	Method of capital coverage	Date of registration	Right to dividend as from
A	bearer shares	ordinary shares	none	1 600 000	80	non-cash contribution	1994-06-30	1995-01-01
B	bearer shares	ordinary shares	none	38 400 000	1 920	cash	1994-06-30	1995-01-01
C	bearer shares	ordinary shares	none	20 000 000	1 000	cash	1995-11-13	1995-01-01
D	bearer shares	ordinary shares	none	60 000 000	3 000	cash	1997-02-18	1996-01-01
E	bearer shares	ordinary shares	none	20 000 000	1 000	cash	1997-12-30	1997-01-01
F	bearer shares	ordinary shares	none	280 000 000	14 000	cash	2002-11-26	2002-01-01
<b>Number of shares total</b>				<b>420 000 000</b>				
<b>Initial capital total</b>					<b>21 000</b>			

**Nominal value of one share = PLN 0.05\***

\* On October 18, 2007 the General Meeting of Shareholders of the Company decided to change the existing number of the Company's shares through splitting their nominal value in the proportion of 1: 10 so that the current value of each share being PLN 0.50 has now been determined as PLN 0.05 per share. On December July 10, 2007 the District Court in Kielce recorded the split of shares in the National Court Register (KRS).

**Shareholders of Echo Investment S.A. holding more than 5% of share capital  
as on December 31, 2007**

Shareholder	Number of votes / shares	Percentage of share capital	Percentage of votes at the General Meeting of Shareholders
Michał Solowow (directly and indirectly)	164 809 630	39,24%	39,24%
Commercial Union PTE*	37 850 690	9,01%	9,01%
PZU Złota Jesień PTE*	35 430 620	8,44%	8,44%
OFE ING Nationale-NederlandenPolska*	35 259 850	8,40%	8,40%
Other Shareholders	146 649 210	34,91%	34,91%
<b>Total</b>	<b>420 000 000</b>	<b>100,00%</b>	<b>100,00%</b>

\*Balance according to the structure of investment portfolios of the OFEs (Open Pension Funds) as on December 31, 2007



**Note 9**

<b>Supplementary capital (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) from sales of shares above their nominal value	100 943	100 943
b) established by force of law	80	80
c) established by force of articles / agreement above the value required by law (minimum)	278 117	197 363
d) from additional payments of shareholders / partners	-	-
e) other (according to type)	22	22
- costs of issue of stocks	(195)	(195)
<b>Supplementary capital total</b>	<b>378 967</b>	<b>298 213</b>

**Note 10**

<b>Change in the balance of reserve for deferred income tax (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>1. Balance of reserve for deferred income tax at the beginning of period, including:</b>		
a) applied to the bottom line	16 873	8 381
Tangible assets	317	807
Long-term investments	14 117	4 397
Inventories	1 351	1 812
Short-term receivables	551	549
Short-term investments	378	516
Short-term accruals	(323)	(269)
Short-term debts	(308)	(220)
Accruals	789	789
b) applied to equity	5 675	5 675
Tangible assets	3 036	3 036
Long-term investments	2 639	2 639
c) applied to goodwill or negative goodwill	-	-
	<b>22 548</b>	<b>14 056</b>
<b>2. Increases</b>		
a) applied to the bottom line of the period due to negative timing differences on balance sheet items:	6 019	9 722
Tangible assets	-	-
Long-term investments	5 225	9 720
Inventories	-	-
Short-term receivables	11	2
Short-term investments	784	-
Short-term accruals	-	-
Short-term debts	-	-
Accruals	-	-
b) applied to equity due to positive timing differences (on account of)	-	-
c) applied to goodwill or negative goodwill due to positive timing differences (on account of)	-	-
	<b>6 019</b>	<b>9 722</b>

<b>Change in the balance of reserve for deferred income tax continued (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>3. Decreases</b>		
a) applied to the bottom line of the period due to negative timing differences on balance sheet items:	(173)	(1 230)
Tangible assets	(55)	(490)
Long-term investments	-	-
Inventories	(43)	(461)
Short-term receivables	-	-
Short-term investments	-	(138)
Short-term accruals	(6)	(54)
Short-term debts	(69)	(88)
Accruals	-	-
b) applied to equity due to positive timing differences (on account of)	-	-
c) applied to goodwill or negative goodwill due to positive timing differences (on account of)	-	-
	<b>(173)</b>	<b>(1 230)</b>
<b>4. Balance of reserve for deferred income tax at the end of period total</b>		
a) applied to the bottom line	22 720	16 873
Tangible assets	262	317
Long-term investments	19 341	14 117
Inventories	1 308	1 351
Short-term receivables	562	551
Short-term investments	1 163	378
Short-term accruals	(329)	(323)
Short-term debts	(376)	(308)
Accruals	789	789
b) applied to equity	5 675	5 675
Tangible assets	3 036	3 036
Long-term investments	2 639	2 639
c) applied to goodwill or negative goodwill	-	-
	<b>28 395</b>	<b>22 548</b>

**Note 11A**

<b>Long-term debts (exclusive of the reserve for income tax) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>a) to subsidiaries</b>		
- loans and credits	-	6 088
- for issue of debenture bonds	-	-
	<b>-</b>	<b>6 088</b>
<b>b) to partially owned subsidiaries</b>	-	-
<b>c) to associated companies</b>	-	-
<b>d) to the significant investor</b>	-	-
<b>e) to the dominant company</b>	-	-
<b>f) to other companies</b>		
- loans and credits	553 488	245 961
- for issue of debenture bonds	<b>553 488</b>	<b>245 961</b>
	<b>553 488</b>	<b>245 961</b>
<b>Long-term debts total</b>	<b>553 488</b>	<b>252 049</b>

**Note 11B**

<b>Long-term debts (exclusive of reserve for income tax) payable within the following periods remaining after the balance date (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) over 1 year up to 3 years	150 898	-
b) over 3 years up to 5 years	102 285	-
c) over 5 years	300 305	252 049
<b>Long-term debts total</b>	<b>553 488</b>	<b>252 049</b>

**Note 11C**

<b>Long-term debts (exclusive of the reserve for income tax) (currency structure)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	553 488	252 049
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
- unit / currency thousands / USD	-	-
- thousands PLN	-	-
<b>Long-term debts total</b>	<b>553 488</b>	<b>252 049</b>

## NOTE 11D

## Long-term debts on account of loans and credits

Name (company name) of the organization, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		in thousands PLN	currency	in thousands PLN	currency				
PeKaO S.A. [PeKaO Joint Stock Company]	Warsaw	90 000	PLN	-	PLN	Wibor + margin	2009-06-30	power of attorney to a bank account	
Bank Zachodni WBK S.A. [Bank Zachodni WBK Joint Stock Company]	Wroclaw	20 000	PLN	-	PLN	Wibor + margin	2009-05-31	blank promissory note, statement of submission to enforcement proceedings, power of attorney to bank account	
PKO BP SA [Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	Wibor + margin	2009-08-20	surety clause from current account in PKO BP S.A., statement of voluntary submission to enforcement proceedings	
PKO BP SA [Joint Stock Company]	Warsaw	40 000	PLN	-	PLN	Wibor + margin	2009-08-20	surety clause from current account in PKO BP S.A., statement of voluntary submission to enforcement proceedings	
<b>Total</b>		<b>170 000</b>		<b>-</b>					

**NOTE 11E****Long-term debts on account of issued debt instruments (in thousands PLN)**

Debt instruments according to type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / collaterals	Additional privileges	Quotation market	Other
bonds (BRE Bank S.A.)	150 000	Wibor + margin	2011-05-25	none		none	
bonds (BRE Bank S.A.)	100 000	Wibor + margin	2013-05-25	none		none	
bonds (BRE Bank S.A.)	300 000	Wibor + margin	2014-06-30	none		none	
<b>Total</b>	<b>550 000</b>						

\*Long-term financial obligations are valued according to 'depreciated cost of obligation', in accordance with IAS 39.

**Note 12A**

<b>Short-term debts (exclusive of reserves) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>a) to subsidiaries</b>		
- loans and credits, including:	463	37 075
- long-term payable	-	-
- for issue of debenture bonds	-	-
- on account of dividends	-	-
- other financial obligations, including:	-	-
- booked interest on bonds	-	-
- on account of deliveries and services, payable within:	2 950	1 412
- up to 12 months	2 950	1 412
- beyond 12 months	-	-
	<b>3 413</b>	<b>38 487</b>
<b>b) to partially owned subsidiaries</b>		
- on account of deliveries and services, payable within:	-	-
- up to 12 months	-	-
	-	-
<b>c) to associated companies</b>	-	-
<b>d) to the significant investor</b>	-	-
<b>e) to the dominant company</b>	-	-
<b>f) to other companies</b>		
- loans and credits, including:	-	14
- long-term payable	-	-
- for issue of debenture bonds	-	106 927
- other financial obligations, including:	2 931	1 634
- interest charged	2 931	1 634
- on account of deliveries and services, payable within:	65 175	82 952
- up to 12 months	58 518	74 042
- beyond 12 months	6 657	8 910
- advances received for deliveries	174 440	109 838
- bill of exchange liabilities	-	-
- on account of taxes, customs duties, securities and other performances	612	2 974
- on account of salaries and wages	5	1
- other (according to titles)	1 473	1 642
- received hedging deposits	591	1 503
- insurance	35	134
- other	847	4
	<b>244 636</b>	<b>305 982</b>
<b>g) special funds - company social benefits fund</b>	<b>34</b>	<b>9</b>
<b>Short-term debts total</b>	<b>248 082</b>	<b>344 478</b>

**Note 12B**

<b>Short-term debts (exclusive of reserves) (currency structure) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	248 082	344 478
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
- unit / currency thousands / USD	-	-
- thousands PLN	-	-



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**Short-term debts total****248 082****344 478**

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## Note 12C

## Short-term debts on account of loans and credits

Name (company name) of the organization, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		in thousands PLN	currency	in thousands PLN	currency				
PeKaO S.A. [PeKaO Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	Wibor + margin	2008-06-30	blank promissory note, power of attorney to bank account, statement of voluntary submission to enforcement	
PeKaO S.A. [PeKaO Joint Stock Company]	Kraków	20 000	PLN	-	PLN	Wibor + margin	2008-06-29	power of attorney to a bank account	
Bank Handlowy w Warszawie S.A. [Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	Wibor + margin	2008-03-07	obligation to transfer a quarterly amount of PLN 13,000 thousand through the account, statement of voluntary submission to enforcement	
Fortis Bank Polska S.A. [Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	Wibor + margin	2008-11-29	blank promissory note, statement of voluntary submission to enforcement	
ING Bank Śląski S.A. [ING Bank Śląski Joint Stock Company]	Katowice	30 000	PLN	-	PLN	Wibor + margin	2008-09-05	statement of voluntary submission to enforcement	
Echo Bau Sp. z o.o. [Echo Bau Limited Liability Company]	Kielce	50	PLN	43	PLN	Wibor	2008-12-31	none	
Projekt Echo 34 Sp. z o.o. [Project Echo 34 Limited Liability Company]	Kielce	50	PLN	41	PLN	Wibor	2008-12-31	none	
Projekt Echo 30 Sp. z o.o. [Project Echo 30 Limited Liability Company]	Kielce	50	PLN	44	PLN	Wibor	2008-12-31	none	
Galeria Echo - Kielce Sp. z o.o. [Echo Arcade - Kielce Limited Liability Company]	Kielce	50	PLN	30	PLN	Wibor	2008-12-31	none	
Echo - Galaxy Sp. z o.o. [Echo - Galaxy Limited Liability Company]	Kielce	50	PLN	45	PLN	Wibor	2008-12-31	none	

Echo – SPV 6 Sp. z o.o. [Echo – SPV 6 Limited Liability Company]	Kielce	9 413	PLN	150	PLN	Wibor + margin	2008-12-31	none
Projekt Echo 37 Sp. z o.o. [Project Echo 37 Limited Liability Company]	Kielce	50	PLN	41	PLN	Wibor	2008-12-31	none
<b>Total</b>		<b>119 713</b>		<b>394</b>				

**Note 12D**

<b>Change in the balance of short-term reserves (according to titles) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>a) balance at the beginning of period</b>		
- reserves for penalties	7 880	5 516
- guarantee repairs	-	2 024
- court proceedings	441	441
- sureties for liabilities	4 047	4 047
- bonuses, holidays, audit	5 561	3 394
	<b>17 928</b>	<b>15 421</b>
<b>b) increases (on account of)</b>		
- reserve for penalties	708	2 364
- guarantee repairs	1 100	-
- establishment of reserves for penalties	5 708	-
- court proceedings	-	-
- sureties for liabilities	-	-
- bonuses, holidays, audit	-	7 145
	<b>7 516</b>	<b>9 509</b>
<b>c) utilization (on account of)</b>		
- bonuses, holidays, audit	-	4 564
- guarantee repairs	-	-
- court proceedings	-	-
	<b>-</b>	<b>4 564</b>
<b>d) release (on account of)</b>		
- sureties for liabilities	4047	2024
- bonuses, holidays, audit	276	414
	<b>4 323</b>	<b>2 438</b>
<b>e) balance at the end of the period</b>		
- reserves for penalties	8 588	7 880
- guarantee repairs	1 100	-
- court proceedings	441	441
- reserves for costs	5 708	4 047
- bonuses, holidays, audit	5 285	5 561
	<b>21 122</b>	<b>17 929</b>

The reserve for penalties covers a reserve for potential penalties that the Company can be charged with in relation to performed services,

The reserve for court proceedings covers court actions against the company, where the probability of succeeding is lower than 50%.

The reserve for bonuses, holidays and audit covers the reserve for unpaid bonuses for the second half of this year, for costs of audit of the statement for the second half of the year and costs of unused holiday entitlements.

**Note 13**

<b>Contingent obligations to affiliated companies (on account of) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) granted guarantees and sureties, including:	22 862	442 131
- to subsidiaries	22 862	442 131
- to partially owned subsidiaries	-	-
b) other	-	-
<b>Contingent obligations to affiliated companies total</b>	<b>22 862</b>	<b>442 131</b>

**Note 14A**

<b>Operating revenues (factual structure - types of operations) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>A. Sales of residential and commercial areas</b>	<b>28 072</b>	<b>93 207</b>
- including: from affiliated companies	-	-
<b>B. Investment project realization services</b>	<b>180 836</b>	<b>128 987</b>
- including: from affiliated companies	108 960	124 482
from subsidiaries	108 960	121 536
from partially owned subsidiaries	-	2 946
<b>C. Real estate trade</b>	<b>870</b>	<b>130</b>
- including: from affiliated companies	-	-
<b>D. Lease services</b>	<b>12 323</b>	<b>11 115</b>
- including: from affiliated companies	315	302
from subsidiaries	312	299
from the dominant company	3	3
<b>E. Legal, accounting and consulting services</b>	<b>28 002</b>	<b>17 525</b>
- including: from affiliated companies	24 406	16 907
from subsidiaries	24 406	16 907
from partially owned subsidiaries	-	-
<b>F. Other revenues</b>	<b>4 240</b>	<b>8 274</b>
- including: from affiliated companies	1 124	1 059
from subsidiaries	1 123	1 005
from partially owned subsidiaries	-	-
from key personnel	1	54
<b>Operating revenues total</b>	<b>254 343</b>	<b>259 237</b>
- including: from affiliated companies	134 804	142 749
from subsidiaries	134 800	139 746
from partially owned subsidiaries	-	2 946
from the dominant company	3	3
from key personnel	1	54

**Note 14B**

<b>Operating revenues (territorial structure) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) domestic	254 343	259 237
- including: from affiliated companies	206 681	142 749
b) export	-	-
- including: from affiliated companies	-	-
<b>Net revenues from sales of products total</b>	<b>254 343</b>	<b>259 237</b>
- including: from affiliated companies	206 681	142 749

**Note 15**

<b>Operating costs according to type (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>Costs according to type, total</b>		
a) depreciation	5 514	3 144
b) consumption of materials and energy	173 258	65 553
c) third party services	230 832	200 009
d) taxes and levies	3 279	2 818
e) salaries and wages	21 144	14 485
f) social security and other performances	3 985	2 245
g) other prime costs (on account of)	5 241	2 673
- activated financial costs	1 565	789
- business trips	1 141	745
- other	2 535	1 139
	<b>443 253</b>	<b>290 927</b>
Change in the balance of inventories, products and accruals	(188 752)	(13 528)
Cost of manufacture of products for the company' s own purposes (negative value)	(544)	(41 248)
Costs of sales (negative value)	(21 848)	(9 818)
Overheads (negative value)	(29 609)	(30 915)
<b>Production cost of sold products</b>	<b>202 500</b>	<b>195 419</b>

**Note 16A**

<b>Other operating revenues (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) released reserves (on account of)	11 435	1 115
- receivables	11 435	1 115
b) other, including:	139 235	69 722
- contractual penalties	80	7 139
- revenues from sale of enterprise	110 097	-
- revenues from investment appraisal	22 675	53 635
- other	6 382	8 948
<b>Other operating revenues total</b>	<b>150 670</b>	<b>70 836</b>



**Note 16B**

<b>Other operating costs (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) established reserves (on account of)	3 947	2 364
- for anticipated costs	1 807	2 364
- receivables	2 140	-
b) other, including:	120 065	17 630
- donations	214	4 362
- contractual penalties	508	-
- costs of sale of enterprise	110 097	-
- costs of investment appraisal	1 214	6 602
- valuation of inventories	7 396	-
- other	635	6 666
<b>Other operating costs total</b>	<b>124 012</b>	<b>19 994</b>

**Note 17A**

a) from affiliated companies, including:	54 093	42 160
- from subsidiaries	54 093	42 160
b) from other companies	-	-
<b>Financial revenues from dividends and shares in profits total</b>	<b>54 093</b>	<b>42 160</b>

**Note 17B**

<b>Financial revenues from interest (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) on account of granted loans		
- from affiliated companies, including:	7 982	4 067
- from subsidiaries	7 982	4 067
- from partially owned subsidiaries	-	-
- from associated companies	-	-
- from the significant investor	-	-
- from the dominant company	-	-
- from other companies	236	-
	<b>8 218</b>	<b>4 067</b>
b) other interest		
- from affiliated companies, including:	-	-
- from subsidiaries	-	-
- from partially owned subsidiaries	-	-
- from associated companies	-	-
- from the significant investor	-	-
- from the dominant company	-	-
- from other companies	7 537	4 816
	<b>7 537</b>	<b>4 816</b>
<b>Financial revenues from interest total</b>	<b>15 755</b>	<b>8 883</b>

**Note 17C**

<b>Other financial revenues (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) foreign exchange gains	-	-
- realized	-	-
- unrealized	-	-
b) investment revaluation	838	2 522
c) valuation gains - foreign currency exchange rate options	11 271	
d) other	426	414
<b>Other financial revenues total</b>	<b>12 535</b>	<b>2 936</b>

**Note 18A**

<b>Financial costs on account of interest (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>a) from loans and credits</b>		
- to affiliated companies, including:	270	3 308
- to subsidiaries	270	3 308
- to partially owned subsidiaries	-	-
- to associated companies	-	-
- to the significant investor	-	-
- to the dominant company	-	-
- to other companies	30 780	18 606
	<b>31 050</b>	<b>21 913</b>
<b>b) other interest</b>		
- to other companies	5	227
	<b>5</b>	<b>227</b>
<b>c) activated financial costs</b>	<b>(1 475)</b>	<b>(2 206)</b>
	<b>(1 475)</b>	<b>(2 206)</b>
<b>Financial costs on account of interest total</b>	<b>29 581</b>	<b>19 934</b>

As on December 31, 2007, the activated amount of external financing costs was PLN 1583 thousand.

