

Echo Investment Capital Group

Mid-year condensed consolidated financial statement
as on and for a period of three months expiring on March 31, 2008



Kielce, May 15, 2008

1. Condensed consolidated balance sheet, in thousands PLN

	balance as on 2008.03.31 end of quarter	balance as on 2007.12.31 end of previous year	balance as on 2007.03.31 end of quarter
Assets			
1. Fixed assets			
1.1. Intangible assets	461	525	91
1.2. Goodwill of subsidiaries	65 049	40 382	40 382
1.3. Tangible assets	504 580	463 167	505 389
1.4. Long-term receivables	49	54	5
1.5. Investment immovable property	2 035 578	2 034 700	1 730 078
1.6. Long-term financial assets	11 160	11 000	11 482
1.7. Deferred income tax assets	42 838	42 176	19 661
	2 659 715	2 592 004	2 307 088
2. Current assets			
2.1. Inventories	475 625	455 619	270 383
2.2. Tax receivables	37 938	46 246	36 234
2.3. Trade receivables, other receivables	14 332	13 442	7 553
2.4. Short-term financial investments	16 930	33 478	664
2.5. Accruals	10 733	3 212	7 182
2.6. Cash and cash equivalents	271 957	394 947	283 394
	827 515	946 944	605 410
Assets total	3 487 230	3 538 948	2 912 498
Liabilities			
1. Equity			
1.1. Equity capital allocated to shareholders of the dominant company	1 532 202	1 510 535	1 255 931
1.1.1. Initial capital	21 000	21 000	21 000
1.1.2. Supplementary capital	1 001 917	985 994	538 319
1.1.3. Profit (loss) carried forward	491 363	188 247	635 922
1.1.4. Profit (loss) of the accounting year	26 232	319 039	60 694
1.1.5. Foreign exchange gains/losses arising from conversion of foreign companies' data	(8 310)	(3 745)	(4)
1.2. Minority capitals	17 145	15 806	11 162
	1 549 347	1 526 341	1 267 093
2. Reserves			
2.1. Reserve for deferred income tax	257 018	252 836	188 364
2.2. Other reserves	66 645	70 441	25 201
	323 663	323 277	213 565
3. Long-term debts			
3.1. Financial debt	1 274 038	1 283 221	967 229
3.2. Other debt	1 000	32 180	36 976
	1 275 038	1 315 401	1 004 205
4. Short-term debts			
4.1. Financial debt	35 917	37 859	200 716
4.2. Tax debt	15 528	9 245	16 773
4.3. Trade debt	45 620	121 352	53 169
4.4. Other debt	242 117	205 473	156 977
	339 182	373 929	427 635
Liabilities total	3 487 230	3 538 948	2 912 498

Book value (in thousands PLN)	1 532 202	1 510 535	1 255 931
Number of shares	420 000 000	420 000 000	420 000 000
Book value per one share (in PLN)	3,65	3,60	2,99
Diluted number of shares	420 000 000	420 000 000	420 000 000
Diluted book value per one share (in PLN)	3,65	3,60	2,99

OFF-BALANCE ITEMS in thousands PLN	balance as on 2008.03.31 end of quarter	balance as on 2007.12.31 end of previous year	balance as on 2007.03.31 end of quarter
1. Off-balance receivables			
2. Off-balance debts	22 806	22 501	12 977

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

	1st quarter the period from 2008.01.01 to 2008.03.31	1st quarter the period from 2008.01.01 to 2008.03.31	1st quarter the period from 2007.01.01 to 2007.03.31	1st quarter the period from 2007.01.01 to 2007.03.31
Operating revenues	91 632	91 632	65 393	65 393
Operating expenses	(40 917)	(40 917)	(25 249)	(25 249)
Gross profit (loss) on sales	50 715	50 715	40 144	40 144
Profit (loss) on sales of real estate	-	-	-	-
Revaluation of immovable property	891	891	59 766	59 766
Costs of sales	(5 409)	(5 409)	(3 746)	(3 746)
Overheads	(9 417)	(9 417)	(6 209)	(6 209)
Other operating revenues (costs)	6 027	6 027	(452)	(452)
Earnings before tax and financial revenues / costs	42 807	42 807	89 503	89 503
Financial revenues	7 693	7 693	4 583	4 583
Financial costs	(21 957)	(21 957)	(15 396)	(15 396)
Foreign exchange gains/losses	6 035	6 035	(3 950)	(3 950)
Revaluation of goodwill of subsidiaries	-	-	(45)	(45)
Shares in profits of associated companies	(15)	(15)	-	-
Gross profit (loss)	34 563	34 563	74 695	74 695
Income tax	(6 974)	(6 974)	(13 423)	(13 423)
Net profit (loss)	27 589	27 589	61 272	61 272
Profit (loss) allocated to minority shareholders	1 357	1 357	578	578
Profit (loss) allocated to shareholders of the dominant company	26 232	26 232	60 694	60 694
Net profit (loss) (annualized)	284 577			282 042
Weighted average number of ordinary shares	420 000 000			420 000 000
Profit (loss) per one ordinary share (in PLN)	0,68			0,67
Weighted average diluted number of ordinary shares	420 000 000			420 000 000
Diluted profit (loss) per one ordinary share (in PLN)	0,68			0,67

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

	Initial capital	Supplementary capital	Profit (loss) carried forward	Profit (loss) of the current year	Foreign exchange gains/losses arising from conversion	Equity capital allocated to shareholders of the dominant company	Minority capitals	Total owner's equity
For the 1st quarter (current year), period from 2008.01.01 to 2008.03.31								
Balance at the beginning of the period	21 000	985 994	507 286		(3 745)	1 510 535	15 806	1 526 341
Corrections of basic errors	-	-	-	-	-	-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	985 994	507 286	-	(3 745)	1 510 535	15 806	1 526 341
Distribution of profit/loss carried forward	-	15 923	(15 923)	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	(18)	(18)
Net profit (loss) of the current period	-	-	-	26 232	(4 565)	21 667	1 357	23 024
Balance at the end of the period	21 000	1 001 917	491 363	26 232	(8 310)	1 532 202	17 145	1 549 347
For 4 quarters (previous year), period from January 1, 2007 to December 31, 2007								
Balance at the beginning of the period	21 000	538 319	635 922	-	2	1 195 243	10 584	1 205 827
Corrections of basic errors	-	-	-	-	-	-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	538 319	635 922	-	2	1 195 243	10 584	1 205 827
Distribution of profit/loss carried forward	-	447 675	(447 675)	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	-	319 039	(3 747)	315 292	5 222	320 514
Balance at the end of the period	21 000	985 994	188 247	319 039	(3 745)	1 510 535	15 806	1 526 341
For the 1st quarter (previous year), period from 2007.01.01 to 2007.03.31								
Balance at the beginning of the period	21 000	538 319	635 922		2	1 195 243	10 584	1 205 827
Changes in applied accounting principles (policy)	-	-	-	-	-	-	-	-
Corrections of basic errors	-	-	-	-	-	-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	538 319	635 922	-	2	1 195 243	10 584	1 205 827
Distribution of profit/loss carried forward	-	-	-	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	-	60 694	(6)	60 688	578	61 266
Balance at the end of the period	21 000	538 319	635 922	60 694	(4)	1 255 931	11 162	1 267 093

4. Condensed consolidated cash flow account, in thousands PLN

Cash flow statement	1st quarter the period from 2008.01.01 to 2008.03.31	1st quarter the period from 2007.01.01 to 2007.03.31
A. Cash flows on operating activity – indirect method		
I. Net profit (loss)	27 589	61 272
II. Adjustments total		
1. Share of associated companies in net (profit) loss	15	-
2. Depreciation of fixed assets	1 466	1 023
3. Revaluation of goodwill	-	45
4. Foreign exchange gains/losses	(12 108)	(9 463)
5. Interest and shares in profits (dividends)	17 644	12 249
6. (Profit) loss on investment activity	18 368	(47 292)
7. Change in reserves	6 289	8 286
8. Change in inventories	(21 531)	(42 721)
9. Change in receivables	658	33 125
10. Change in short-term debts, except for loans and credits	(49 168)	(9 123)
11. Change in accruals	(4 528)	6 293
12. Other adjustments	4	-
	(42 891)	(47 578)
III. Net cash flows on operating activity (I+/-II)	(15 302)	13 694
B. Cash flows on investment activity		
I. Incomes		
1. Sales of intangible assets and fixed assets	164	26
2. Sales of investments in real estate and in intangible assets	-	-
3. From financial assets	11 757	24 902
4. Other revenues from investments	-	-
	11 921	24 928
II. Expenditures		
1. Acquisition of intangible assets and fixed assets	(31 235)	(120 154)
2. Investments in immovable property and in intangible assets	(14 138)	(6 509)
3. On financial assets	(31 055)	(20 813)
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditures	(2 403)	(324)
	(78 831)	(147 800)
III. Net cash flows on investment activity (I-II)	(66 910)	(122 872)
C. Cash flows on financial activity		
I. Incomes		
1. Net revenues from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credit facilities	14 037	191 604
3. Issue of debenture bonds	-	-
4. Other financial incomes	-	-
	14 037	191 604