**Note 18B**

<b>Other financial costs (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) foreign exchange losses, including	3 504	5 120
- realized	2 706	1 761
- unrealized	799	3 360
b) investment revaluation	6 092	834
c) loss on sales of investments	-	3
d) valuation losses - foreign currency exchange rate options	6 748	2 127
e) other, including:	2 613	2 127
- commission	2 613	2 122
- other	-	5
f) activated financial costs	(109)	(129)
<b>Other financial costs total</b>	<b>18 849</b>	<b>7 956</b>

**Note 19A**

<b>Current income tax (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>1. Gross profit (loss)</b>	<b>60 950</b>	<b>91 634</b>
<b>2. Differences between gross profit (loss) and income tax taxable base (according to titles)</b>		
Future revenues considered tax gains in the current year	-	-
Interest gained from receivables for the previous years	40	70
Interest gained from loans for the previous years	847	2 014
Revenues related to valuation of long-term contracts	-	(6 877)
Output interest on loans, not received	(7 564)	(2 078)
Output interest on deposits, not received	(124)	(80)
Dividends received	(19 496)	(42 160)
Disbursement from profit	(34 597)	
Released reserves for amounts payable	(11 435)	(13 442)
Donations	214	4 362
Reserve for amounts payable	2 140	11 369
Delay penalties	-	-
Budgetary interest	(281)	1
Unscheduled depreciation	574	-
Other costs not classified as costs of income	3 354	6 536
Booked costs related to valuation of long-term contracts and established reserves	-	-
Booked, but unpaid discount on debenture bonds	482	929
Established reserves for accruals of costs concerning investments and overheads	(276)	-
Valuation of loans, investments and inventories	11 057	(19)
Output interest on credits that has not been paid	1 997	1 617
Unpaid interest on debts	69	2 123
Unrealized foreign exchange gains / losses	799	3 360
Activated financial costs settled as costs of income in the previous years	794	3 630
Depreciation covered by the investment tax credit	-	1 947
Perpetual usufruct fees, settled as costs of income in the previous years	-	-

<b>Current income tax continued (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
Valuation of fair value	(21 461)	(42 686)
Non-accounting tax depreciation	(1 368)	(692)
Provision for guarantee repairs	1 807	(2 204)
Discount on debt bonds booked under costs of the previous year but paid this year	(447)	(647)
Interest on credits booked under costs in the previous year but paid this year	(9 395)	(1 156)
Interest on debts booked under costs in the previous year but paid this year	(7)	(1 755)
Released reserves for costs	(4 566)	2 167
Valuation of fair value at sales	(1 064)	
Invoiced costs	5 708	
Valuation gains / losses - foreign currency exchange rate options	28	
Profit / loss of limited partnership	73 147	4 731
Deductible gifts	(41)	(444)
	<b>(10 651)</b>	<b>(71 542)</b>
<b>3. Income tax taxable base</b>	<b>50 299</b>	<b>20 092</b>
<b>4. Income tax</b>	<b>9 557</b>	<b>3 817</b>
<b>5. Increases, abandonments, exemptions, deductions and reductions of tax</b>	<b>-</b>	<b>-</b>
<b>6. Current income tax presented (disclosed) in the tax return of the period, including:</b>	<b>9 557</b>	<b>3 817</b>
- disclosed in the profit and loss account	9 557	3 817
- concerning items that have reduced or increased equity	-	-
- concerning items that have reduced or increased goodwill or negative goodwill	-	-

**Note 19B**

<b>Deferred income tax disclosed in the profit and loss account (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
Reduction (increase) due to occurrence and reversal of timing differences	(3 500)	7 063
<b>Deferred income tax total</b>	<b>(3 500)</b>	<b>7 063</b>

**Note 19C**

<b>Deferred income tax total (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
- disclosed as equity	-	-
- disclosed as goodwill or negative goodwill	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 20****Distribution of profits**

The net profit yielded by 'Echo Investment S.A.' in the year 2006, amounting to PLN 80,754 thousand was assigned to supplementary capital through a resolution as of May 29, 2007.

**Note 21**

<b>Adjustments to changes in the balance of balance sheet</b>	<b>2007</b>	<b>2006</b>
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**items, disclosed under II.11 'Other adjustments' (in thousands PLN)**

Reclassification of investments in immovable property as inventories	-	-
Adjustment concerning the reserve from valuation of non-cash contribution	24 056	-
<b>Adjustments total</b>	<b>24 056</b>	<b>-</b>

**Note 22**

<b>Cash disclosed in the cash flow statement (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
<b>Balance at the beginning of period, including</b>	<b>131 909</b>	<b>72 231</b>
- cash in hand and on bank accounts	131 879	72 125
- other monies	-	-
- other cash equivalents	30	107
		-
<b>Balance at the end of period</b>	<b>148 739</b>	<b>131 909</b>
- cash in hand and on bank accounts	148 705	131 879
- other monies	-	-
- other cash equivalents	34	30

**Note 23A**

Foreign currency risk – sensitivity to changes item according to currency	Balance as on 2007-12-31 currency (in thousands)	Balance sheet valuation as on 2007-12-31 (in thousands PLN)	Estimated currency exchange rate change (%)	Consequences of foreign currency exchange rate change in individual items (in thousands PLN)
<b>Cash</b>				
EUR	11 320	40 527	+/- 5 %	2 026
USD	6 674	16 217	+/- 5 %	811
HUF	360	5	+/- 5 %	0
<b>Loans granted</b>				
USD	301	732	+/- 5 %	37
				2 874
Global impact on gross result of the period				546
Income tax				2 328

\*To analyze sensitivity to foreign exchange rate changes as on 2007-12-31, the range of foreign currency exchange rate fluctuations was assumed as - /+ 5% (on the basis of historical data and available information). If the rate of exchange of the Company's major currencies as on 2007-12-31 (EUR and USD) was 5% higher or lower, then the Company's net bottom line would be PLN 2,328 thousand higher or lower, as a consequence of foreign exchange losses or gains arising out of revaluation of loan granted, cash on bank accounts.

**Note 23B****Risk of interest rates – obligations arising out of issuance of debenture bonds**

Title	Value calculated for study purposes
Balance of obligations arising out of issuance of debenture bonds as on 2007-12-31 with variable interest rate in 2007	553 488
Financial costs of interest on issuance of debenture bonds for 2007	24 803
Estimated variation of interest rates	+/- 1 p.p.
Financial costs of interest on issuance of debenture bonds for 2007, accounting for growth of interest rates	5 535
TOTAL impact on gross result of the period	5 535
Income tax	1 052
TOTAL impact on net result of the period	4 483

**Note 23C****Risk of interest rates – loans granted**

Title	Value calculated for study purposes
Balance of loans granted as on 2007-12-31 with variable interest rates in 2007	214 011
Financial revenues from interest received on loans granted for 2007	8 218
Estimated variation of interest rates	+/- 1 p.p.
Financial revenues from interest received on loans granted for 2007, accounting for interest rate growth	2 140
TOTAL impact on gross result of the period	2 140
Income tax	407
TOTAL impact on net result of the period	1 733



**Note 24****Information about financial instruments**

Type of instrument	References of notes presenting individual types of financial instruments in SAR 2007	Balance sheet value as on 2007-12-31 (in thousands PLN)	Balance sheet value as on 2006-12-31 (in thousands PLN)
<b>Derivatives, including:</b>			
- short-term financial assets	Note 7B	6 720	-
<b>Granted loans and amounts receivable:</b>			
- long-term loans	Note 3C	131 015	26 890
- short-term loans	Note 7D	92 424	47 768
- short-term receivables	Note 6A	21 442	165 989
<b>Financial obligations and other obligations</b>			
- obligations arising out of issue of debenture bonds	Notes 11A, 12A	553 488	358 976
- other short-term obligations	Note 12A	71 519	123 087
- contingent debts	Off-balance items	22 862	463 856

\* The main financial instruments existing in the Company as on December 31, 2007 include:

- 1) derivative instruments, namely forward currency transactions, foreign currency options and other option structures composed of the above mentioned transactions
- 2) loans and amounts receivable, i.e. loans granted and other receivables
- 3) financial obligations, namely obligations arising out of issuance of debenture bonds, bank credits, other obligations (loans and trade debts), contingent obligations

**Additional explanations:****1. Risks**

The company can be exposed to a risk of change in short-term interest rates applied to variable rate debts and to changes in long-term interest rates in case of incurring new debts or refinancing of the current debt as long-term financing. In 2007, the Company did not apply any hedging against interest rate risks.

Echo Investment S.A. can be exposed to credit risk related to the following key areas:

- credit credibility of clients with which transactions of sale of products are executed;
- credit credibility of financial institutions with which financing contracts are made;

The Company does not manage financial risks through financial instruments but applies a wide range of internal reporting and close cooperation between the Department of Studies and the Management Board when taking decisions that may affect financial risk.

The Company did not hedge scheduled transactions or future obligations that are certain of occurring.

**2. Discontinued operations**

No items related to discontinued operations occurred during the year 2007. The Management Board does not foresee abandonment of any current operations during the consecutive period.

### 3. Affiliated companies

As a result of the strategy applied by 'Echo Investment' S.A., involving execution of each building for rent by a separate subsidiary, and as a result of contribution by 'Echo Investment' S.A. to target companies of real estate on which the shopping centers are built, a significant part of transactions executed by Echo Investment are effected with affiliated companies. The largest transactions in 2007 with affiliated companies were executed on the basis of the following contracts:

- Agreement on general contracting of investment, made on December 30, 2005 with Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa [Echo -Grunwaldzki Arcade Limited Liability Company Limited Partnership] as the investor. Pursuant to this contract, Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa contracted performance of building works on the shopping center in Wrocław at Grunwaldzka Street to the General Contractor.

### 4. Significant events following the balance date:

- On January 03, 2008 Echo Investment SA received a contract for core & shell construction of a development, dated December 20, 2007, signed by correspondence by and between Echo Investment SA with its registered seat in Kielce (the Company) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor). Under the aforementioned Contract, the Contractor agrees and covenants to carry out the works consisting in core & shell construction of the Park Postępu office building complex to be developed in Warsaw at 21 Postępu Street (Object of Contract). The complex shall consist of four seven-storey office buildings with above-ground garage and two-level underground garage. Anticipated usable area shall exceed 33 thousand square meters. Development of the facility shall be completed until January 15, 2009.

1. On April 5, 2007 a preliminary agreement of sale of shares was made between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) under a condition precedent (the Preliminary Agreement).

Under the provisions of the preliminary agreement, the parties agreed to enter into the promised contract not later than on August 31, 2008. Acquisition price of the shares shall be not more than PLN 14.2 million. The agreement was made under a condition precedent. The Buyer shall acquire the shares in Ultra Marina Sp. z o.o. provided that the Company formerly obtains the right of perpetual usufruct of developed land properties located in Koszalin with an area of 3.314 hectares and the Company is registered as the perpetual lessee of these properties in relevant land and mortgage registers.

2. On October 10, 2007 an annex was made to the preliminary agreement of sale of shares as of April 5, 2007 between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) (the Annex). Under the provisions of the said Annex, the acquisition price of the shares is amended and shall be not more than PLN 11,787,820.

3. On January 10, 2008 the Buyer was notified by the Seller that Ultra Marina Sp. z o.o. obtained ownership title to the aforementioned real estate and was recorded in land and mortgage registers as the perpetual lessee of real estates located in Koszalin with an area of 3.314 hectares. Therefore, the condition precedent for effective acquisition of shares in the Company as specified in the preliminary agreement of sale of shares as of April 5, 2007 was fulfilled.

4. With reference to fulfillment of the Buyer's acquisition of shares in Ultra Marina Sp. z o.o., on January 10, 2008 Echo Investment SA (the Buyer) signed a contract of sale of shares in the initial

capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company) with Mr. Wiesław Prusiecki as the Seller.

Under the aforementioned contract, the Buyer acquires 100% of shares in the Company's initial capital. The nominal value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. One share carries one vote at the Company's general meeting of shareholders.

Ultra Marina Sp. z o.o. is going to carry out development activity in Koszalin. Echo Investment Capital Group intends to develop a shopping and entertainment center on its immovable property located in Koszalin, exceeding 3 hectares in size. Rentable area of the contemplated mall will be about 35 thousand square meters. The anticipated completion date for the establishment is 2011.

- On January 14, 2008 an agreement of sales of shares was made between Echo Investment S.A. with its registered seat in Kielce (the Buyer) and Mr. M. Bieniek and D. Kościkiewicz (the Sellers) whereunder Echo Investment S.A. acquired the shares of "Projekt S" Sp. z o.o. with its registered seat in Kielce (the Subsidiary). The object of contract are 32 shares in the Subsidiary's initial capital, constituting 32% of the initial capital of Projekt S Sp. z o.o., with a total nominal value of PLN 16,000 (the Shares). The sales price of the shares was a PLN equivalent of USD 5.6 million, which equaled PLN 13,470,800 as on the shares acquisition day (according to average rate of exchange published by the National Bank of Poland). Upon acquisition of the aforementioned assets, Echo Investment SA now holds 95% share in the Company's initial capital, carrying 95 votes at the general meeting of shareholders.
- On February 28, 2008 Echo Investment S.A. received a decision of registration of a subsidiary named Echo Investment Project Management SRL, seated in Bucharest (the Subsidiary). The Subsidiary was registered on February 11, 2008 by the Registration Court of Bucharest. The value of the new Subsidiary's initial capital is RON 150,000 (an equivalent of PLN 148,605 according to the average exchange rate of the National Bank of Poland as on the date of registration), divided into 15,000 shares with nominal value of RON 10 each.

As on the registration day:

- Echo Investment SA took up 14,999 shares in the newly established Subsidiary, carrying 99.993% of votes at the meeting of shareholders. The acquisition price is RON 149,990 for 14,999 shares (an equivalent of PLN 148,595.09 according to average rate of exchange of the National Bank of Poland as on the registration day),
- the subsidiary Echo Investment Project 1 SRL with its registered seat in Bucharest took up 1 share in the newly established subsidiary, carrying 0.007% of votes at the general meeting of shareholders. The purchase price is RON 10 per share (according to the average exchange rate of the National Bank of Poland as on the registration date, the said amount is an equivalent of PLN 9.91).
- on April 29, 2008 the Issuer received an Annex dated April 23, 2008 (the Annex) amending the contract for core & shell construction of a development, which the Issuer communicated in the current report no. 5/2008 of January 4, 2008 (the Contract), signed by correspondence by and between Echo Investment S.A. with its registered seat in Kielce (the Company) and Modzelewski&Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor). Under the said Annex, the scope of Contract was extended by general contracting of the Park Postępu office complex in Warsaw (the Development). The said scope includes:
  - general contracting of the development consisting of four seven-storey office buildings with above-ground garage and two-level underground garage,
  - obtaining necessary acceptances by competent authorities,
  - obtaining a valid occupancy permit for the Development on behalf of the Company,
  - as-is inventory taking of the premises within the Development, according to valid laws.

Considering the aforementioned extension of the range of cooperation, the Contractor's fee is raised by PLN 128,596,469, to reach PLN 192,796,469.

The anticipated Development completion date is July 20, 2009.

Kielce, April 30, 2008

Signed by the Management Board of the Company

Jarosław Grodzki

Piotr Gromniak

Artur Langner

President of the Management Board

Member of the Management Board  
Management Board

Member of the

Signature of the person in charge of keeping books of accounts

Tomasz Sułek

Chief Accountant

**Management Report on the operations  
of Echo Investment S.A.  
in 2007**

Kielce, April 30, 2008



## Management Report on the operations of Echo Investment S.A. in 2007

Echo Investment S.A. (hereinafter the Company) has been operating on the real estate market since 1996. As a dominant company within the Capital Group, it organizes the entire investment process for a given project, starting from purchasing real estate, through obtaining administrative decisions, financing, supervision over execution, until handover of the completed facility. Echo Investment S.A. also provides general contracting services for third party investors. Individual developer and investment projects are implemented by affiliated companies, which largely facilitates organization of implemented processes and guarantees transparency of the Group structure. These companies are mainly involved in leasing commercial areas (shopping and entertainment centers, offices), realization and sales of apartments, and property management services.

As on December 31, 2007 and as on December 31, 2006, the Company hired 204 and 157 employees, respectively.

As from October 1, 2007 the Company's registered address in Kielce has been changed from: ul. Zagnańska 27 to al. Solidarności 36.

### 1. Description of basic economic and financial values disclosed in the annual financial statement of Echo Investment S.A. for the year 2007

#### Balance Sheet

Balance total at the end of the year 2007 amounted to **PLN 1,310.03 million**, showing an increase in value by 25.83% in comparison with the balance as at the end of 2006.

#### Assets

The structure of assets at the end of 2007 was the following:

- fixed assets constitute 46.05% of all assets, where the dominant items include long-term investments – 87.25% of fixed assets, and tangible assets – 8.24% of total fixed assets.
- current assets constitute 53.95% of all assets, where inventories make up 57.78% of total current assets, short-term receivables – 6.93% of current assets, cash and monetary assets – 21.04% of total current assets, and short-term investments – 14.03% of total current assets.

#### Liabilities

- share capital of Echo Investment S.A., as on December 31, 2007, amounted to **PLN 21.00 million** and was divided into 420,000,000 ordinary bearer shares series A, B, C, D, E and F, with nominal value of PLN 0.05 each,
- value of equity as on December 31, 2007 amounted to **PLN 458.94 million**, showing an increase by 13.59% in comparison with the balance as at the end of December 2006.
- the structure of equity at the end of 2007 was the following:
  - initial capital: 4.58%,
  - supplementary capital: 82.57%,
- net book value per one share is PLN 1.09,
- debts and reserves for debts constituted 64.97% of balance total and amounted to **PLN 851.08 million**.



### Profit and Loss Account

- net revenues from sales reached the level of PLN **254.34** million in 2007, which is a decrease by 1.89% in comparison with the equivalent period of the preceding year,
- profit from operating activity as at the end of 2007 amounted to PLN 26.99 million, i.e. **58.81%** less than the profit earned during the preceding financial year,
- gross profit amounted to PLN **60.95** million, i.e. **33.49%** less than the value for 2006.
- net profit amounted to PLN 54.89 million, which is a decrease by 32.02% in comparison with the year 2006,
- net profit per one share was PLN 0.13.

### Cash Flow Statement

- the reporting period began with the cash balance of PLN 131.91 million,
- on operating activity, the Company recorded cash expenditure in the amount of PLN 3.21 million in 2007, including the following most significant items:
  - change in inventories PLN (-) 179.05 million,
  - change in receivables PLN (+) 143.47 million,
  - change in obligations PLN (+) 45.16 million,
- on investment activity, the Company recorded cash expenditure in the amount of PLN 93.23 million in 2007, which was most significantly affected by:
  - acquisition of intangible assets and tangible assets PLN (-) 7.49 million
  - expenses on financial assets PLN (-) 176.59 million,
  - revenues from financial assets PLN (+) 90.43 million,
- on financial activity, the Company recorded income of cash in the amount of PLN 122.25 million in 2007,
- the following items most significantly contributed to cash flows from financial activity:
  - issue of debenture bonds, increase in cash in the amount of PLN (+) 346.40 million,
  - repayment of loans and credits in the amount of PLN (-) 42.71 million.
  - redemption of debenture bonds PLN (-) 160.00 million
- during the period from January 01, 2007 to December 31, 2007 the cash balance increased by PLN 16.83 million,
- the value of cash as at the end of December 2007 amounted to PLN 148.74 million.

## 2. Description of major risk factors and threats, specifying the extent to which Echo Investment S.A. is exposed to them

The following should be classified among major risk factors and threats for the operations of Echo Investment S.A.:

- competition risk – the real estate market in Poland has become very attractive for foreign investors in the recent years due to achievable rates of return. The advantages of foreign companies include their capital resources, which constitute competitive advantage over domestic developer companies. The advantage of Echo Investment S.A. is its extensive experience in execution of developer projects in various market segments and its recognized position in the real estate market in Poland. Dynamic growth of the Company in the recent years and its portfolio of assets indicate that Echo Investment S.A. is capable of efficient functioning in the conditions of market competition.
- risk of operations on foreign markets – related to the economic and political situation in the country where the Company intends to launch its operations. The Company's policy relies on diversification of geographic locations (Central and Eastern Europe) and sector-based diversification of its portfolio.
- risk of adverse changes on the real estate market – relating to adverse variation of market factors influencing Echo Capital Group's activities on the property market. Echo Investment SA and the

subsidiaries try to minimize the risk of adverse changes on the real estate market through executing investment projects in stages and adapting investment realization rate to expectations, trends, demand and prices on local markets.

- interest rate risk – the operations of Echo Investment S.A. are based on external financing (during the execution phase of a building) and refinancing (during the period of project exploitation). The risk related to changes in interest rates is limited through diversification of interest on loans taken and securing instruments. Echo Investment S.A. focuses the operations in the financial market, whose range covers the finance of the entire Capital Group.
- foreign exchange risk – this refers to loans taken in foreign currencies (most commonly in Euro) within the Capital Group. Contracts with tenants are expressed in the currency of the loan taken for their refinancing. Thus obtained payments from tenants are allocated to repayment of the above mentioned loans. Such combination of financing with sources of income minimizes or eliminates foreign exchange risk.
- risk related to external contractors – when acting as an investor in a given project, Echo Investment S.A. contracts its execution to external companies. Execution of these facilities, timely completion, quality and possible increase in costs largely depend on these companies. This factor is eliminated to a significant extent through various types of protective measures included in contracting agreements.
- fiscal and legal risk related to the unstable taxation and legal system, lack of certain ownership-related regulations. Accession to European structures and adoption of procedures applied by the EU should significantly foster reduction or elimination of this risk in the forthcoming years.
- risk of administrative procedures – as Echo Investment S.A. is involved in the process of executing individual projects from the beginning, its operations depend on administrative procedures. Time-consuming procedures of administrative authorities determine commencement of implementation of the Company's planned investments, which may result in delays in their completion.

### 3. Information about key products, with value and quantity specification and shares of specific product groups in the sales of Echo Investment S.A. Information about changes in the above fields during the financial year.

#### 3.1. Segments of operation

During the year 2007, Echo Investment S.A. was realizing projects commenced in the preceding years and became involved in new investment projects in the segments described below:

##### **Segment of shopping centers and shopping/entertainment centers**

The completed shopping centers operate in more than ten larger cities in Poland.

In July 2007, final agreements of sale of Echo's real estates were signed. The object of contract is ownership right to immovable property situated in Kielce at Massalskiego Street, whereon the Pasaż Świętokrzyski shopping center is developed. The Catalyst Capital investment group is the buyer. The value of transaction was EUR 29,581,113 net, an equivalent of PLN 111,159,906.43 as on the effective date of contract. The book value of the assets in the books was PLN 102,046,365 (balance as on June 30, 2007).

The funds earned through this transaction will be allocated to performance of Echo Investment's investment projects, particularly to financing realization of consecutive investments.

The parties to the transaction further signed a developer agreement whereunder the Company was allowed to expand the Pasaż Świętokrzyski mall. The process of designing the 2<sup>nd</sup> stage of Pasaż Świętokrzyski in Kielce was initiated. Echo Investment S.A. intends to extend the mall surface in the 2<sup>nd</sup> half of 2008 (ca. 4 thousand square meters of area to let).

In the 4<sup>th</sup> quarter of 2007, Echo Investment SA entered into an agreement with the City of Lublin regarding development of PARK ECHO on Górki Czechowskie, Lublin. The city is going to initiate amendment of the spatial development plan, thus enabling commencement of development activities on the scheduled investment. The Company shall at its own expense reconstruct the traffic system in the neighborhood of the contemplated shopping and entertainment center Park Echo and the existing crossing of al. Solidarności with al. Sikorskiego and ul. Gen. Bolesława Ducha. The estimated value of this investment project shall be about 80 million zlotys. According to the provisions of the aforementioned agreement, the City agreed to take whatever action is required to amend the local spatial development plan of the City of Lublin, within 36 months from the effective date of agreement, for the Company's real estate with the approximate area of 113 hectares, located in Lublin at Poligonowa Street, in the area of so-called Górki Czechowskie, in order to enable Echo Investment SA to execute its contemplated investments. The Company intends to build the following establishments on the aforementioned property: - a shopping, entertainment and service center (the Mall) with a total shopping area reaching 80,000 square meters, developed in combination with reconstruction of the traffic system around the contemplated building as a necessary Mall service component, - a complex of service and office establishments complementing the functions offered by the Mall, - a city-style recreation and landscape park. When the aforementioned changes are made to the spatial development plan, Echo Investment SA shall: - prepare a concept and complete technical documentation with a building permit for reconstruction of the traffic system in the vicinity of the contemplated Mall and the existing crossing of Al. Solidarności with Al. Sikorskiego and ul. Gen. Bolesława Ducha, - reconstruct the traffic system at the Company's sole expense, - deliver the reconstructed traffic system before opening the Mall and complete the development of the park comprised by the contemplated investment not later than within 36 months from entry into force of a Resolution of the Lublin City Council, approving the amendments to the local spatial development plan, - transfer the entire road system gratuitously to the City followign completion of the investment consisting in reconstruction of the traffic system. If a building permit for the Mall cannot be obtained within 24 months from the date of entry into force of the aforementioned Resolution of the Lublin City Council approving of the amendments to the local spatial development plan, Echo Investment SA shall be entitled to terminate the agreement. The estimated cost of reconstruction of the traffic system will be about 80 million PLN. Specific terms and conditions of reconstruction of the traffic system shall be stipulated in a separate agreement (Road Agreement). Should the parties to the agreement fail to enter into a Road Agreement within 9 months from the effective date of the present agreement, either party may terminate the agreement.

On January 10, 2008 through acquisition of shares in Ultra Marina Sp. z o.o., Echo Investment SA acquired the title to immovable property exceeding 3 hectares in size, located at Krakusa i Wandy Street in Koszalin. The value of shares acquisition contract was PLN 11.77 million. The Company intends to develop a modern shopping and entertainment center on this land. Area to let in the building will be about 35 thousand square meters. The anticipated commencement date of investment falls in the 1st half of 2010 and completion date in the 2<sup>nd</sup> half of 2012.

The Company's future activities will focus on execution of new projects, followed by an increase of the portfolio of commercial areas for lease.

#### Office space segment

In the office investments segment, Echo Investment S.A. has completed buildings to let. The Company is executing new investment projects 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 Company's projects ensure stable income from long-term lease contracts due to location and appropriate standards.

#### The Warsaw market

In 2007, execution works on a group of office buildings with multi-storey underground parking lot have commenced on real estate situated in Warsaw at 21 Postępu Street. This project with approximately 34,000 square meters of area to let, comprising four office buildings, was designed by APA Wojciechowski studio of Warsaw. During the 4<sup>th</sup> quarter of 2007, a contract was signed with Modzelewski & Rodek Sp. z o.o. of Warsaw for core & shell construction. The fee for performance of the object of Contract shall be a lump sum fee of PLN 64.2 million. The anticipated commencement date of investment falls in the 1<sup>st</sup> half of 2008 and completion date of the 1<sup>st</sup> stage shall be in the 2<sup>nd</sup> half of 2009.

#### The Kielce market

During the third quarter of the year 2007, the Company successfully completed 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 assumed realization of three six-storey buildings. Under a General Contracting Agreement made with Ustra Sp. z o.o., Echo Investment S.A. as the Contractor agreed and covenanted to develop the above mentioned office building complex.

#### The Krakow market

The Company is preparing to the development of a new seven-storey modern class A office building in Krakow, Lea Street, with above-ground and underground parking lots. The architectural concept was developed by DDJM Biuro Architektoniczne Sp. z o.o., a designing office of Krakow. In December 2007, a contract of lease of 100% of the building area was made with Fortis Bank (Polska) SA with its registered seat in Krakow. The estimated net income to be earned during the 10-year term of contract is about 92.92 million zlotys (PLN value as on the contract effective date). Area to let is about 12,000 square meters. The anticipated commencement date of this investment project falls in the 1<sup>st</sup> half of 2008 and completion date in the 2<sup>nd</sup> half of 2009.

#### The Gdansk market

The Company intends to develop office space on its immovable property in Gdansk, Jana z Kolna Street. The class A building designed by Arch - Deco designing office of Gdynia shall comprise ca. 23,000 sq. m of rentable area. The anticipated commencement date of the development process falls in the 2<sup>nd</sup> half of 2008 and completion date in the 2<sup>nd</sup> half of 2010.

### **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. Projects in the hospitality industry are executed in cooperation with international hotel chains: namely with the French chains of hotels Accor and Envergue, and with the Qubus group of Norway. Realized hotels operate in Warsaw, Kielce, Krakow, Szczecin, Lodz, Poznan, Czestochowa, 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 S.A. realizes investments from luxury apartment complexes, through high- and medium-standard residential buildings, to single-family houses estates.

### The Warsaw market

During the first quarter of the year 2007, the Company succeeded with completion of the Inflancka Housing Estate in Warsaw (2<sup>nd</sup> stage). 140 apartments were handed over to occupants. Realization of the 3<sup>rd</sup> stage of Inflancka Housing Estate, designed by Are Sp. z o.o. design office of Warsaw, was in progress (area for sale is 7,000 square meters). The anticipated date of completion of the next housing estate falls in the 1<sup>st</sup> half of 2008. (130 apartments).

During the consecutive quarters of 2007, realization of the 3<sup>rd</sup> 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 1<sup>st</sup> half of 2008.

2<sup>nd</sup> stage of the investment project at Zwycięzców Street was in progress (ca. 15,100 square meters for sale). The expected date of completion of 240 apartments designed by Szaroszyk & Rycerski Architekci Sp z o.o. of Warsaw shall be in the 2<sup>nd</sup> half of 2008.

A project concerning residential buildings is currently under preparation: in Warsaw at Kazimierzowska Street (net area is about 5,300 square meters). The Company has already obtained the zoning decision. The anticipated commencement date for building the 60 apartments designed by Mąka Sojka Architekci Sp. J. design office of Warsaw falls in the 1<sup>st</sup> half of 2008 and completion date in the 1<sup>st</sup> half of 2010.

Development of an estate of 37 houses (area of 9,200 square meters) is planned on a 6.3-hectare property in Warsaw, Bielany District (Młociński Forest), which was purchased in 2007. The anticipated project commencement date will be in the 2<sup>nd</sup> half of 2008, and completion date – in the 1<sup>st</sup> half of 2010.

### The Poznan market

A housing project called Kasztanowa Aleja in Poznan, Wojskowa Street, was commenced in 2007. A General Contracting agreement was made concerning this residential complex with Weko Prof Sp. z o.o. of Warsaw. The contract value was PLN 30.61 million. About 282 apartments will be built in the residential buildings designed by Studio Lisiak Sp. z o.o. of Poznan (area for sale exceeds 17,200 sq. m). Anticipated date of delivery of these buildings falls in the 2<sup>nd</sup> half of 2009.

The process of preparing execution of an estate of city-style multi-family houses was launched on the immovable property situated in Poznan at Litewska Street and Grudzieniec Street (area for sale is about 3,000 square meters). Approx. 20 apartments will be built within this estate designed by Arpa Pracownia Autorska architects' office of Poznan. Anticipated completion date falls in the 1<sup>st</sup> quarter of 2010.

### The Krakow market

A 4-storey building with an area of 1,500 square meters will be built in Cracow, Kilińskiego Street, (15 apartments). The launch of this investment is anticipated in the 1<sup>st</sup> half of 2009. The building was designed by Oleksy&Polaczek design office

During the 1<sup>st</sup> half of the year 2009, the Company is also going to launch a housing investment at Korzeniowskiego Street, Krakow, Wola Justowska district. This building, designed by The Blok office, will have an area of about 3,000 square meters. (40 apartments).

The Company intends to develop a residential building on land purchased in 2007, situated in Krakow, Bronowicka Street, with an approximate area for sale of 3,000 sq. m (40 apartments). A contract was made with Studio S Michał Szymanowski design office of Krakow concerning performance of designing works on the above mentioned project. The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

In 2007, the Company initiated the process of designing a residential and commercial building to be erected in Krakow, Krasickiego Street (area for sale of 5,600 sq. m, 84 apartments). A contract was made with Studio S – Biuro Architektoniczne Szymanowski of Krakow concerning performance of designing works on the above mentioned building. The anticipated commencement date of investment falls in the 2<sup>nd</sup> half of 2008 and completion date in the 1<sup>st</sup> half of 2010.

The Company intends to develop residential buildings on its land situated in Krakow, Tyniecka Street, purchased in 2007. Area for sale will be about 5,000 sq. m (55 apartments). The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

#### 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 2<sup>nd</sup> half of 2009.

Sales of land plots commenced in 2007 within an estate of single-family houses (Bilcza II) designed by Konsorcjum Pisarczyk & Tracz Architekci design studio of Kielce and located in Bilcza near Kielce. The offering concerns sales of land plots with utility connections and finished designs of houses. Total area of land plots for sale is about 130,000 square meters. The anticipated completion date of this investment project falls in the 2<sup>nd</sup> half of 2008.

#### The Lodz market

In 2007, the Company acquired ownership right of perpetual usufruct of immovable property situated in Lodz, Okopowa and Górnicza Streets. 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 53,000 sq. m for sale (800 apartments). The anticipated commencement date of investment falls in the 1<sup>st</sup> half of 2009 and completion date in the 2<sup>nd</sup> half of 2011.

In July 2007, real estate in Łódź, Wodna Street was purchased. The Company intends to develop residential buildings comprising 320 apartments on the purchased land (ca. 19,000 square meters of area for sale). The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 1<sup>st</sup> half of 2011.

#### The Rzeszow market

The Company intends to develop a housing estate on its immovable property situated in Rzeszow, Kopisto Street. The anticipated area for sale is about 24,000 square meters. About 430 apartments will be handed over to buyers in the 2<sup>nd</sup> half of 2010.

#### The Wroclaw market

In November 2007, by way of a tender being resolved, Echo Investment SA purchased real estate situated in Wroclaw, Jedności Narodowej Street. The Company intends to develop a housing project on the above mentioned land. The land plot with an area of 7.4 thousand square meters was purchased for a price of 18.55 million PLN. A zoning decision has been issued for the real estate that allows erection of a multi-



family residential building. Echo Investment intends to carry out a project comprising ca. 200 apartments with a total area of about 12,000 square meters. Design works are going to commence as early as this year, and launching of development is anticipated for 2009.

In December 2007 Echo Investment SA purchased immovable property in Wrocław with an approximate area of 3 hectares, situated at Grota Roweckiego Street. The purchase price was PLN 32.2 million. The Company intends to develop a housing project on the above mentioned land, with approximate usable area of 19 thousand square meters, including almost 17 thousand square meters to be allocated to apartments (over 300 apartments) and about 2 thousand square meters for service outlets. The anticipated realization commencement date will be the 1<sup>st</sup> half of 2009, and completion date will fall in the 2<sup>nd</sup> half of 2011.

### **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

In January 2007, Echo Investment SA assigned all rights and obligations to the immovable property situated in Budapest, 14<sup>th</sup> District Zuglo, with an area of 6.84 hectares, to Echo Investment Hungary Ingatlanhasznosító Kft. with its registered seat in Budapest under the contract of purchase of the aforementioned property, effected on June 12, 2006 between Echo Investment SA and the Local government of the 14<sup>th</sup> District of the Capital City of Budapest - Zuglo (the Seller). Pursuant to the annex signed, the subsidiary is going to continue development of a modern multifunctional project. In the 1<sup>st</sup> quarter of 2007, an agreement was made with MOFO Architekci Sp. z o.o. designing office for design works on the shopping, service and office center, which is going to be built by the Capital Group on the above mentioned property.

### 3.2. Structure of revenues

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

*- sales of residential and commercial areas*

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. 11.04% of all income from sales of products.

*- investment contracting service*

Echo Investment S.A. is the Chief Contractor of Investments for potential investors. In 2007, Echo Investment S.A. mainly earned revenues on this account. Investment contracting services constituted **71.10%**.

*- real estate trade:*

The characteristics of Echo Investment S.A.'s operations somehow enforces owning certain real property resources, which are then allocated to specific projects. Income yielded in this area of the Company's operations constitutes about 0.34% of total revenues on sales.

*- lease services:*

Revenues from lease services are generated from lease of areas in shopping centers and office buildings. Revenues yielded on this account in 2007 constituted approx. 4.84% of net income from sales.

*- legal, accounting and consulting services:*

This range of operations is related to providing legal, accounting and consulting services to companies. The revenues generated in this area constitute about 11.01% of total net revenues from sales.

*Structure of net revenues from sales (in millions PLN) earned by Echo Investment S.A. during the years 2007-2006:*

Specification	01.01.2007 - 31.12.2007	01.01.2006 - 31.12.2006
Sales of residential and commercial areas	28,1	93,2
Investment contracting services	180,8	129,0
Real estate trade	0,8	0,1
Lease services	12,3	11,1
Legal, accounting and consulting services	28,0	17,5
Other revenues	4,2	8,3
<b>Net revenues from sales of products total</b>	<b>254,3</b>	<b>259,2</b>

**4. Information about changes in the sales market, divided into domestic and foreign, and changes in sources of supply of materials for production, specifying dependency on one or several clients or vendors and if the share of a single client or vendor reaches at least 10% of revenues from sales total - specifying the name of such vendor or client, his share in sales or purchases and his formal relationships with Echo Investment S.A.**

#### **Sales markets**

All projects executed by Echo Investment S.A. in 2007 were located in the Polish market only. The Company realized its investments in the markets of the following cities: Warsaw, Kielce, Krakow, Poznan, and Wroclaw.

#### **Changes in sources of supply**

With regard to purchase of services provided by Echo Investment S.A., the dominant share measured as the proportion between purchases and revenues from sales total is held by companies partnering Echo Investment S.A. in the range of execution of specific projects. In 2007, turnovers with two partners exceeded the 10% threshold of the value of the Company's revenues.

*Largest suppliers of Echo Investment S.A. in 2007:*

<b>Other party</b>	<b>Value of turnover (in millions PLN)</b>	<b>% of net revenues from sales</b>
Spedimex Sp. z o.o.	43,3	17,0%
Agrosak S.A.	26,2	10,3%

#### **Changes among clients**

The clients of Echo Investment S.A. include tenants of commercial surfaces and clients receiving investment realization services.

The share exceeding 10% of net revenues from sales in 2007 was the sale of general investment contracting services to a subsidiary in relation to realization of the Pasaż Grunwaldzki shopping and entertainment center in Wroclaw, as well as sale of general contracting of investment service relating to development of a complex of office buildings in Kielce for Ustra Sp. z o.o.

*Largest clients of Echo Investment S.A. in 2007:*

<b>Client</b>	<b>Value of turnover (in millions PLN)</b>	<b>% of net revenues from sales</b>
Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.K. [Echo - Grunwaldzki Arcade Limited Liability Company Limited Partnership]	103,7	40,8%
Ustra Sp. z o.o. [Ustra Limited Liability Company]	71,7	28,2%

## 5. Information about contracts significant for Echo Investment S.A.'s business operations, including contracts made between shareholders, known to Echo Investment S.A., and insurance, partnering or cooperation contracts made during the year 2007.

### 5.1. Contracts significant for the economic activity of Echo Investment S.A.

The unique quality of the operations of Echo Investment S.A. assumes execution of investments through subsidiaries. Echo Investment S.A. individually executes housing projects and provides general contractor services to subsidiaries and external investors.

In May 2007, Echo Investment SA purchased undeveloped property in Częstochowa, with an area of ca. 3,900 square meters, for a gross price of 3.66 million PLN, designed for future investment.

#### Shopping centers and shopping/entertainment centers

In January 2007, Echo Investment SA assigned all rights and obligations to the immovable property situated in Budapest, 14<sup>th</sup> District Zuglo, with an area of 6.84 hectares, to Echo Investment Hungary Ingatlanhasznosító Kft. with its registered seat in Budapest under the contract of purchase of the aforementioned property, effected on June 12, 2006 between Echo Investment SA and the Local government of the 14<sup>th</sup> District of the Capital City of Budapest - Zuglo (the Seller). Pursuant to the annex signed, the subsidiary is going to continue development of a modern multifunctional project. In the 1<sup>st</sup> quarter of 2007, an agreement was made with MOFO Architekci Sp. z o.o. designing office for design works on the shopping, service and office center, which is going to be built by the Capital Group on the above mentioned property.

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 were 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. [Project 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. [Project 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).