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

Cash flow statement continued	1st quarter the period from 2008.01.01 to 2008.03.31	1st quarter the period from 2007.01.01 to 2007.03.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than disbursements to owners	-	-
4. Repayments of loans and credits	(22 872)	(76 323)
5. Redemption of debenture bonds	-	-
6. On account of other financial obligations	-	-
7. Payments of obligations under financial lease contracts	-	(122)
8. Interest	(21 103)	(14 597)
9. Other financial expenses	-	-
	(43 975)	(91 042)
III. Net cash flows on financial activity (I-II)	(29 938)	100 562
D. Net cash flows total (A.III+/-B.III+/-C.III)	(112 150)	(8 616)
E. Difference in cash balances, including:	(122 990)	(14 398)
- change in cash balance on account of exchange rate gains/losses	(10 840)	(5 782)
F. Cash at the beginning of period	394 947	297 792
G. Cash at the end of period (F+/-D), including:	271 957	283 394
- with limited disposability	-	-

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

Echo Investment S.A. (hereinafter 'the Company'), previously operating under the name of 'Echo Press' Sp. z o.o. , was registered in Kielce on July 23, 1992. The registered office of the Company is located in Kielce at Al. Solidarności 36.

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

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

As on March 31, 2008 and March 31, 2007, the Capital Group was employing 363 and 302 persons, respectively.

The Capital Group engages in its business activity in Poland and is launching operations in Hungary and Romania.

The present statement refers to the three months' period expiring on March 31, 2008, with comparative data referring to the three months' period expiring on March 31, 2007. The statement is expressed in thousands Polish zlotys.

Shares of Echo Investment S.A., which is the dominant company, have been quoted on the Warsaw Stock Exchange since 1996. The number of Echo Investment SA's shares is 420,000,000 ordinary bearer shares.

The present financial statement of the Capital Group and of Echo Investment SA was not subject to mandatory audit by a certified body authorized to audit financial statements.

5.2 Principles applied during preparation of the quarterly report

The consolidated statement of Echo Investment S.A. for the first quarter of the year 2008 has been prepared in accordance with the International Financial Reporting Standards, approved by the European Commission. Guidelines included in the IFRS no. 1 and IAS no. 34 have been applied in preparation of the statement. The rules of valuating assets and liabilities and determining the bottom line were applied as on the balance day.

The management of the dominant company used its best knowledge in applying standards, interpretation, methods and principles of valuating the particular items of the condensed consolidated financial statement for the first quarter of the year 2008. Preparation of financial statements in accordance with the IFRS required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. The presented financial data has not been verified by an auditor.

Key principles of assets and liabilities valuation and determination of the bottom line:

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

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

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

- Accrued income and costs are disclosed in their nominal value.
- Foreign currencies are valued as on the balance day, applying relevant exchange rates of Pekao SA bank applicable as on the balance day.
- 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 in a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.
 - b) With regard to long-term construction contracts, financial result is affected by estimated income, considering progress of investment execution as on the balance day, pursuant to the principles under IAS No. 11 'Construction Contracts'. Progress of investment execution is determined as the share of costs borne as on the balance day in total estimated investment costs. Revenues of the current period are established in the same proportion towards total estimated revenues. Own costs of sales of production consisting in execution of construction contracts is disclosed according to the actual advancement of investment execution.
 - c) Sales are valued on the basis of production costs, using one of the following two methods, depending on the types of projects:
 - return ratio according to the sales contract, or average (calculated) return ratio assumed by the company;
 - percentage of such items as, for instance, sold area of land, sold shares, etc. (according to average prices)Own cost of sold premises and land is settled in proportion to sold shares in land.