- Sales contract between Projekt Echo - 53 Sp. z o.o. [Project 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. [Project 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. [Project 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. [Project 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. [Project 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 the 4<sup>th</sup> quarter of 2007, Echo Investment SA entered into an agreement with the City of Lublin regarding development of PARK ECHO on Górki Czechowskie, Lublin. The city is going to initiate amendment of the spatial development plan, thus enabling commencement of development activities on the scheduled investment. The Company shall at its own expense reconstruct the traffic system in the neighborhood of the contemplated shopping and entertainment center Park Echo and the existing crossing of al. Solidarności with al. Sikorskiego and ul. Gen. Bolesława Ducha. The estimated value of this investment project shall be about 80 million zlotys. According to the provisions of the aforementioned agreement, the City agreed to take whatever action is required to amend the local spatial development plan of the City of Lublin, within 36 months from the effective date of agreement, for the Company's real estate with the approximate area of 113 hectares, located in Lublin at Poligonowa Street, in the area of so-called Górki Czechowskie, in order to enable Echo Investment SA to execute its contemplated investments. The Company intends to build the following establishments on the aforementioned property:

- a shopping, entertainment and service center (the Mall) with a total shopping area reaching 80,000 square meters, developed in combination with reconstruction of the traffic system around the contemplated building as a necessary Mall service component,
- a complex of service and office establishments complementing the functions offered by the Mall,
- a city-style recreation and landscape park

When the aforementioned changes are made to the spatial development plan, Echo Investment SA shall:

- prepare a concept and complete technical documentation with a building permit for reconstruction of the traffic system in the vicinity of the contemplated Mall and the existing crossing of Al. Solidarności with Al. Sikorskiego and ul. Gen. Bolesława Ducha,
- reconstruct the traffic system at the Company's sole expense,
- deliver the reconstructed traffic system before opening the Mall and complete the development of the park comprised by the contemplated investment not later than within 36 months from entry into force of a Resolution of the Lublin City Council, approving the amendments to the local spatial development plan,
- transfer the entire road system gratuitously to the City following completion of the investment consisting in reconstruction of the traffic system. If a building permit for the Mall cannot be obtained within 24 months from the date of entry into force of the aforementioned Resolution of the Lublin City Council approving of the amendments to the local spatial development plan, Echo Investment SA shall be entitled to terminate the agreement. The estimated cost of reconstruction of the traffic system will be about 80 million PLN. Specific terms and conditions of reconstruction of the traffic system shall be stipulated in a separate agreement (Road Agreement). Should the parties to the agreement fail to enter into a Road Agreement within 9 months from the effective date of the present agreement, either party may terminate the agreement.



1. On April 5, 2007 a preliminary agreement of sale of shares was made between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) under a condition precedent (the Preliminary Agreement). The object of contract is acquisition by the Buyer of 1,250 shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company), which constitute 100% of all shares in the said Company.

The value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. Shares shall carry one vote at the general meeting of shareholders each. Under the provisions of the preliminary agreement, the parties agreed to enter into the promised contract not later than on August 31, 2008. Acquisition price of the shares shall be not more than PLN 14.2 million. The agreement was made under a condition precedent. The Buyer shall acquire the shares in Ultra Marina Sp. z o.o. provided that the Company formerly obtains the right of perpetual usufruct of developed land properties located in Koszalin with an area of 3.314 hectares and the Company is registered as the perpetual lessee of these properties in relevant land and mortgage registers.

2. On October 10, 2007 an annex was made to the preliminary agreement of sale of shares as of April 5, 2007 between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) (the Annex). Under the provisions of the said Annex, the acquisition price of the shares is amended and shall be not more than PLN 11,787,820.

3. On January 10, 2008 the Buyer was notified by the Seller that Ultra Marina Sp. z o.o. obtained ownership title to the aforementioned real estate and was recorded in land and mortgage registers as the perpetual lessee of real estates located in Koszalin with an area of 3.314 hectares. Therefore, the condition precedent for effective acquisition of shares in the Company as specified in the preliminary agreement of sale of shares as of April 5, 2007 was fulfilled.

4. With reference to fulfillment of the Buyer's acquisition of shares in Ultra Marina Sp. z o.o., on January 10, 2008 Echo Investment SA (the Buyer) signed a contract of sale of shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company) with Mr. Wiesław Prusiecki as the Seller.

Under the aforementioned contract, the Buyer acquires 100% of shares in the Company's initial capital. The nominal value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. One share carries one vote at the Company's general meeting of shareholders.

Acquisition price of the shares was PLN 11,770,455. The acquired shares were financed with the Buyer's own funds. The Buyer intends to consider the acquired assets as long-term capital investment.

Ultra Marina Sp. z o.o. is going to carry out development activity in Koszalin. Echo Investment Capital Group intends to develop a shopping and entertainment center on its immovable property located in Koszalin, exceeding 3 hectares in size. Rentable area of the contemplated mall will be about 35 thousand square meters. The anticipated completion date for the establishment is 2011.

Before the date of signing the Contract of sales of shares, the information concerning:

- preliminary agreement of sales of shares under a condition precedent, and
- annex to the preliminary agreement of sale of shares

was considered confidential by Echo Investment SA within the meaning of the provision 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 were communicated to the public with delay under Article 57 of the Act on Quotations.

## Hotels and Offices

In December 2006, Echo Investment SA succeeded in an open tender for the sale of 99-year perpetual usufruct right to land situated in Gdansk, Jana z Kolna Street. In the 1<sup>st</sup> quarter of 2007, a preliminary agreement was made for letting the aforementioned land in perpetual usufruct. The Company intends to develop office space on the above mentioned real estate. Another contract was made with Arch – Deco, a designing office of Gdynia, for execution of designing works related to the said office building.

On January 9, 2007 Echo Investment SA entered into a contract of lease of office space (ca. 3,690 sq. m) in one of the above mentioned buildings with Ustra Sp. z o.o. of Kielce. The contract was made for a period of 10 years. The value of contract for the entire 10-year period, as at the contract effective date, is PLN 32.9 million.

## Apartments

Echo Investment SA intends to develop residential buildings on its land situated in Krakow, Tyniecka Street, purchased in the 1<sup>st</sup> half of 2007. The Company has applied for a zoning decision. Area for sale will be about 5,000 square meters. (109 apartments). The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

In the 1<sup>st</sup> quarter of 2007, real estate was purchased in Warsaw, Bielany district (Młociński Forest), 6.3 hectares in size. The company intends to build an estate of 37 houses, comprising 9.25 thousand square meters.

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

In the 1<sup>st</sup> quarter of 2007, Echo investment SA signed a contract with StoMM Architektura Maciej Stoczkiewicz of Kielce for design works on a single-family houses estate in Dyminy near Kielce.

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

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

The object of preliminary contract of sale is the immovable property situated in Łódź with a fuel station and technical buildings erected thereon. The value of contract is PLN 13,300,000. A precondition to the making of the promised contract is that the Seller must disclose in the land and mortgage register the buildings and structures erected on the immovable property and submit a certificate of lack of arrears in tax payments valid as on the effective date of the final contract and a valid copy of the land and mortgage register. The aforementioned conditions were conditions precedent.

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.

On July 18, 2007 a contract was signed for purchase of real estate in Łódź, Wodna Street. Echo Investment SA 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 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2011.

On October 31, 2007 an agreement was made between Echo Investment SA and Weko Prof Sp. z o.o. with its registered seat in Warsaw, for general contracting of a residential building located in Poznan, Wojskowa Street. The contract value was PLN 30.61 million net.

On November 7, 2007, by way of a tender being resolved, Echo Investment SA purchased real estate situated in Wrocław, Jedności Narodowej Street. The Company intends to develop a housing project on the above mentioned land. The land plot with an area of 7.4 thousand square meters was purchased for a price of 18.55 million PLN. A zoning decision has been issued for the real estate that allows erection of a multi-family residential building. Echo Investment intends to carry out a project comprising ca. 200 apartments with a total area of about 12,000 square meters. Design works are going to commence as early as this year, and launching of development is anticipated for 2009.

On December 18, 2007 Echo Investment SA purchased immovable property in Wrocław with an approximate area of 3 hectares, situated at Grota Roweckiego Street. The purchase price was PLN 32.2 million. The Company intends to develop a housing project on the above mentioned land, with approximate usable area of 19 thousand square meters, including almost 17 thousand square meters to be allocated to apartments (over 300 apartments) and about 2 thousand square meters for service outlets. The anticipated realization commencement date will be the 1<sup>st</sup> half of 2009, and completion date will fall in the 2<sup>nd</sup> half of 2011.

## 5.2. Contracts made between shareholders

Echo Investment S.A. does not know about any contracts made between shareholders during the year 2007.

## 5.3. Insurance contracts

Range of coverage	Underwriter	Insurance amount [in thousands PLN] balance as on 2007-12-31
property insurance – buildings	TU Compensa S.A., STU Ergo Hestia S.A.,	43 094
property insurance - equipment	TU Compensa S.A., STU Ergo Hestia S.A.	2 661
third party insurance (civil liability insurance)	STU Ergo Hestia S.A., PTU S.A.	21 035
construction and assembly risk insurance policies	TU Compensa S.A., Generali S.A.	47 500
<b>TOTAL</b>		<b>114 290</b>

## 5.4. Partnering or cooperation agreements

Echo Investment S.A. did not conclude any partnering or cooperation agreements during 2007.

**6. Information about changes in organizational or capital relationships of Echo Investment S.A. with other companies, indicating its key domestic and foreign investments (securities, financial instruments and real estate), including capital investments made outside its capital group, and a description of methods of their financing.**

**6.1. Changes in organizational or capital relationships of Echo Investment S.A.**

On January 09, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following subsidiaries:

- "Projekt – Echo 53" Sp. z o.o. ['Project – Echo 53' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 54" Sp. z o.o. ['Project – Echo 54' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 55" Sp. z o.o. ['Project – Echo 55' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 56" Sp. z o.o. ['Project – Echo 56' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 60" Sp. z o.o. ['Project – Echo 60' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 62" Sp. z o.o. ['Project – Echo 62' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 63" Sp. z o.o. ['Project – Echo 63' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 65" Sp. z o.o. ['Project – Echo 65' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 67" Sp. z o.o. ['Project – Echo 67' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 71" Sp. z o.o. ['Project – Echo 71' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 76" Sp. z o.o. ['Project – Echo 76' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 77" Sp. z o.o. ['Project – Echo 77' Limited Liability Company], having its registered seat in Kielce,
- "Projekt – Echo 79" Sp. z o.o. ['Project – Echo 79' Limited Liability Company], having its registered seat in Kielce,

The value of initial capital of each of these companies is PLN 50,000 and is divided into 1000 shares for a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000.

As on the registration day:

- Echo Investment SA took up 999 shares in each newly established subsidiary, entitling to 99,9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for each 999 shares.
- Projekt – Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary of Kielce took up 1 share in each newly established subsidiary, carrying 1% of votes at the general meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. with its registered seat in Kielce.

On January 09, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following subsidiaries:



1. "Projekt – Echo 49" Sp. z o.o. ['Project – Echo 49' Limited Liability Company], having its registered seat in Kielce,
2. "Projekt – Echo 50" Sp. z o.o. ['Project – Echo 50' Limited Liability Company], having its registered seat in Kielce,
3. "Projekt – Echo 51" Sp. z o.o. ['Project – Echo 51' Limited Liability Company], having its registered seat in Kielce,
4. "Projekt – Echo 52" Sp. z o.o. ['Project – Echo 52' Limited Liability Company], having its registered seat in Kielce.

The value of initial capital of each of these companies is PLN 50,000 and is divided into 100 shares for a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 100.

On the registration day, the Issuer took up 100 shares in each of the newly established subsidiaries, entitling him to 100% of votes at the meeting of shareholders. The purchase price is PLN 50,000 for each 100 shares. The acquired shares constitute a long-term capital investment.

Acquisition of shares was financed with the Issuer's own funds.

On January 10, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following subsidiaries:

1. "Projekt – Echo 57" Sp. z o.o. ['Project – Echo 57' Limited Liability Company], having its registered seat in Kielce,
2. "Projekt – Echo 58" Sp. z o.o. ['Project – Echo 58' Limited Liability Company], having its registered seat in Kielce,
3. "Projekt – Echo 61" Sp. z o.o. ['Project – Echo 61' Limited Liability Company], having its registered seat in Kielce,
4. "Projekt – Echo 64" Sp. z o.o. ['Project – Echo 64' Limited Liability Company], having its registered seat in Kielce,
5. "Projekt – Echo 66" Sp. z o.o. ['Project – Echo 66' Limited Liability Company], having its registered seat in Kielce.
6. "Projekt – Echo 68" Sp. z o.o. ['Project – Echo 68' Limited Liability Company], having its registered seat in Kielce,
7. "Projekt – Echo 69" Sp. z o.o. ['Project – Echo 69' Limited Liability Company], having its registered seat in Kielce,
8. "Projekt – Echo 70" Sp. z o.o. ['Project – Echo 70' Limited Liability Company], having its registered seat in Kielce,
9. "Projekt – Echo 72" Sp. z o.o. ['Project – Echo 72' Limited Liability Company], having its registered seat in Kielce,
10. "Projekt – Echo 73" Sp. z o.o. ['Project – Echo 73' Limited Liability Company], having its registered seat in Kielce,
11. "Projekt – Echo 74" Sp. z o.o. ['Project – Echo 74' Limited Liability Company], having its registered seat in Kielce,
12. "Projekt – Echo 75" Sp. z o.o. ['Project – Echo 75' Limited Liability Company], having its registered seat in Kielce,
13. "Projekt – Echo 78" Sp. z o.o. ['Project – Echo 78' Limited Liability Company], having its registered seat in Kielce,
14. "Projekt – Echo 80" Sp. z o.o. ['Project – Echo 80' Limited Liability Company], having its registered seat in Kielce,
15. "Projekt – Echo 81" Sp. z o.o. ['Project – Echo 81' Limited Liability Company], having its registered seat in Kielce,
16. "Projekt – Echo 82" Sp. z o.o. ['Project – Echo 82' Limited Liability Company], having its registered seat in Kielce.

The value of initial capital of each of these companies is PLN 50,000 and is divided into 1000 shares for a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in each newly established subsidiary, entitling to 99,9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for each 999 shares.
- Projekt – Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary of Kielce took up 1 share in each newly established subsidiary, carrying 1% of votes at the general meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt – Echo 17 Sp. z o.o. with its registered seat in Kielce.

On January 25, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary “Echo – Centrum Gdynia” Sp. z o.o. [‘Echo – Gdynia Center’ Limited Liability Company] with its registered seat in Kielce.

The present value of the Company’s initial capital is PLN 11,239,000 and is divided into 22,478 shares with a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 22,478.

As on the registration date, ownership structure in “Echo – Centrum Gdynia” Sp. z o.o. [‘Echo – Gdynia Center’ Limited Liability Company] has changed and is now as follows:

- Echo Investment SA holds 18,538 shares in the subsidiary with a total value of PLN 9,269,500, giving 18,538 votes at the meeting of shareholders, forming 82.47% of the initial capital.
- “Giant” Sp. z o.o. (Limited Liability Company) with it registered seat in Poznań holds 3,939 shares with a total value of PLN 1,969,500, giving 3,939 votes at the meeting of shareholders, forming 17.52% of the initial capital,
- the subsidiary “Projekt Echo - 17” Sp. z o.o. (Limited Liability Company) with it registered seat in Kielce holds 1 share with a total value of PLN 500, giving 1 vote at the meeting of shareholders, forming 0.004% of the initial capital.

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

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

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

- Echo Investment SA: 426,916 shares with a total value of PLN 21,345,800, giving 426,916 votes at the meeting of shareholders, forming 65.13% 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: 125 shares with a total value of PLN 6,250, giving 125 votes at the meeting of shareholders, forming 0.02% of the initial capital.

On January 25, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary “Echo Investment – Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’] Limited Liability Company with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment – Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the Issuer: „Echo Investment – Centrum Handlowe Pabianice Sp. z o.o.” with its registered seat in Kielce, and „Echo Investment – Centrum Handlowe Radom Sp. z o.o.” with its registered seat in Kielce („the merged companies”).

Merger took place through transfer of all assets of each of the merged companies to the holding company, with an increase of the holding company’s initial capital through establishing new shares that were assigned to the merged companies’ present shareholders in exchange for their existing shares in the merged companies.

The registered values of the merged Companies’ shares in the Issuer’s and its subsidiaries’ books of accounts were as follows, respectively:

- “Echo Investment - Centrum Handlowe Pabianice Sp. z o.o.” [‘Echo Investment – Pabianice Shopping Center Limited Liability Company’]: PLN 13,310,700,



- "Echo Investment - Centrum Handlowe Radom Sp. z o.o." ['Echo Investment - Radom Shopping Center Limited Liability Company']: PLN 14,101,500.

As on the day of the aforementioned registration, the newly established shares in "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company] were taken up by:

- Echo Investment SA: 426,916 shares with a total value of PLN 21,345,800, giving 426,916 votes at the meeting of shareholders, forming 65.13% of the initial capital,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce: 125 shares with a total value of PLN 6,250, giving 125 votes at the meeting of shareholders, forming 0.02% of the initial capital.

The shares thus taken up constitute a long-term capital investment.

The respective values of transferred assets of the merged Companies, as determined by a chartered accountant and included in the Merger Schedule of the aforementioned companies, as on July 1, 2006, were the following:

- in "Echo Investment - Centrum Handlowe Pabianice Sp. z o.o." ['Echo Investment - Pabianice Shopping Center Limited Liability Company']: 50.09 million PLN.

- in "Echo Investment - Centrum Handlowe Radom Sp. z o.o." ['Echo Investment - Radom Shopping Center Limited Liability Company']: 76.95 million PLN.

The transferred assets included: perpetual usufruct right to the property, ownership right of property with shopping center buildings erected thereon, and rights based on lease contracts made.

The holding company will continue the operations of the merged Companies and present utilization of transferred assets.

As on the date of registration of the aforementioned changes, the value of initial capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company] is PLN 32,772,350 and is divided into 655,447 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 655,447.

Ownership structure of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company] has changed and is now as follows:

- Echo Investment SA holds 619,053 shares in the subsidiary with a total value of PLN 30,952,650, giving 619,053 votes at the meeting of shareholders, forming 94.45% of the initial capital,
- the Issuer's subsidiary "Piomot Auto" Sp. z o.o. ['Piomot Auto' Limited Liability Company] with its registered seat in Kielce holds 36,269 shares with a total value of PLN 1,813,450, giving 36,269 votes at the meeting of shareholders, forming 5.53% of the initial capital,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 125 shares with a total value of PLN 6,250, giving 125 votes at the meeting of shareholders, forming 0.02% of the initial capital.

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

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

the existing shareholders of the merged companies have taken up the newly established shares in the holding company as follows:

- Echo Investment SA: 557,263 shares with a total value of PLN 27,863,150, giving 557,263 votes at the meeting of shareholders, forming 82.77% 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: 195 shares with a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, forming 0.03% of the initial capital.

On January 25, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center'] Limited Liability Company with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment - Centrum Handlowe Świętochłowice” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the Issuer:

- "Echo Investment - Centrum Handlowe Olkusz" Spółka z o.o. ['Echo Investment - Olkusz Shopping Center' Limited Liability Company], having its registered seat in Kielce,
- "Echo Investment - Centrum Handlowe Piła" Spółka z o.o. ['Echo Investment - Piła Shopping Center' Limited Liability Company], having its registered seat in Kielce,
- "Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o." ['Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company'], having its registered seat in Kielce,
- "Echo Investment - Centrum Handlowe Tczew Sp. z o.o." ['Echo Investment - Tczew Shopping Center Limited Liability Company'], having its registered seat in Kielce,
- "Echo Investment - Centrum Handlowe Zamość Sp. z o.o." ['Echo Investment - Zamość Shopping Center Limited Liability Company'], having its registered seat in Kielce (hereinafter the 'Merged companies').

Merger took place through transfer of all assets of the merged companies to the holding company, with an increase of the holding company's initial capital through establishing new shares that were assigned to the merged companies' present shareholders in exchange for their existing shares in the merged companies.

The registered values of the merged Companies' shares in the Issuer's and its subsidiaries' books of accounts were as follows, respectively:

- "Echo Investment - Centrum Handlowe Olkusz Sp. z o.o." ['Echo Investment - Olkusz Shopping Center Limited Liability Company']: PLN 10,058,020.99,
- "Echo Investment - Centrum Handlowe Piła Sp. z o.o." ['Echo Investment - Piła Shopping Center Limited Liability Company']: PLN 4,450,650.70,
- "Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o." ['Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company']: PLN 5,297,549.10,
- "Echo Investment - Centrum Handlowe Tczew Sp. z o.o." ['Echo Investment - Tczew Shopping Center Limited Liability Company']: PLN 3,590,059.17,
- "Echo Investment - Centrum Handlowe Zamość Sp. z o.o." ['Echo Investment - Zamość Shopping Center Limited Liability Company']: PLN 4,551,520.01.

As on the day of the aforementioned registration, the newly established shares in "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] were issued to:

- Echo Investment SA: 557,263 shares of a total value of PLN 27,863,150, giving 557,263 votes at the meeting of shareholder, i.e. 82.77% of initial capital,
- Issuer's subsidiary „Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce: 195 shares of a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, i.e. 0.03% of initial capital.

The newly created shares constitute a long-term capital investment.

The registered values of the merged Companies' transferred assets in the Issuer's or its subsidiaries' books of accounts as on September 30, 2006 were as follows, respectively:

- in "Echo Investment - Centrum Handlowe Olkusz Sp. z o.o." ['Echo Investment - Olkusz Shopping Center Limited Liability Company']: 19.44 million PLN.
- in "Echo Investment - Centrum Handlowe Piła Sp. z o.o." ['Echo Investment - Piła Shopping Center Limited Liability Company']: 11.45 million PLN.
- in "Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o." ['Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company']: 14.30 million PLN.

- in "Echo Investment - Centrum Handlowe Tczew Sp. z o.o." ['Echo Investment - Tczew Shopping Center Limited Liability Company']: 12.52 million PLN.

- in "Echo Investment - Centrum Handlowe Zamość Sp. z o.o." ['Echo Investment - Zamość Shopping Center Limited Liability Company']: 16.44 million PLN.

The assets of the merged Companies were used in developer and financial activity. The holding company will continue the operations of the merged Companies and present utilization of transferred assets.

As on the date of registration of the aforementioned changes, the value of initial capital of "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] is PLN 33,662,250 and is divided into 673,245 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 673,245.

Ownership structure of "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] has changed and is now as follows:

- Echo Investment SA holds 673,049 shares in the subsidiary with a total value of PLN 33,652,450, giving 637,049 votes at the meeting of shareholders, forming 99.97% of the initial capital,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 195 shares with a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, forming 0.03% of the initial capital.

- the Issuer's subsidiary "Projekt Echo - 37" Sp. z o.o. ['Project Echo - 37' Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, giving 1 vote at the meeting of shareholders, forming 0.0001% of the initial capital.

On January 29, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary "Projekt Echo - 59" Sp. z o.o. ['Project Echo - 59' Limited Liability Company] with its registered seat in Kielce.

The value of the newly registered Company's initial capital is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in the newly established subsidiary, entitling to 99.9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.

- Projekt - Echo 17 Sp. z o.o. of Kielce took up 1 share in the newly established subsidiary, entitling to 1% of votes at the meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. [Project - Echo 17 Limited Liability Company] subsidiary with its registered seat in Kielce.

On January 30, 2007 Echo Investment SA transferred 100% of shares in the initial capital of the following companies:

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

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

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

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

The sales price of shares in the aforementioned companies was PLN 400,000 and the book value of these shares in the Issuer's books of accounts was PLN 200,000.

The nominal value of 100% shares in each company is PLN 50,000. The Issuer's previous share in the initial capital of each of the aforementioned companies was 100% and the number of votes carried by these shares was 100 votes at the general meeting of shareholders of each of the transferred companies.

On February 2, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Echo Investment - Centrum



Handlowo-Uslugowo-Rozrywkowe Gliwice” Sp. z o.o. [‘Echo Investment – Gliwice Shopping, Service and Entertainment Center’ Limited Liability Company] with its registered seat in Kielce.

The present value of the Company’s initial capital is PLN 4,432,500 and is divided into 8,865 shares with a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 8,865.

As on the registration date, ownership structure in “Echo Investment – Centrum Handlowo-Uslugowo-Rozrywkowe Gliwice” Sp. z o.o. has changed and is now as follows:

- Echo Investment SA holds 6,871 shares in the subsidiary with a total value of PLN 3,435,500, giving 6,871 votes at the meeting of shareholders, forming 77.51% of the initial capital,
- “Giant” Sp. z o.o. (Limited Liability Company) with its registered seat in Poznań holds 1,993 shares with a total value of PLN 996,500, giving 1,993 votes at the meeting of shareholders, forming 22.48% of the initial capital,
- the subsidiary “Projekt Echo - 17” Sp. z o.o. (Limited Liability Company) with its registered seat in Kielce holds 1 share with a total value of PLN 500, giving 1 vote at the meeting of shareholders, forming 0.01% of the initial capital.

On February 7, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary “Projekt Echo – 47” Sp. z o.o. [‘Project Echo – 47’ Limited Liability Company] with its registered seat in Kielce.

The value of the newly registered Company’s initial capital is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in the newly established subsidiary, entitling to 99.9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.
- Projekt – Echo 17 Sp. z o.o. of Kielce took up 1 share in the newly established subsidiary, entitling to 1% of votes at the meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary with its registered seat in Kielce.

On February 15, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary “Projekt Echo – 48” Sp. z o.o. [‘Project Echo – 48’ Limited Liability Company] with its registered seat in Kielce.

The value of the newly registered Company’s initial capital is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in the newly established subsidiary, entitling to 99.9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.
- Projekt – Echo 17 Sp. z o.o. of Kielce took up 1 share in the newly established subsidiary, entitling to 1% of votes at the meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary with its registered seat in Kielce.

On February 27, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary “Projekt Echo – 46” Sp. z o.o. [‘Project Echo – 46’ Limited Liability Company] with its registered seat in Kielce.

The value of the newly registered Company’s initial capital is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in the newly established subsidiary, entitling to 99.9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.
- Projekt – Echo 17 Sp. z o.o. of Kielce took up 1 share in the newly established subsidiary, entitling to 1% of votes at the meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the

Issuer and of Projekt - Echo 17 Sp. z o.o. [Projekt - Echo 17 Limited Liability Company] subsidiary with its registered seat in Kielce.

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

On March 30, 2007 the District Court, 10<sup>th</sup> Economic Department of the National Court Register of Kielce, registered changes to the initial capital of "Projekt Echo - 54" Sp. z o.o. ['Projekt Echo - 54' Limited Liability Company]. 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" ['Echo Investment Joint Stock Company - Świętokrzyski Arcade Branch'], 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. ['Projekt Echo - 54' Limited Liability Company] 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. ("Projekt 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.

On April 3, 2007 Echo Investment SA purchased from Giant Sp. z o.o. [Giant Limited Liability Company] of Poznań 1,993 shares in "Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Limited Liability Company] 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. Acquisition price of the shares was PLN 1,001,281.50.

On April 3, 2007 Echo Investment SA purchased from "Giant" Sp. z o.o. ('Giant' Limited Liability Company) with its registered seat in Poznań 3,939 shares in Echo-Centrum Gdynia Sp. z o.o. (Echo - Gdynia Center Limited Liability Company) with a total nominal value of PLN 1,969,500, giving 3,939 votes at the meeting of shareholders, forming 17.52% of the initial capital. The acquisition price was PLN 1,979,347.50.

On April 18, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the changes in the initial capital of "Projekt Echo - 53" Sp. z o.o. ['Projekt Echo - 53' Limited Liability Company] 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. ['Projekt 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. [‘Echo – Łódź Business Center’ Limited Liability Company] 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. [‘Echo – Łódź Banking and Finance Center’ Limited Liability Company] 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.

On May 16, 2007 the District Court in Kielce, 10<sup>th</sup> 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. [‘Echo – Łódź Banking and Finance Center’ Limited Liability Company] 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, Echo Investment SA holds 6,001 in the subsidiary “Echo – Centrum Bankowości i Finansów Łódź” Sp. z o.o. [‘Echo – Łódź Banking and Finance Center’ Limited Liability Company], with a total value of PLN 3,000,500, carrying 6,001 votes at the general meeting of shareholders, which constitutes 100% of the initial capital.

On May 31, 2007 the District Court in Budapest registered a subsidiary “Echo – Building Ingatlanhasznosító” Kft. with its registered seat in Budapest. The value of initial capital is HUF 3,000,000 (according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event, the said amount is an equivalent of PLN 45,771.00). As on the registration day, Echo Investment SA acquired 100% of initial capital of the aforementioned company, carrying 100% of votes at the general meeting of shareholders. The acquired shares were financed with the Issuer’s own funds. The Issuer intends to use the acquired shares as long-term capital investment.

On June 26, 2007, the Regional State Registration in Kiev registered a subsidiary “Echo Investment Ukraine” Limited Liability Company with its registered seat in Kiev.

The value of initial capital is UAH 42,000 (an equivalent of PLN 23,616 as on the date of occurrence according to average rate of exchange published by the National Bank of Poland). As on the registration date, Echo Investment S.A. took up 99.99% of initial capital of Echo Investment Ukraine, worth UAH 41,995.80 and carrying 99.99% votes at the general meeting of shareholders. Shares were acquired on the basis of an agreement of sales of share in initial capital, which was executed between Echo Investment SA (the Buyer) and Mr. Andriy Smetana, citizen of Ukraine (the Seller). The purchase price of the shares is USD 8,350 (according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event, the said amount is an equivalent of PLN 23,616). The Issuer intends to use the acquired shares as long-term capital investment. The acquired shares were financed with the Issuer’s own funds.



On September 27, 2007 a contract was made between Echo Investment SA with its registered seat in Kielce, acting together with the Issuer's subsidiary Projekt Echo – 17 Sp. z o.o. (jointly referred to as the Seller) and Firma Chemiczna Dwory S.A. with its registered seat in Oświęcim (the Buyer), concerning transfer of shares of the issuer's subsidiary Projekt Echo – 79 Sp. z o.o. with its registered seat in Kielce (the Subsidiary). The contracts concern 100% shares in the Subsidiary's share capital with nominal value of PLN 50,000. The sales price of these shares equaled PLN 59,000 and the book value of these shares in the Issuer's and its subsidiary's books of accounts was PLN 50,000.

On October 18, 2007, Echo Investment SA with its registered seat in Kielce (the Seller) sold to WAN SA (the Buyer) 500 shares constituting 50% of the initial capital of the subsidiary „Projekt Echo – 64” Sp. z o.o. with its registered seat in Kielce with total nominal value of PLN 25,000. The sales price of shares was PLN 28,000 and the book value of these shares in the Issuer's books of accounts was PLN 25,000. After sale of the aforementioned shares, Echo Investment SA holds 49.9% in the initial capital of “Projekt Echo – 64” Sp. z o.o.

On October 18, 2007 the Extraordinary General Meeting of Shareholders of Echo Investment SA passed Resolution no. 4 on expressing consent to transfer of three branches of the Company, forming organized parts of the Company's enterprise, through a non-cash contribution of the following three branches to Echo Investment SA subsidiaries:

- „Echo Investment SA – Oddział Kraków” (‘Echo Investment SA – Krakow Branch’)
- „Echo Investment SA – Oddział Szczecin” (‘Echo Investment SA – Szczecin Branch’)
- „Echo Investment SA – Oddział Warszawa” (‘Echo Investment SA – Warsaw Branch’).

The District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following 10 subsidiaries:

- on October 9, 2007:

- "Projekt – Echo 89" Sp. z o.o. ['Project – Echo 89' Limited Liability Company], having its registered seat in Kielce

- "Projekt – Echo 90" Sp. z o.o. ['Project – Echo 90' Limited Liability Company], having its registered seat in Kielce

- on October 15, 2007 - "Projekt – Echo 91" Sp. z o.o. ['Project – Echo 91' Limited Liability Company], having its registered seat in Kielce.

- on October 30, 2007:

- "Projekt – Echo 87" Sp. z o.o. ['Project – Echo 87' Limited Liability Company], having its registered seat in Kielce

- "Projekt – Echo 88" Sp. z o.o. ['Project – Echo 88' Limited Liability Company], having its registered seat in Kielce.

- on November 9, 2007 - "Projekt – Echo 85" Sp. z o.o. ['Project – Echo 85' Limited Liability Company], having its registered seat in Kielce.

- on November 20, 2007:

- "Projekt – Echo 84" Sp. z o.o. ['Project – Echo 84' Limited Liability Company], having its registered seat in Kielce

- "Projekt – Echo 86" Sp. z o.o. ['Project – Echo 86' Limited Liability Company], having its registered seat in Kielce

- on November 29, 2007 - "Projekt – Echo 92" Sp. z o.o. ['Project – Echo 92' Limited Liability Company], having its registered seat in Kielce.

- on December 17, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary "Projekt Echo – 83" Sp. z o.o. ['Project Echo – 83' Limited Liability Company] with its registered seat in Kielce.

The value of initial capital capital of each of these companies is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes carried by the shares at each company's general meeting of shareholders is 1000. In each of the aforementioned newly established subsidiaries: - Echo Investment SA took up 999 shares carrying 99.9% of votes at the general meeting of shareholders. The acquisition price is PLN 49,950 for 999 shares, - the Issuer's subsidiary Projekt – Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] of Kielce took up 1 share carrying 0.1% of votes at the general meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. with its registered seat in Kielce.

On November 7, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce and a subsidiary „Projekt Echo – 65" Sp. z o.o. ['Project Echo – 65' Limited Liability Company] with its registered seat in Kielce. The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA – Oddział Szczecin" ['Echo Investment Joint Stock Company – Szczecin Branch'] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, ownership right to immovable property situated in Szczecin at Malczewskiego Street, with an area of 5,242 square meters, with all rights and obligations pertaining thereto. The value of contract was PLN 9,570,050. The aforementioned organized part of enterprise forms a non-cash contribution for coverage of newly established 191,401 shares in the initial capital of "Projekt Echo – 65" Sp. z o.o. ['Project Echo – 65'

Limited Liability Company] with a total value of PLN 9,570,050. All newly established shares will be taken up by Echo Investment SA.

On December 20, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 65" Sp. z o.o. ["Project Echo - 65' Limited Liability Company] with its registered seat in Kielce ("the Subsidiary").

The value of the Subsidiary's initial capital was increased by 9,570,050 and now equals PLN 9,620,050, divided into 192,401 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 192,401.

As on the registration date, ownership structure in "Projekt Echo - 65" Sp. z o.o. has changed and is now as follows:

- Echo Investment SA with its registered seat in Kielce holds 192,400 shares in the Subsidiary with a total value of PLN 9,620,000, giving 192,400 votes at the meeting of shareholders, forming 99.9995% of the initial capital,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ["Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share in the Subsidiary, with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0005% of the initial capital.

On November 23, 2007 Echo Investment SA received a decision whereunder on October 29, 2007 the District Court in Budapest recorded change in the value of initial capital of the Issuer's wholly owned subsidiary „Echo – Project Management Ingatlanhasznosító” Kft. with its registered seat in Budapest. The value of the subsidiary's initial capital was raised from 3 million HUF to 53 million HUF. The assets acquisition price was HUF 50 million, an equivalent of PLN 721,750 according to the average rate of exchange of the National Bank of Poland as on the day of registration of the changes in initial capital of the Subsidiary. Acquisition of such increased initial capital shall be financed with Echo Investment SA's own funds. As on the registration date, Echo Investment SA took up the entire increased initial capital for the Subsidiary, constituting 94.34% of the current value of initial capital. As a consequence, Echo Investment SA now holds 100% of the initial capital and the same proportion of votes at the general meeting of shareholders of the Subsidiary.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo – 66” Sp. z o.o. ["Project Echo – 66' Limited Liability Company] with its registered seat in Kielce (the Buyer). The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA – Oddział Warszawa" ["Echo Investment Joint Stock Company – Warsaw Branch"] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, right of perpetual usufruct to immovable property situated in Warsaw at Postępu Street, with an area of 11,823 square meters, and ownership right to the building erected thereon forming a separate property, with all rights and obligations pertaining thereto. The value of contract is PLN 53,232,850 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 19,385,992 (as on September 30, 2007). The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 1,064,657 shares in the initial capital of "Projekt Echo – 66" Sp. z o.o. with total value of PLN 53,232,850, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 1,064,657 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo – 66" Sp. z o.o. intends to continue their present manner of utilization.

On December 17, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 66" Sp. z o.o. ["Project Echo - 66' Limited Liability Company] with its registered seat in Kielce ("the Subsidiary").



The value of the Subsidiary's initial capital was increased by 53,232,850 and now equals PLN 53,282,850, divided into 1,065,657 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1,065,657.

As on the registration date, ownership structure in "Projekt Echo - 66" Sp. z o.o. has changed and is now as follows:

- Echo Investment SA with its registered seat in Kielce holds 1,065,656 shares in the Subsidiary with a total value of PLN 53,282,800, giving 1,065,656 votes at the meeting of shareholders, forming 99.9999% of the initial capital,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share in the Subsidiary, with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0001% of the initial capital.

Changes in the initial capital of "Projekt Echo - 66" Sp. z o.o. ['Project Echo - 66' Limited Liability Company] were effected through non-cash contribution by the Issuer's subsidiary "Echo - Centrum Poznań" Sp. z o.o. ['Echo - Poznań Center' Limited Liability Company] with its registered seat in Kielce, constituting an organized part of enterprise in the form of a Branch office under company name "Echo Investment SA - Oddział Warszawa" ("Echo Investment SA - Warsaw Branch") (the Branch), for covering up the 1,064,657 newly established shares in the initial capital of "Projekt Echo - 66" Sp. z o.o. with a total nominal value of PLN 53,232,850.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo - 63" Sp. z o.o. ['Project Echo - 63' Limited Liability Company] with its registered seat in Kielce (the Buyer). The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA - Oddział Kraków" ['Echo Investment Joint Stock Company - Krakow Branch'] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Act as of January 15, 1992 on Corporate Income Tax (Journal of Laws of 2000 No. 54 item 694), which is an establishment preparing its independent balance sheet within the meaning of Article 6 item 1 of the Act as of March 11, 2004 on Tax on Goods and Services (VAT) (Journal of Laws No. item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets included, among other, right of perpetual usufruct and ownership right of real estates situated in Krakow at Lea Street, with the office building erected thereon and constituting ownership separate from land, with all rights and obligations pertaining thereto.

The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiaries was PLN 3,668,704.84 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 12,744,400.

The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 254,888 shares in the initial capital of "Projekt Echo - 63" Sp. z o.o. ['Project Echo - 63' Limited Liability Company] with total nominal value of PLN 12,744,400, where all these newly established shares shall be taken up by Echo Investment SA.

On December 27, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 63" Sp. z o.o. ['Project Echo - 63' Limited Liability Company] with its registered seat in Kielce ("the Subsidiary").

The value of the Subsidiary's initial capital was increased by 12,744,400 and now equals PLN 12,794,400, divided into 255,888 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 255,888. As on the registration date, ownership structure in "Projekt Echo - 63" Sp. z o.o. has changed and is now as follows:

- Echo Investment S.A. with its registered seat in Kielce holds 255,887 shares in the subsidiary with a total value of PLN 12,794,250, giving 255,887 votes at the meeting of shareholders, forming 99.9996% of the initial capital,
- the Issuer's 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, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0004% of the initial capital.

Changes in the initial capital of “Projekt Echo – 63” Sp. z o.o. [‘Project Echo – 63’ Limited Liability Company] were effected through non-cash contribution by Echo Investment S.A. with its registered seat in Kielce, constituting an organized part of enterprise in the form of a Branch office under company name “Echo Investment S.A. – Oddział Kraków” (“Echo Investment SA – Krakow Branch”) (the Branch), for covering up the 254,888 newly established shares in the initial capital of “Projekt Echo – 63” Sp. z o.o. with a total nominal value of PLN 12,744,400. These assets included, among other, right of perpetual usufruct and ownership right of real estates situated in Krakow at Lea Street, with the office building erected thereon and constituting ownership separate from land, with all rights and obligations pertaining thereto.

The aforementioned non-cash contributions were effected on the basis of agreement of transfer of ownership of an organized part of an enterprise, which was made on November 22, 2007 between Echo Investment SA (the Seller) and the subsidiary “Projekt Echo – 63” Sp. z o.o. with its registered seat in Kielce (the Buyer).

The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiaries was PLN 3,668,704.84 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 12,744,400.

Echo Investment S.A. with its registered seat in Kielce intends to consider the Subsidiary's shares thus taken up as a long-term capital investment.

On December 10, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department registered changes in the articles and structure of the initial capital of Echo Investment SA. The changes were registered with regard to the Resolution no. 5 enacted by the Extraordinary General Meeting of Shareholders of Echo Investment SA of October 18, 2007 on amendment of the Company's objects and related changes to the Company Articles, and Resolution no. 6 on splitting the Company's shares and amending the Company Articles accordingly.

As a result of 1:10 split of shares, the nominal value of shares was reduced from 0.50 PLN to 0.05 PLN. At present, the value of share capital is PLN 21,000,000 and it is divided into:

- 1,600,000 (one million six hundred thousand) series A ordinary bearer shares,
- 38,400,000 (thirty-eight million four hundred thousand) series B ordinary bearer shares,
- 20,000,000 (twenty million) series C ordinary bearer shares,
- 60,000,000 (sixty million) series D ordinary bearer shares,
- 20,000,000 (twenty million) series E ordinary bearer shares,
- 280,000,000 (two hundred and eighty million) series F ordinary bearer shares.

All shares with nominal value of PLN 0.05. The total number of votes yielded by all shares is 420,000,000.

The District Court in Kielce, 10<sup>th</sup> Department of the National Court Register:

1. registered the following branches in the National Court Register:

- „Echo Investment SA – Oddział Pasaż Świątokrzyski” (‘Echo Investment Joint Stock Company – Świątokrzyski Arcade Branch’)
- „Echo Investment SA – Oddział Warszawa” (‘Echo Investment Joint Stock Company – Warsaw Branch’)
- „Echo Investment SA – Oddział Szczecin” (‘Echo Investment Joint Stock Company – Szczecin Branch’)
- „Echo Investment SA – Oddział Kraków” (‘Echo Investment Joint Stock Company – Krakow Branch’).

2. deleted the following branches from the National Court Register:

- „Echo Investment SA – Oddział Pasaż Świątokrzyski” (‘Echo Investment Joint Stock Company – Świątokrzyski Arcade Branch’)
- „Echo Investment SA – Oddział Warszawa” (‘Echo Investment Joint Stock Company – Warsaw Branch’)
- „Echo Investment SA – Oddział Szczecin” (‘Echo Investment Joint Stock Company – Szczecin Branch’)
- „Echo Investment SA – Oddział Kraków” (‘Echo Investment Joint Stock Company – Krakow Branch’).

## 6.2. Investments in shares of public companies

On account of securities, Echo Investment S.A. did not have and did not make any investments in shares of public companies during the year 2007.



### 6.3. Investments in Poland and abroad – acquisition of immovable property

In 2007, the Company acquired immovable property for development of new significant investment projects at home and abroad.

In May 2007, Echo Investment SA purchased undeveloped property in Częstochowa, with an area of ca. 3,900 square meters, for a gross price of 3.66 million PLN, designed for future investment.

#### Segment of shopping centers

On April 5, 2007 a preliminary agreement of sale of shares was made between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) under a condition precedent (the Preliminary Agreement). The object of contract is acquisition by the Buyer of 1,250 shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company), which constitute 100% of all shares in the said Company. The value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. Shares shall carry one vote at the general meeting of shareholders each. Under the provisions of the preliminary agreement, the parties agreed to enter into the promised contract not later than on August 31, 2008. Acquisition price of the shares shall be not more than PLN 14.2 million. The agreement was made under a condition precedent. The Buyer shall acquire the shares in Ultra Marina Sp. z o.o. provided that the Company formerly obtains the right of perpetual usufruct of developed land properties located in Koszalin with an area of 3.314 hectares and the Company is registered as the perpetual lessee of these properties in relevant land and mortgage registers. On October 10, 2007 an annex was made to the preliminary agreement of sale of shares as of April 5, 2007 between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) (the Annex). Under the provisions of the said Annex, the acquisition price of the shares is amended and shall be not more than PLN 11,787,820.

In January 2008, Echo Investment SA was notified by the Seller that Ultra Marina Sp. z o.o. obtained ownership title to the aforementioned real estate and was recorded in land and mortgage registers as the perpetual lessee of real estates located in Koszalin with an area of 3.314 hectares. Therefore, the condition precedent for effective acquisition of shares in the Company as specified in the preliminary agreement of sale of shares as of April 5, 2007 was fulfilled.

With reference to fulfillment of the Buyer's acquisition of shares in Ultra Marina Sp. z o.o., on January 10, 2008 Echo Investment SA (the Buyer) signed a contract of sale of shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company) with Mr. Wiesław Prusiecki as the Seller. Under the aforementioned contract, the Buyer acquires 100% of shares in the Company's initial capital. The nominal value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. One share carries one vote at the Company's general meeting of shareholders. Acquisition price of the shares was PLN 11,770,455. Ultra Marina Sp. z o.o. is going to carry out development activity in Koszalin. Echo Investment Capital Group intends to develop a shopping and entertainment center on its immovable property located in Koszalin, exceeding 3 hectares in size. Rentable area of the contemplated mall will be about 35 thousand square meters. The anticipated completion date for the establishment is 2011.

#### Segment of offices and hotels

In December 2006, Echo Investment SA succeeded in an open tender for the sale of 99-year perpetual usufruct right to land situated in Gdansk, Jana z Kolna Street. In the 1<sup>st</sup> quarter of 2007, a preliminary agreement was made for letting the aforementioned land in perpetual usufruct. The Company intends to develop office space on the above mentioned real estate. Another contract was made with Arch – Deco, a designing office of Gdynia, for execution of designing works related to the said office building.

## Housing segment

In the 1<sup>st</sup> quarter of 2007, the Company purchased real estate located in Warsaw, Bielany district (Młociński Forest), 6.3 hectares in size. The company intends to build an estate of 37 houses (area of 9.25 thousand square meters) on this newly acquired land. The Company has launched the process of designing the estate. The anticipated project commencement date will be in the 2<sup>nd</sup> half of 2008, and completion date – in the 1<sup>st</sup> half of 2010.

In the 1<sup>st</sup> quarter of 2007, the Company purchased immovable property situated in Krakow, Bronowicka Street. The company intends to erect a residential building on that plot, with an area for sale of about 3,000 sq. m (39 apartments). The Company has applied for a zoning decision. The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

During the 2<sup>nd</sup> quarter of 2007, Echo Investment S.A. (the Buyer) entered into a contract of sale of immovable property and a preliminary promised contract of sale with SPEDIMEX Sp. z o.o. with its registered seat in Łódź (the Seller).

1. The object of the contract of sale was the immovable property situated in Łódź with two office and warehouse buildings erected thereon. The contract value was PLN 30 million.
2. The object of preliminary contract of sale was the immovable property situated in Łódź with a fuel station and technical buildings erected thereon. The value of contract is PLN 13.3. A precondition to the making of the promised contract is that the Seller must disclose in the land and mortgage register the buildings and structures erected on the immovable property and submit a certificate of lack of arrears in tax payments valid as on the effective date of the final contract and a valid copy of the land and mortgage register. The Parties have agreed that the promised contract shall be executed when the aforementioned conditions are fulfilled, in any case no later than until December 31, 2007. The aforementioned conditions were conditions precedent. 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 and Okopowa Streets, with fuel station buildings and technical buildings erected thereon. The contract value was PLN 13.3 million. The Company intends to execute a project consisting in residential buildings on the aforementioned newly purchased immovable property in Łódź at Górnicza and Okopowa Streets.

During the 3<sup>rd</sup> quarter of 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 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2011.

During the 4<sup>th</sup> quarter of 2007, by way of a tender being resolved, Echo Investment SA purchased real estate situated in Wrocław, Jedności Narodowej Street. The Company intends to develop a housing project on the above mentioned land. The land plot with an area of 7.4 thousand square meters was purchased for a price of 18.55 million PLN. A zoning decision has been issued for the real estate that allows erection of a multi-family residential building. Echo Investment intends to carry out a project comprising ca. 200 apartments with a total area of about 12,000 square meters. Design works are going to commence as early as this year, and launching of development is anticipated for 2009.

During the 4<sup>th</sup> quarter of 2007, Echo Investment SA purchased immovable property in Wrocław with an approximate area of 3 hectares, situated at Grota Roweckiego Street. The purchase price was PLN 32.2 million. The Company intends to develop a housing project on the above mentioned land, with approximate usable area of 19 thousand square meters, including almost 17 thousand square meters to be allocated to apartments (over 300 apartments) and about 2 thousand square meters for service outlets. The anticipated realization commencement date will be the 1<sup>st</sup> half of 2009, and completion date will fall in the 2<sup>nd</sup> half of 2011.

## 7. Description of transactions with affiliated companies if the individual or total value of several transactions made by a given affiliated company during a period of 12 months is a Polish zloty equivalent of the amount of EUR 500,000.

### 7.1. Transactions with companies from Echo Investment S.A. Capital Group

As a result of the strategy applied by Echo Investment S.A., involving execution of each shopping center by a separate subsidiary, and as a result of contribution by 'Echo Investment' S.A. to target companies of real property on which the shopping centers have been built, a significant part of transactions executed by Echo Investment are made with affiliated companies.

In 2007, the following contracts were made between Echo Investment S.A. and companies from Echo Investment S.A. Capital Group:

- on January 15, 2007, Echo Investment SA assigned all rights and obligations to the immovable property situated in Budapest, 14<sup>th</sup> District Zuglo, with an area of 6.84 hectares, to Echo Investment Hungary Ingatlanhasznosító Kft. with its registered seat in Budapest under the contract of purchase of the aforementioned property, effected on June 12, 2006 between Echo Investment SA and the Local government of the 14<sup>th</sup> District of the Capital City of Budapest - Zuglo (the Seller). Pursuant to the annex signed, the subsidiary is going to continue development of a modern multifunctional project.

- on January 26, 2007 the District Court in Krakow, 7<sup>th</sup> Economic Department of the Registry of Pledges, registered pledges on shares of the Issuer's subsidiaries in the Registry of Pledges. Pledges were established on 99 shares of the Issuer's subsidiaries:

- "Projekt – Echo 43" Sp. z o.o. ['Project – Echo 43' Limited Liability Company], having its registered seat in Kielce,

- "Echo-Galaxy" Sp. z o.o. ['Echo-Galaxy' Limited Liability Company], having its registered seat in Kielce, owned by Echo Investment SA.

The pledges established on shares constitute a collateral in favor of Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of obligations under a loan agreement, up to EUR 150 million, which the Issuer reported in the current report no. 66/2006. The pledges on the shares have been established on the basis of agreements of registered pledge on shares, made between Echo Investment SA and Eurohypo AG Bank of Eschborn (Germany) on December 29, 2006.

The pledged shares constitute:

- 99% of share capital of Projekt Echo-43 Sp. z o.o. [Project Echo-43 Limited Liability Company], in nominal value of PLN 49,500, giving 99 vote at the meeting of shareholders,

- 99% of share capital of Echo Galaxy Sp. z o.o. [Echo Galaxy Limited Liability Company], in nominal value of PLN 49,500, giving 99 vote at the meeting of shareholders.

The aforementioned shares constitute a long-term capital investment for the Issuer. The book value of the assets in the Issuer's books of accounts of the assets on which pledge was established is:

- "Projekt Echo – 43" Sp. z o.o. ["Project Echo – 43" Limited Liability Company]: PLN 50,482.

- "Echo Galaxy" Sp. z o.o. ['Echo Galaxy' Limited Liability Company]: PLN 51,252.

- on February 21, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary "Echo Investment – Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment – Świętochłowice Shopping Center' Limited Liability Company] with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the Issuer:

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



- "Echo Investment - Centrum Handlowe Piła" Spółka z o.o. ['Echo Investment - Piła Shopping Center' Limited Liability Company], having its registered seat in Kielce,
- „Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” ['Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company] with its registered seat in Kielce,
- „Echo Investment - Centrum Handlowe Tczew Sp. z o.o.” ['Echo Investment - Tczew Shopping Center Limited Liability Company] with its registered seat in Kielce,
- "Echo Investment - Centrum Handlowe Zamość Sp. z o.o." ['Echo Investment - Zamość Shopping Center Limited Liability Company'], having its registered seat in Kielce (hereinafter the 'Merged companies').

Merger took place through transfer of all assets of the merged companies to the holding company, with an increase of the holding company's initial capital through establishing new shares that were assigned to the merged companies' present shareholders in exchange for their existing shares in the merged companies.

The registered values of the merged Companies' shares in the Issuer's and its subsidiaries' books of accounts were as follows, respectively:

- "Echo Investment - Centrum Handlowe Olkusz Sp. z o.o." ['Echo Investment - Olkusz Shopping Center Limited Liability Company']: PLN 10,058,020.99,
- "Echo Investment - Centrum Handlowe Piła Sp. z o.o." ['Echo Investment - Piła Shopping Center Limited Liability Company']: PLN 4,450,650.70,
- "Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o." ['Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company']: PLN 5,297,549.10,
- "Echo Investment - Centrum Handlowe Tczew Sp. z o.o." ['Echo Investment - Tczew Shopping Center Limited Liability Company']: PLN 3,590,059.17,
- "Echo Investment - Centrum Handlowe Zamość Sp. z o.o." ['Echo Investment - Zamość Shopping Center Limited Liability Company']: PLN 4,551,520.01.

As on the day of the aforementioned registration, the newly established shares in "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] were issued to:

- Echo Investment SA: 557,263 shares of a total value of PLN 27,863,150, giving 557,263 votes at the meeting of shareholder, i.e. 82.77% of initial capital,
- Issuer's subsidiary „Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce: 195 shares of a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, i.e. 0.03% of initial capital.

The newly created shares constitute a long-term capital investment.

The registered values of the merged Companies' transferred assets in the Issuer's or its subsidiaries' books of accounts as on September 30, 2006 were as follows, respectively:

- in "Echo Investment - Centrum Handlowe Olkusz Sp. z o.o." ['Echo Investment - Olkusz Shopping Center Limited Liability Company']: 19.44 million PLN.
- in "Echo Investment - Centrum Handlowe Piła Sp. z o.o." ['Echo Investment - Piła Shopping Center Limited Liability Company']: 11.45 million PLN.
- in "Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o." ['Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company']: 14.30 million PLN.
- in "Echo Investment - Centrum Handlowe Tczew Sp. z o.o." ['Echo Investment - Tczew Shopping Center Limited Liability Company']: 12.52 million PLN.
- in "Echo Investment - Centrum Handlowe Zamość Sp. z o.o." ['Echo Investment - Zamość Shopping Center Limited Liability Company']: 16.44 million PLN.

The assets of the merged Companies were used in developer and financial activity. The holding company will continue the operations of the merged Companies and present utilization of transferred assets.

As on the date of registration of the aforementioned changes, the value of initial capital of "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] is PLN 33,662,250 and is divided into 673,245 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 673,245.

Ownership structure of "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company] has changed and is now as follows:

- Echo Investment SA holds 673,049 shares in the subsidiary with a total value of PLN 33,652,450, giving 637,049 votes at the meeting of shareholders, forming 99.97% of the initial capital,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 195 shares with a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, forming 0.03% of the initial capital.
- the Issuer's subsidiary "Projekt Echo - 37" Sp. z o.o. ['Project Echo - 37' Limited Liability Company] with its registered seat in Kielce holds 1 share with a value of PLN 50, carrying 1 vote at the meeting of shareholders, forming 0.0001% of the initial capital.

- on March 01, 2007 the District Court in Krakow, 7<sup>th</sup> Department of Pledge Registry, registered a pledge in the Pledge Registry on all rights and obligations in the Issuer's subsidiary "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Echo - Galaxy Limited Liability Company' Limited Partnership], owned by Echo Investment SA, in favor of EUROHYPO AG Bank with its registered seat in Eschborn, Germany, as a collateral of the maximum amount of credit facility granted to "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Echo - Galaxy Limited Liability Company' Limited Partnership] by EUROHYPO AG Bank. The value of the collateral is EUR 150 million.

On March 8, 2007 an agreement was made between Echo Investment SA with its registered seat in Kielce („the Seller”) and a subsidiary „Projekt Echo - 54” Sp. z o.o. ['Project Echo - 54' Limited Liability Company] with its registered seat in Kielce („the Buyer”) on transfer of an organized part of enterprise – establishment preparing an individual balance sheet. The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA - Oddział Pasaż Świętokrzyski" ['Echo Investment Joint Stock Company - Świętokrzyski Arcade Branch'] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Act as of January 15, 1992 on Corporate Income Tax (Journal of Laws of 2000 No. 54 item 694), which is an establishment preparing its independent balance sheet within the meaning of Article 6 item 1 of the Act as of March 11, 2004 on Tax on Goods and Services (VAT) (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, ownership right to immovable property situated in Kielce at Massalskiego Street and Kredowa Street, with an area of 50,716 sq. m, including ownership of a shopping center building erected thereon, usable area of 16,467 sq. m, with all rights and obligations pertaining thereto.

The value of contract is PLN 110,097,350 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 96,452,018.78 (as on March 08, 2007). The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 2,201,947 shares in the initial capital of "Projekt Echo - 54" Sp. z o.o. with total value of PLN 110,097,350, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 2,202,946 votes at the meeting of shareholders.

On November 7, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce and a subsidiary „Projekt Echo - 65” Sp. z o.o. ['Project Echo - 65' Limited Liability Company] with its registered seat in Kielce. The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA - Oddział Szczecin" ['Echo Investment Joint Stock Company - Szczecin Branch'] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, ownership right to immovable property situated in Szczecin at Malczewskiego Street, with an area of 5,242 square meters, with all rights and obligations pertaining thereto. The value of contract was PLN 9,570,050. The



aforementioned organized part of enterprise forms a non-cash contribution for coverage of newly established 191,401 shares in the initial capital of "Projekt Echo – 65" Sp. z o.o. ['Project Echo – 65' Limited Liability Company] with a total value of PLN 9,570,050. All newly established shares have been taken up by Echo Investment SA.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo – 63" Sp. z o.o. ['Project Echo – 63' Limited Liability Company] with its registered seat in Kielce (the Buyer). The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA – Oddział Kraków" ['Echo Investment Joint Stock Company – Krakow Branch'] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Act as of January 15, 1992 on Corporate Income Tax (Journal of Laws of 2000 No. 54 item 694), which is an establishment preparing its independent balance sheet within the meaning of Article 6 item 1 of the Act as of March 11, 2004 on Tax on Goods and Services (VAT) (Journal of Laws No. item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets included, among other, right of perpetual usufruct and ownership right of real estates situated in Krakow at Lea Street, with the office building erected thereon and constituting ownership separate from land, with all rights and obligations pertaining thereto.

The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiaries was PLN 3,668,704.84 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 12,744,400.

The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 254,888 shares in the initial capital of "Projekt Echo – 63" Sp. z o.o. ['Project Echo – 63' Limited Liability Company] with total nominal value of PLN 12,744,400, where all these newly established shares shall be taken up by Echo Investment SA.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo – 66" Sp. z o.o. ['Project Echo – 66' Limited Liability Company] with its registered seat in Kielce (the Buyer). The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA – Oddział Warszawa" ['Echo Investment Joint Stock Company – Warsaw Branch'] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, right of perpetual usufruct to immovable property situated in Warsaw at Postępu Street, with an area of 11,823 square meters, and ownership right to the building erected thereon forming a separate property, with all rights and obligations pertaining thereto. The value of contract is PLN 53,232,850 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 19,385,992 (as on September 30, 2007). The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 1,064,657 shares in the initial capital of "Projekt Echo – 66" Sp. z o.o. with total value of PLN 53,232,850, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 1,064,657 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo – 66" Sp. z o.o. intends to continue their present manner of utilization.

Apart from the aforementioned agreements, Echo Investment S.A. did not enter 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 as from the beginning of the financial year.

## 7.2. Transactions with managers or supervisors of Echo Investment S.A.

During the year 2007, no transactions occurred between Echo Investment S.A. and its managers or supervisors with individual or total value during a period of 12 months would make a Polish zloty equivalent of the amount of EUR 500,000.

## 8. Information about credits taken and loan agreements, specifying their due dates, and surety / guarantee contracts.

### 8.1. Credit agreements

Echo Investment S.A.'s obligations arising out of credit facilities taken out as at the end of the financial year 2007 are presented in the table below:

Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used amount as on 2007-12-31 [in thousands PLN]	Final repayment date
PeKaO S.A. (Bank BPH SA)	Advance on current account	PLN	20.000	0	29.06.2008
Bank Handlowy w Warszawie S.A.	Advance on current account	PLN	20.000	0	07.03.2008
BZ WBK SA	Advance on current account	PLN	20.000	0	31.05.2009
PKO BP SA	Advance on current account	PLN	20.000	0	20.08.2009
PKO BP SA	Working capital facility	PLN	40.000	0	20.08.2009

**8.1. Credit agreements continued**

Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used amount as on 2007-12-31 [in thousands PLN]	Final repayment date
PeKaO SA (Bank BPH S.A.)	Advance on current account	PLN	20.000	0	30.06.2008
PeKaO SA (Bank BPH S.A.)	Working capital facility	PLN	90.000	0	30.06.2009
ING Bank Śląski	Advance on current account	PLN	30.000	0	05.09.2008
FORTIS Bank S.A.	Advance on current account	PLN	20.000	0	29.11.2008

**8.3. Loan agreements****8.3.1. Short-term loans taken out**

Organization	Outstanding loan amount [capital in thousands PLN] as on 2007-12-31	Final repayment date
Echo Bau Sp. z o.o. [Echo Bau Limited Liability Company]	43	December 31, 2008
Projekt Echo 34 Sp. z o.o. [Project Echo 34 Limited Liability Company]	41	December 31, 2008
Projekt Echo 30 Sp. z o.o. [Project Echo 30 Limited Liability Company]	44	December 31, 2008
Galeria Echo - Kielce Sp. z o.o. [Echo Arcade - Kielce Limited Liability Company]	30	December 31, 2008
Echo - Galaxy Sp. z o.o. [Echo - Galaxy Limited Liability Company]	45	December 31, 2008
Echo - SPV 6 Sp. z o.o. [Echo - SPV 6 Limited Liability Company]	150	December 31, 2008
Projekt Echo 37 Sp. z o.o. [Project Echo 37 Limited Liability Company]	41	December 31, 2008

**8.3.2. Short-term loans granted**

Organization	Outstanding loan amount [capital in thousands PLN] as on 2007-12-31	Final repayment date
Princess Investment Sp. z o.o. [Princess Investment Limited Liability Company]	583	December 31, 2008
Projekt Echo - 81 Sp. z o.o. [Project Echo - 81 Limited Liability Company]	43 099	December 31, 2008
Astra Park Sp. z o.o. [Astra Park Limited Liability Company]	6 455	December 31, 2008

Ustra Sp. z o.o. [Ustra Limited Liability Company]	277	December 31, 2008
Athina Park Sp. z o.o. [Athina Park Limited Liability Company]	16 509	December 31, 2008
Echo investment Hungary KFT	17 649	December 31, 2008
Projekt S Sp. z o.o. [Project S Limited Liability Company]	732	December 31, 2008
Malta Office Park Sp. z o.o. [Malta Office Park Limited Liability Company]	6 593	December 31, 2008
Other	562	December 31, 2008

### 8.3.3. Long-term loans taken out

Echo Investment SA did not take out any long-term loans in 2007.

### 8.3.4. Long-term loans granted

Organization	Outstanding loan amount [capital in thousands PLN] as on 2007-12-31	Final repayment date
Projekt Naramowice Sp. z o.o. [Project Naramowice Limited Liability Company]	80 596	December 31, 2009
Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo – Business Center Łódź Limited Liability Company]	6 852	June 28, 2012
Centrum Bankowości i Finansów Łódź Sp. z o.o. [Banking and Finance Center Łódź Limited Liability Company]	3 651	December 31, 2011
Princess Boryszewska Sp. z o.o. [Princess Boryszewska Limited Liability Company]	39 876	December 31, 2009
Other	40	

### 8.4. Debenture bond agreements

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 obligations under debenture bonds issued. The maximum total nominal value of all bonds thus issued by Echo Investment SA shall not exceed:

- 600 million PLN under the agreement signed with BRE Bank SA,
- 250 million PLN under the agreement signed with BPH SA Bank.

The balance of these obligations as at the end of the financial year 2007 is presented in the table below:

Bank name	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

Events in 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. 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.

4. On September 04, 2007 Echo Investment SA (Issuer of Bonds) redeemed 3,000 discount bonds for a total nominal value of PLN 30 million. As a consequence of repurchase, the bonds were redeemed according to Article 24 clause 1 of the Act as of June 29, 1995 on Bonds (Journal of Laws No. 120 item 1300, as amended). The bonds were issued on December 04, 2006 under the contract of performance of a Bonds Issuance Program as of April 02, 2003 with Bank BPH S.A., seated in Krakow.

5. On September 11, 2007 Echo Investment SA (Issuer of Bonds) redeemed 3,000 discount bonds for a total nominal value of PLN 30 million. As a consequence of repurchase, the bonds were redeemed according to Article 24 clause 1 of the Act as of June 29, 1995 on Bonds (Journal of Laws No. 120 item 1300, as amended). The bonds were issued on December 11, 2006 under the contract of performance of a Bonds Issuance Program as of April 02, 2003 with Bank BPH S.A., seated in Krakow.

6. On September 13, 2007, an annex was signed between Echo Investment SA (Issuer of Bonds, the Company) and BPH S.A. Bank with its registered seat in Krakow (Issuance Agent) to the contract of performance of a Bonds Issuance Program (the Bonds) as of April 02, 2003 (the Agreement). Annex to the Agreement foresees multiple issues of short-, mid- and long-term bonds denominated in Polish zlotys, to be executed by the Issuer of Bonds before May 31, 2009. The maximum total nominal value of all bonds thus issued shall not exceed PLN 250 million. Under the foregoing Agreement, the Company is presently not indebted on account of debt securities issued. The company shall allocate the funds obtained from issues to financing its daily activities.

Under the signed annex to the Agreement, 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. The conditions of issue shall be set out prior to issue, during the term of the Bonds Issuance Program Agreement.

7. On November 23, 2007 Echo Investment SA (Issuer of Bonds) redeemed 500 discount bonds. As a consequence of repurchase, the bonds were redeemed according to Article 24 clause 1 of the Act as of

June 29, 1995 on Bonds (Journal of Laws No. 120 item 1300, as amended). The bonds were issued on May 24, 2007 under the Contract for performance of a Bonds Issuance Program as of April 16, 2004 with BRE Bank S.A., seated in Warsaw (RB no. 38/2007 of May 24, 2007).

### 8.5. Suretyship agreements

The following changes occurred in 2007 in respect of the balance of obligations under the Company's 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. [Echo – Grunwaldzki Arcade Limited Liability Company, Limited Partnership] with its registered seat in Kielce on account of loan granted by EUROHYPO AG Bank, with its registered seat in Eschborn, Germany, has expired. The surety was granted by Echo Investment SA in favor of EUROHYPO AG to the amount not exceeding EUR 13 million.
3. On May 15, 2007 Echo Investment SA granted a surety for the obligation of a subsidiary “Projekt – Echo 39” Sp. z o.o. [‘Project – Echo 39’ Limited Liability Company] with its registered seat in Kielce for payment of sales price for the right of perpetual usufruct of immovable property situated in Kalisz. The surety was granted up to the amount of PLN 18,807 million.
4. On July 4, 2007 Echo Investment SA granted a surety to “Projekt Echo – 49” Sp. z o.o. [‘Project Echo – 49’ Limited Liability Company] with its registered seat in Kielce on account of the obligation to remedy a damage, up to the amount of 1,361 thousand USD.
5. On July 4, 2007 surety granted in favor of the Municipal Office of Lodz concerning payment of fees for perpetual usufruct of land by MDP Sp. z o.o. [MDP Limited Liability Company] expired. The value of surety was PLN 8,370 thousand. The surety was valid until 2095.

Issuer's suretyship agreements in force as on December 31, 2007 are presented in the table below:

Surety in favor of	Value (in thousands)	Expiry date	On account of
Bank PeKaO SA	PLN 740	until the effective day of contract of transfer from the rights of bank performance guarantee in favor of PeKaO SA Bank.	Surety for the obligations of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Limited Liability Company] as a collateral of a loan granted by PeKaO SA Bank on June 28, 2000.
Natural person	PLN 18,807	until December 31, 2010	Surety for a subsidiary's obligation to pay the price of sales of perpetual usufruct right to immovable property situated in Kalisz
Projekt Echo 49 Sp. z o.o. [Project Echo 49 Limited Liability Company]	PLN 3,315	until July 04, 2010	Surety for obligations concerning remediation of damage regarding Projekt – Echo 49 Sp. z o.o. [Project – Echo 49 Limited Liability Company] up to the amount of 1,361 thousand USD

## 8.6. Guarantee agreements

As on December 31, 2007 Echo Investment SA did not have any valid guarantee agreements in force. The following changes occurred in 2007 in respect of the balance of obligations under guarantee agreements executed by the Company:

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.
4. On September 4, 2007, an annex was executed concerning extension of the validity period of a bank guarantee granted by PKO BP SA Bank as a security of obligations towards Spółdzielnia Spożywców MOKPOL. The validity period was changed from September 5, 2007 to March 5, 2008.
5. On September 27, 2007, the bank guarantee granted by PKO BP SA Bank as a security of obligations towards Spółdzielnia Spożywców MOKPOL expired. The value of that guarantee was PLN 3,995 thousand.

## 9. In case of issue of securities during the reporting period – description of the use of revenues from the issue by Echo Investment S.A.

Echo Investment S.A. did not issue any securities (shares) in 2007.

## 10. Clarification of differences between financial results disclosed in the annual statement and previously published prognoses for the year 2007

Echo Investment S.A. did not publish any prognoses of financial results for the year 2007.

## 11. Evaluation of management of financial resources of Echo Investment S.A., with special consideration of the capacity of paying off the incurred debts

Management of financial resources of Echo Investment S.A. in 2007, in relation to the investment process in progress of erection of commercial facilities and apartments was mainly focused on obtaining sources of financing for realized projects, bridge financing (until the point of obtaining financing by subsidiaries) and maintaining safe liquidity ratios and assumed financing structure.

The Company's operations in 2007 generated a positive result on all levels of the profit and loss account. During the recent years, Echo Investment S.A. has been increasingly emphasizing the increase of portfolio of commercial surfaces, which according to the Management Board should ensure stable revenues and cash flows and Echo Investment S.A.'s independency on cyclical phases in the economy and construction industry.

According to the Management Board, Echo Investment S.A.'s property and financial condition at the end of 2007 indicates the Company's stable financial standing.

Rates of return corresponding to the Company's business activity in 2007 are lower than those of the preceding year. Highest depreciation is noticeable in the operating profit margin rate, which shows that the profit margin on the Company's basic activity has decreased. Rates of return on assets and return on equity have deteriorated slightly, which is a consequence of growth of the value of assets and equity on the one hand and reduced net profit on unit level on the other hand. Consolidated data provide more objective means of assessing profitability of the business.

*Profitability indicators during the years 2007-2006 are presented in the table below:*

<b>Yield ratios</b>	<b>2007</b>	<b>2006</b>
Operating profit margin ratio <i>operating profit / net revenues from sales</i>	10,6%	25,3%
Net balance profit margin ratio <i>net profit / net revenues from sales</i>	21,6%	31,2%
Rate of return on assets (ROA) <i>net profit / assets total</i>	4,2%	7,8%
Rate of return on equity (ROE) <i>net profit / equity capital</i>	12,0%	20,0%

Turnover of key assets and liabilities of Echo Investment S.A. is due to the unique qualities of performed operations. It is related to the relatively long cycle of execution of the specific investment projects and the value and volume increase of the 'portfolio' of executed investments. This directly fosters an increase in the value of inventories, which the Company classifies as: acquired ownership rights and rights of perpetual usufruct of land and all building expenses and costs pertaining to executed developer projects designed for sale. Short-term accounts payable and accounts receivable cycle has become shorter. Inventories turnover cycle has extended.

*Movements of key assets and liabilities during the years 2007-2006 are presented in the table below:*

<b>Activity indicators</b>	<b>2007</b>	<b>2006</b>
Turnover of inventories in days <i>(Average balance of inventories * 365 / net revenues from sales)</i>	586	324
Turnover of short-term receivables in days <i>(Balance of short-term receivables * 365 / net revenues from sales)</i>	70	270
Turnover of short-term trade debt in days <i>(Balance of short-term trade debt * 365 / net revenues from sales)</i>	98	119

Liquidity ratios are maintained on safe levels. Current, quick and cash ratios are higher than in 2006. This is primarily due to the management board's policy related to financing of investment projects in progress. Echo Investment S.A.'s credibility in the financial market keeps increasing, which is confirmed by the diversified structure of banks financing the operations of the Company. High balance of cash also fosters improvement of liquidity ratios.



Liquidity ratios of Echo Investment S.A. during the years 2007-2006 are presented in the table below:

Liquidity ratios	2007	2006
Current ratio <i>current assets/ short-term debts</i>	2,85	1,75
Quick ratio <i>(current assets – inventories) / short-term debts</i>	1,20	1,08
Cash ratio <i>cash / short-term debts</i>	0,60	0,38

Due to appropriate financing structure, the values of presented ratios are safe for performed operations and confirm Echo Investment S.A.'s credibility in the financial market. Debt levels of assets and equity increased in comparison to the values of the preceding year. Asset to equity ratios indicate increasing debt percentage level.

Assets coverage and debt ratios of Echo Investment S.A. during the years 2007-2006 are presented in the table below:

Debt ratios	2007	2006
Equity to assets ratio <i>equity / assets total</i>	35,0%	38,8%
Equity to fixed assets ratio <i>equity / fixed assets</i>	76,1%	91,9%
Overall debt ratio <i>debt total / assets total</i>	61,2%	57,3%
Debt to equity ratio <i>debts total / equity</i>	174,7%	147,6%

## 12. Evaluation of the possibility of realization of investment plans, including capital investments, as compared to the volume of available resources, accounting for possible changes in the structure of financing of these operations

Echo Investment S.A. is fully capable of financing the currently executed investment projects. While executing projects in all areas of activity, the Company intends to finance these projects using funds from equity capitals, bank loans, issue of debt securities. The Management Board of Echo Investment SA focuses its efforts on achieving a situation when programs of issue of debenture bonds are guaranteed and their maturity periods are longer than one year.

At the same time, the Company intends to execute a number of projects through subsidiaries. This refers in particular to projects designed for lease, i.e. shopping and commercial / entertainment centers and offices, obtaining financing (special purpose facilities) directly for these companies.

## 13. Assessment of extraordinary factors and events affecting the financial results yielded in 2007

An important factor affecting the financial result was the revaluation of the Company's immovable properties, which is carried out every 3<sup>rd</sup> quarter of year, accounting for changes in capitalization rates and changes due to EUR and USD exchange rate gains/losses (q/q).

Another event affecting the bottom line was the settlement of the transaction of sale of Pasaż Świętokrzyski shopping center of Kielce. The contracts of sale of immovable property were executed on July 04, 2007. Total net price of transaction was EUR 29,581,113, i.e. an equivalent of PLN 111,159,906.43 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 as on June 30, 2007 was PLN 102,046,365.

The bottom line was also affected by the signing of final contracts of sale of the housing project of Warsaw, Inflancka Street, and clearing of the fee payable to Echo Investment S.A. under General



Contracting Agreement signed with Ustra Sp. z o.o. with its registered seat in Kielce concerning erection of a complex of office buildings in Kielce, al. Solidarności Street.

Other factors include regular incomes from lease contracts, progress of execution, lease and sale of currently built commercial and housing investments, purchase of real estate, 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 the foreign markets, where Echo is going to perform its operations.

#### 14. Description of external and internal factors significant for the development of Echo Investment S.A. Description of development perspectives for the Company's economic activity.

##### 14.1. Description of external and internal factors significant for the development of Echo Investment S.A.

Key **external** factors affecting the Company's development include:

###### *Positive factors:*

- maintained investment activity of Polish and foreign business entities and resulting demand for services provided by the Company,
- shortage of residential areas,
- decreasing cost of mortgages, encouraging consumers to take out such loans,
- Polish and foreign financial institutions' willingness to engage in financing investments in the real estate market,
- increased interest of foreign investment funds in the Polish real property markets, resulting from their encouragement by high yield rates,
- improved availability of capital sources, resulting from market entry of a number of institutions interested in investing in the real property sector,
- Poland's accession to the European structures

###### *Negative factors:*

- unclear legal status of numerous real properties, which is due to such issues as reprivatization or lack of precise spatial development plans in many towns and communes,
- time-consuming court and administrative proceedings related to legal status regulation and acquisition of rights to real property,
- adverse changes on the real estate market, having an immediate impact on the Company's business,
- restriction of regulations concerning construction of large-size facilities in Poland,
- uncertainty about key assumptions of the fiscal and monetary policies in Poland.

Key **internal** factors significant for the development of Echo Investment S.A. include:

###### *Positive factors:*

- clear and precise development strategy,
- stable structure of shareholders of Echo Investment S.A., with clear and consistent owners' policy towards the Company,
- well-defined product group,
- recognized position in the developer market and high reliability, acknowledged by Echo Investment S.A.'s presence in the Stock Exchange and obtained Developer's Certificate,
- good cooperation with stable partners,
- organizational structure accounting for the existence of profit centers, which are responsible for the specific segments of activity of Echo Investment S.A.

###### *Negative factors:*

- unique quality of the operations, involving high level of dependency on complicated and time-consuming legal procedures,
- high demand for current assets, particularly related to the high number of executed projects.

#### **14.2. Perspectives for the development of economic activity of Echo Investment S.A.**

The Management Board of Echo Investment S.A. envisages further dynamic growth of the entire organization. Such growth will be based on good perspectives for the real estate market in Poland and in other countries of Central and Eastern Europe. The Company's future activities will focus on expanding the portfolio of commercial areas for lease. Furthermore, Echo Investment S.A. intends to increase the sales of residential projects. Realization of hotels strongly depends on the situation in the tourist industry and on hotel chains' willingness to undertake new investments. The Company is planning for further cooperation with the present hotel chain operators, for whom the Company has completed hotel projects. The current activity of Echo Investment S.A. is focused on the Polish market. The Management Board of the Company intends to launch business operations on foreign markets, in Central and Eastern Europe. Certain efforts have been taken in order to extend the range of the Company's operations outside Poland. Under its verification and portfolio improvement policy, the Company does not foreclose expansion of existing commercial projects (shopping centers) and the sale of certain existing projects to obtain funds for financing its current and future investments.

#### **15. Changes in basic management principles of Echo Investment S.A. and in the level of management supporting computerization in Echo Investment S.A.**

No significant changes in the basic rules of management took place during the year 2007. Development of the organization enforces improvement of management procedures applied at Echo Investment S.A.

#### **16. Changes in the composition of managing and supervisory bodies of Echo Investment S.A. during last financial years. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.**

##### **16.1. The Management Board**

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

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

Certain significant events took place in 2007, causing changes in the composition of the Management Board of Echo Investment SA:

- On March 26, 2007 Mr. Andrzej Majcher resigned from his function as a Member and President of the Management Board of the Company. Mr. Andrzej Majcher is going to apply for a post of Supervisory Board member.

- On March 27, 2007 a meeting of the Supervisory Board of Echo Investment S.A. was held and a resolution was passed on appointing President of the Management Board of the Company and assigning a member of the Supervisory Board to temporary performance of functions of Management Board member.

In the course of resolutions passed, the Supervisory board of the Company appointed Mr. Jarosław Grodzki, former Vice-President of the Management Board of the Company, President of the Management Board of the Company as from March 27, 2007.

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

## 16.2. The Supervisory Board

The composition of the Supervisory Board changed in 2007. 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,
- Karol Żbikowski,
- Tomasz Kalwat,
- Andrzej Majcher.

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

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

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.

As on December 31, 2007 and the date of submission of this annual report, the Supervisory Board of Echo Investment S.A. is composed of the following members:

Wojciech Ciesielski, Chairman of the Supervisory Board,  
Andrzej Majcher, Deputy Chairman of the Supervisory Board,  
Mariusz Waniółka, Member of the Supervisory Board,  
Robert Oskard, Member of the Supervisory Board,  
Karol Żbikowski, Member of the Supervisory Board,

Tomasz Kalwat, Member of the Supervisory Board.

**16.3. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.**

**16.3.1. Rules of appointing and dismissing members of managing bodies**

These rules, as applied by the company, are regulated by the Polish Code of Commercial Partnerships and Companies, and Company Articles of Echo Investment S.A.

The Management Board as a whole and the individual members thereof shall be appointed and suspended by the Supervisory Board, who shall elect the President of the Management Board and the Vice-President of the Management Board.

The term of office of the first Management Board shall last two years and the terms of office of the subsequent Management Boards shall last three years, where management board members shall be appointed for a common term of office, which shall not preclude the right to early dismissal of each of the Management Board members. The terms of office of the Management Board members shall elapse on the day of a General Meeting of Shareholders that is held for the purpose of approving of a financial statement for the final year of the term of the Management Board. The Supervisory Board may dismiss the Management Board or its individual members before expiry of their terms of office, including specifically upon written request of shareholders representing at least 1/3 of the share capital or if the Ordinary General Meeting of Shareholders passes a resolution on refusal to grant a vote of acceptance to the Management Board on account of performance of its duties during the completed financial year.

**16.3.2. Authorizations of members of managing bodies**

Authorizations of managing bodies members are regulated by the Company Articles of Echo Investment SA. The Management Board members shall represent the Company in front of authorities, offices and third parties, during proceedings in court, state authorities and offices. Statements shall be made in the name of the Company by two members of the Management Board acting jointly, or by one Management Board member acting jointly with the Procurator. Incurring liabilities by persons authorized to make statements in the name of the Company for amounts exceeding 20% of the Company's ownership capitals shall require prior written consent of the Supervisory Board. The Management Board shall handle all current issues of the Company in the range not reserved by the provisions of the Code of Commercial Partnerships and Companies or of the Company Articles for the General Meeting of Shareholders or the Supervisory Board.

Decisions regarding issue and redemption of shares are regulated by the provisions of the Polish Code of Commercial Partnerships and Companies.

**17. Value of all outstanding loans granted by the issuer to members of managing and supervisory bodies and their relatives (separately), and of guarantees and sureties granted to these persons (separately).**

As on December 31, 2007 there are no outstanding loans, guarantees or sureties granted by the issuer to managing or supervisory bodies members or to relatives of these persons.

**18. Agreements made between the issuer and members of managing bodies, stipulating compensation in case of their resignation or dismissal from their positions without an important reason, or if their removal or dismissal results from the issuer's merger through takeover**

As on December 31, 2007, no agreements exist between Echo Investment SA and members of managing bodies that would stipulate compensation.



**19. Value of remuneration, rewards and benefits, including ones resulting from programs based on bonds with preemptive rights, convertible bonds, subscription warrants, paid, due or potentially due, separately for each member of the issuer's managing and supervisory bodies, as well as values of remuneration and rewards received for performance of functions in the bodies of subsidiaries.**

#### **19.1 Remuneration paid to members of managing bodies**

Managers of Echo Investment S.A. received the following compensation from Echo Investment S.A. and on account of their functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies in 2007:

- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 650 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Jarosław Grodzki received compensation from Echo Investment S.A. in the total amount of PLN 926 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Piotr Gromniak received compensation from Echo Investment S.A. in the total amount of PLN 619 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Artur Langner received compensation from Echo Investment S.A. in the total amount of PLN 725 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Mariusz Waniółka received compensation from Echo Investment S.A. in the total amount of PLN 60 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.

Other persons involved in management of wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) received a total compensation of PLN 292 thousand for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies.

#### **19.2 Remuneration paid to members of supervisory bodies**

Supervisors of Echo Investment SA received the following compensation from Echo Investment S.A. on account of their supervisory functions for the Company during the year 2007:

- Wojciech Ciesielski received compensation from Echo Investment S.A. in the total amount of PLN 82 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Mariusz Waniółka received compensation from Echo Investment S.A. in the total amount of PLN 46 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,

- Robert Oskard received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Karol Żbikowski received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Tomasz Kalwat received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Kamil Latos received compensation from Echo Investment S.A. in the total amount of PLN 15 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 35 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies

Other persons involved in supervision over the wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) did not receive compensation for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies.

## 20. Total number and nominal value of all shares of the issuer and shares in the issuer's capital group companies held by managing and supervising persons

### Split of shares

Shares of Echo Investment S.A. have been quoted on the Warsaw Stock Exchange since March 1996. On October 18, 2007 the Extraordinary General Meeting of Shareholders of Echo Investment SA passed Resolution no. 6 on split of the Company's shares with appropriate amendment of the Company Articles (split of shares in proportion 1:10). The former nominal value of each share of PLN 0.50 has now been determined as PLN 0.05. As a result of such change in the nominal value of shares, the number of issued shares will grow from 42 million to 420 million shares.

On December 10, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department registered changes in the articles and structure of the initial capital of Echo Investment SA. The changes were registered with regard to the Resolution no. 5 enacted by the Extraordinary General Meeting of Shareholders of Echo Investment SA of October 18, 2007 on amendment of the Company's objects and related changes to the Company Articles, and Resolution no. 6 on splitting the Company's shares and amending the Company Articles accordingly. As a result of 1:10 split of shares, the nominal value of shares was reduced from 0.50 PLN to 0.05 PLN. At present, the value of share capital is PLN 21,000,000 and it is divided into:

- 1,600,000 (one million six hundred thousand) series A ordinary bearer shares,
- 38,400,000 (thirty-eight million four hundred thousand) series B ordinary bearer shares,
- 20,000,000 (twenty million) series C ordinary bearer shares,
- 60,000,000 (sixty million) series D ordinary bearer shares,
- 20,000,000 (twenty million) series E ordinary bearer shares,
- 280,000,000 (two hundred and eighty million) series F ordinary bearer shares.

All shares with nominal value of PLN 0.05. The total number of votes yielded by all shares is 420,000,000.

On December 20, 2007 the National Deposit of Securities (KDPW SA) of Warsaw, acting pursuant to paragraph 86 and paragraph 2 clause 1 and clause 4 of the Regulations of the National Deposit of Securities decided through a Resolution No. 904/07 as of December 20, 2007 that, because of change of

the nominal value of Echo Investment SA's shares, the 31<sup>st</sup> day of December 2007 shall be the splitting date of 42,000,000 shares of Echo Investment SA with a nominal value of PLN 0.50 each, code PLECHPS00019, into 420,000,000 shares of Echo Investment SA for a nominal value of PLN 0.05 each. As on December 31, 2007, 420,000,000 shares of Echo Investment SA will be coded PLECHPS00019, with nominal value of PLN 0.05 each. On December 31, 2007 the National Deposit of Securities (KDPW SA), in the course of executing its resolution no. 904/07 as of December 30, 2007, swapped Echo Investment SA's shares in the deposit of securities.

As on May 6, 2008, 420,000,000 shares of the Company are presently available for stock trade. All shares yield the same rights. Each share carries one vote at the General Meeting of Shareholders of the Company. Nominal value of one share is PLN 0.05.

Information about issues of Echo Investment's shares:

Series	Number of shares*	Nominal value total	Class of shares	Date of shares registration by court	Date of listing on the Warsaw Stock Exchange
A	1.600.000	80.000	Ordinary bearer shares	30.06.1994	10.08.2006
B	38.400.000	1.920.000	Ordinary bearer shares	30.06.1994	21.02.1996
C	20.000.000	1.000.000	Ordinary bearer shares	13.11.1995	21.02.1996
D	60.000.000	3.000.000	Ordinary bearer shares	18.02.1997	27.03.1997
E	20.000.000	1.000.000	Ordinary bearer shares	30.12.1997	02.03.1998
F	280.000.000	14.000.000	Ordinary bearer shares	26.11.2002	20.12.2002
Total:	420.000.000	21.000.000			

\* number of shares after 1:10 split (registration on December 10, 2007 by the District Court, 10<sup>th</sup> Economic Department of the National Court Register in Kielce).

## 20.1. Ownership of shares of Echo Investment S.A. by supervising persons

Ownership of shares of Echo Investment S.A. by supervising persons is presented in the table below:

	Balance as on 2007-12-31*	Nominal value of one share	Nominal value total	Percentage of share capital
<b>Wojciech Ciesielski</b> , Chairman of the Supervisory Board,	1.440.000	PLN 0.05	PLN 72,000	0,34%
<b>Andrzej Majcher</b> , Deputy Chairman of the Supervisory Board**	100.800	PLN 0.05	PLN 5,400	0,02%
<b>Mariusz Waniółka</b> , Member of the Supervisory Board	did not hold any shares	-	-	-
<b>Robert Oskard</b> , Member of the Supervisory Board,	did not hold any shares			
<b>Karol Żbikowski</b> , Member of the Supervisory Board	did not hold any shares	-	-	-
<b>Kamil Latos</b> , Member of the Supervisory Board***	did not hold any shares	-	-	-
<b>Tomasz Kalwat</b> , Member of the Supervisory Board	did not hold any shares	-	-	-

\* number of shares after 1:10 split (registration on December 10, 2007 by the District Court, 10<sup>th</sup> Economic Department of the National Court Register in Kielce).

\*\* Member of the Supervisory Board as from May 29, 2007.

\*\*\* Member of the Supervisory Board until May 29, 2007.

On February 14, 2007 the Company was notified by a member of the Supervisory Board that a person closely related to a member of the Supervisory Board of Echo Investment S.A., a company where he holds a director's post, entered on February 7, 2007 into a transaction of transfer of 755,573 shares of Echo

Investment S.A. at the Stock Exchange (no. of shares after split: 7,555,730) for a unit price of PLN 110 each (value after split: PLN 11.00). The transaction was made as a block session transaction.

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



## 20.2. Ownership of shares of Echo Investment S.A. by managing persons

Ownership of shares of Echo Investment S.A. by managing persons is presented in the table below:

	Balance as on 2007-12-31 [pcs.]*	Nominal value of one share	Nominal value total	Percentage of share capital
<b>Jarosław Grodzki</b> , President of the Management Board*	did not hold any shares	-	-	-
<b>Piotr Gromniak</b> , Member of the Management Board	did not hold any shares	-	-	-
<b>Artur Langner</b> , Member of the Management Board.	did not hold any shares	-	-	-

\* number of shares after 1:10 split (registration on December 10, 2007 by the District Court, 10<sup>th</sup> Economic Department of the National Court Register in Kielce).

\*\* *President of the Management Board of Echo Investment SA as from March 27, 2007, formerly Vice-President of the Management Board of Echo Investment SA.*

## 21. Shareholders of Echo Investment S.A. that, as on December 31, 2007, have at least 5% of the total number of votes at the general meeting of shareholders, directly or indirectly through subsidiaries.

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on December 31, 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 the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Solowow (directly and indirectly)	164 809 630	39,24%	164 809 630	39,24%
Commercial Union OFE*	37 850 690	9,01%	37 850 690	9,01%
OFE PZU Złota Jesień*	35 430 620	8,44%	35 430 620	8,44%
OFE ING Nationale – Nederlanden Polska*	35 259 850	8,40%	35 259 850	8,40%

\*balance of shares according to annual structure of investment portfolios of the OFEs (Open Pension Funds) as on December 29, 2007

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

- directly: 1,185,568 shares of Echo Investment SA (no. of shares after split: 11,855,680), giving 2.82% of the initial capital and 1,185,568 votes at the General Meeting of Shareholders (no. of votes after split of shares: 11,855,680), i.e. 2.82% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA,
- indirectly through subsidiaries: 15,295,395 shares of Echo Investment SA (no. of shares after split: 152,953,950), giving 36.42% of the initial capital and 15,295,395 votes at the General Meeting of



Shareholders (no. of votes after split of shares: 152,953,950), i.e. 36.42% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Directly and indirectly, he holds a total of 16,480,963 shares of Echo Investment SA (no. of shares after split: 164,809,630), giving 39.24% of the initial capital and 16,480,963 votes at the General Meeting of Shareholders (no. of votes after split of shares: 164,809,630), i.e. 39.24% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

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

- directly: 1,185,568 shares of Echo Investment SA (no. of shares after split: 11,855,680), giving 2.82% of the initial capital and 1,185,568 votes at the General Meeting of Shareholders (no. of votes after split of shares: 11,855,680), i.e. 2.82% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA,

- indirectly through subsidiaries: 16,050,968 shares of Echo Investment SA (no. of shares after split: 160,509,680), giving 38.22% of the initial capital and 16,050,968 votes at the General Meeting of Shareholders (no. of votes after split of shares: 160,509,680), i.e. 38.22% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Directly and indirectly, he was holding a total of 17,236,536 shares of Echo Investment SA (no. of shares after split: 172,365,360), giving 41.04% of the initial capital and 17,236,536 votes at the General Meeting of Shareholders (no. of votes after split of shares: 172,365,360), i.e. 41.04% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

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 (no. of shares after the split: 20,577,230) on their accounts covered by the management agreement, forming 4.90% of the Issuer's share capital. These shares carried 2,057,723 votes (no. of votes after the split of shares: 20,577,230), constituting 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 (no. of shares after the split: 21,001,230), forming 5.0003% of the Issuer's initial capital. These shares carried 2,100,123 votes (no. of votes after the split of shares: 21,001,230), constituting 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 (no. of shares after the split: 21,002,700) on their accounts covered by the management agreement, forming 5.0006% of the Issuer's share capital. These shares carried 2,100,270 votes (no. of votes after the split of shares: 21,002,700), constituting 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 (no. of shares after the split: 20,974,100), forming 4.99% of the Issuer's initial capital. These shares carried 2,097,401 votes (no. of votes after the split of shares: 20,974,100), constituting 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 SA (no. of shares after the split: 20,978,230), constituting 4.99% of the Issuer's share capital. These shares carried 2,097,823 votes at the general meeting of shareholders (no. of votes after the split of shares: 20,978,230), i.e. 4.99% share in the total number of votes at the general meeting of shareholders of Echo Investment SA.

As on July 16, 2007, a total of 2,108,623 shares were present in the Funds' securities accounts (no. of shares after the split: 21,086,230), giving 5.02% of the Issuer's share capital. These shares carried 2,108,623 votes at the general meeting of shareholders (no. of votes after the split of shares: 21,086,230), i.e. 5.02% share in the total number of votes at the general meeting of shareholders of Echo Investment SA.

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.

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (BZ WBK AIB Investment Funds Society Joint Stock Company, hereinafter referred to as the Society), acting on behalf of Arka BZ WBK Open Stock Investment Fund, Arka BZ WBK Stable Growth Investment Fund, Arka BZ WBK Balanced Open Investment Fund, and Lukas Open Investment Fund (hereinafter referred to as the Funds) and pursuant to Article 69 clause 1 item 2 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 sales of shares that were cleared on October 30, 2007, the Funds enumerated above have become joint holders of shares carrying less than 5% of the total number of votes at the general meeting of shareholders of Echo Investment SA.

Before the decrease of that percentage, the Funds' accounts contained 2,100,144 shares of Echo Investment SA (no. of shares after the split: 21,001,440), constituting 5.0003% of the Issuer's share capital. These shares carried 2,100,144 votes at the general meeting of shareholders (no. of votes after the split of shares: 21,001,440), i.e. 5.0003% share in the total number of votes at the general meeting of shareholders of Echo Investment SA.

As on October 30, 2007, a total of 2,091,144 shares were present in the Funds' securities accounts (no. of shares after the split: 20,911,440), giving 4.9789% of the Issuer's share capital. These shares carried 2,091,144 votes at the general meeting of shareholders (no. of votes after the split of shares: 20,911,440), i.e. 4.9789% share in the total number of votes at the general meeting of shareholders of Echo Investment SA.

The Society further informs 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.

BZ WBK AIB Asset Management SA of Poznań communicated that as a result of transfers of the Issuer's shares as cleared on December 12, 2007 BZ WBK AIB Asset Management SA's customers whose accounts are covered by the management agreement have become owners of shares carrying less than 5% of the total number of votes at the Issuer's general meeting of shareholders.

Before the aforementioned increase of share, BZ WBK AIB Asset Management SA's clients held 2,113,861 shares of Echo Investment SA (no. of shares after the split: 21,138,610) on their accounts covered by the

management agreement, forming 5.03% of the Issuer's share capital. These shares carried 2,113,861 votes (no. of votes after the split of shares: 21,138,610), constituting 5.03% of the total number of votes at the Issuer's general meeting of shareholders.

On December 12, 2007 there were 2,007,152 shares of Echo Investment SA on BZ WBK AIB Asset Management SA customers' securities accounts (no. of shares after the split: 20,071,520), forming 4.78% of the Issuer's share capital. These shares carried 2,007,152 votes (no. of votes after the split of shares: 20,071,520), constituting 4.78% of the total number of votes at the Issuer's general meeting of shareholders.

Furthermore, BZ WBK AIB Asset Management SA informs that BZ WBK AIB TFI SA of Poznań, pursuant to 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), contracted management of investment funds' portfolios from BZ WBK Asset Management SA. Considering the above, this information also accounts for Echo Investment SA's shares held by BZ WBK AIB TFI SA.

**22. Information about contracts known to the issuer, made during the last financial year, as a result of which changes may occur in the future in the proportions of shares held by existing shareholders.**

No such contracts are known to the Management Board of Echo Investment S.A.

*23. Owners of any securities giving special controlling privileges toward the issuer, including a description of such privileges*

Securities issued by Echo Investment S.A. do not give any special controlling privileges toward the issuer.

*24. Information about a system of control of matching shares programs*

No matching share program is functioning in the Company.

*25. Restrictions concerning transfer of ownership right of the issuer's securities, and restrictions regarding execution of the voting rights assigned to the issuer's shares*

There are no restrictions as regards transfer of ownership of securities or execution of the voting rights from shares.

**26. Information concerning contract with certified auditor of financial statements for audit or review of a financial statement or consolidated financial statement**

On August 2, 2005 Echo Investment S.A. entered into an agreement with BDO Polska Sp. z o.o. with its registered seat in Warsaw, 12 Postępu Street, registration number of the National Board of Expert Auditors 523 (certified auditor of financial statements) for auditing and reviewing individual and consolidated financial statements. The contract was made for a term of 2 years, with an option of prolongation for a third year. On June 27, 2007, the Company took the option under the aforementioned agreement of contracting further audits of the financial statements of the Company and the Capital Group of Echo Investment S.A. for 2007 from BDO Numerica S.A. (former name: BDO Polska Sp. z o.o.).

The fee for review and audit of the financial statement in 2007 under the said agreement will be PLN 107,100. The fee for review and audit of the consolidated financial statement in 2007 will be PLN 68,000.

Equivalent values for the same period of the preceding year are: PLN 113,400 and PLN 72,000, respectively.

The remaining total fee for other services under the contract may refer to:

- compensation for verifying correctness of transformation of consolidated subsidiaries' data into the IAS if such subsidiaries had previously been preparing their financial statements according to the Polish Accounting Standards, in the amount of PLN 1,900 for each company requiring such verification, but no more than PLN 45,000 per year. This fee paid for the preceding year equaled PLN 45,000.
- costs of assignments borne by BDO Numerica S.A. with regard to the performance of contract, whose value according to the contract in force may not exceed PLN 21,000 per year. The fee paid for delegation costs for the preceding year equaled PLN 20,817.

Kielce, April 30, 2008

Signed by the Management Board of Echo Investment S.A.

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Jarosław Grodzki

President of the Management Board

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Piotr Gromniak

Member of the Management Board

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Artur Langner

Member of the



## STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. hereby declares that, according to its best knowledge, the annual individual financial statement and comparative information have been prepared in accordance with valid accounting principles and they truly, reliably and clearly present the Company's property and financial condition and its financial result and that the annual management report contains a true presentation of the development, achievement and standing of the Company, including a description of basic risks and threats.

In addition, the Management Board of Echo Investment SA hereby represents that BDO Numerica S.A. as the auditor of the annual individual financial statement was selected in compliance with valid laws and, together with chartered accountants carrying out the said audit, complied with the requirements for an impartial and independent audit report according to applicable national laws.

Kielce, April 30, 2008

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Jarosław Grodzki

President of the Management Board

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Piotr Gromniak

Member of the Management Board

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Artur Langner

Member of the

Management Board