In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.
 - d) The following factors also affect the bottom line:
 - in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,
 - yielded costs of sales and overheads; costs not yet borne, booked according to the principle of matching revenues and costs,
 - profits and losses on sale of securities,
 - 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 that is directly related to acquisition and production of assets disclosed as inventories and investments in progress. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts). The structure of expenditure in the company is calculated in the following subcategories: overheads, advances, loans granted, expenses on fixed assets, financial investments, intangible assets and non-activated inventories and expenses reduced by revenues from advances on activated projects. The value of activated financial costs corresponding to the latter item is calculated pro rata on the basis of the structure of expenditures in the company. It is divided among specific projects according to structure of expenses less advances.
 - realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.
- Cash flow statement is prepared according to indirect method.

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

Echo Investment Capital Group did not change its accounting principles during the 1st quarter of 2008.

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

Echo Investment S.A., which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current developer projects. The group companies have been established or acquired for the purpose of performing certain investment tasks. They do not engage in any type of business activity other than one involved in the realization process of a specific project, followed by provisions of lease services of already completed property components or other services. As on March 31, 2008 Echo Investment Capital Group consists of 100 subsidiaries that are fully consolidated and 4 companies valued according to ownership rights method.

Fully consolidated companies:

- “Athina Park” Spółka z o.o. [‘Athina Park’ Limited Liability Company], having its registered seat in Kielce
- “Centrum Handlowe PHS” Spółka Akcyjna [‘PHS Shopping Center’ Joint Stock Company], having its registered seat in Szczecin
- “Echo - Arena” Spółka z o.o. [‘Echo - Arena’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Arena Sp. z o.o.” Spółka komandytowa [‘Echo - Arena Limited Liability Company’ Limited Partnership], having its registered seat in Kielce
- „Echo - Building Ingatlanhasznosító” Kft., having its registered seat in Budapest
- “Echo - Centrum Bankowości i Finansów Łódź” Spółka z o.o. [‘Echo Łódź Banking and Finance Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Centrum Bełchatów” Spółka z o.o. [‘Echo - Bełchatów Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Centrum Biznesu Łódź” Spółka z o.o. [‘Echo Łódź Business Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Centrum Jelenia Góra” Spółka z o.o. [‘Echo - Jelenia Góra Center’ Limited Liability Company], having its registered seat in Jelenia Góra
- “Echo - Centrum Poznań” Spółka z o.o. [‘Echo - Poznań Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Centrum Przemysł” Spółka z o.o. [‘Echo - Przemysł Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Centrum Rzeszów” Spółka z o.o. [‘Echo - Rzeszów Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Centrum Tarnów” Spółka z o.o. [‘Echo - Tarnów Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Galaxy” Spółka z o.o. [‘Echo - Galaxy’ Limited Liability Company], having its registered seat in Kielce
- „Echo - Galaxy spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa [‘Echo - Galaxy Limited Liability Company’ Limited Partnership], having its registered seat in Kielce
- “Echo - Galeria Kielce” Sp. z o.o. [‘Echo - Kielce Gallery’ Limited Liability Company], having its registered seat in Kielce,
- “Echo - Kielce 1” Sp. z o.o. [‘Echo - Kielce 1’ Limited Liability Company’], having its registered seat in Kielce, formerly “Echo Investment - Centrum Handlowe Kielce” Spółka z o.o. [‘Echo Investment - Kielce Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Pasaż Grunwaldzki” Spółka z o.o. [‘Echo - Grunwaldzki Arcade’ Limited Liability Company], having its registered seat in Kielce
- „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [‘Echo - Grunwaldzki Arcade Limited Liability Company’ Limited Partnership], having its registered seat in Kielce
- „Echo - Projekt 1” LLC, having its registered seat in Kiev
- „Echo - Projekt 2” LLC, having its registered seat in Kiev
- “Echo - Property Poznań 1” Spółka z ograniczoną odpowiedzialnością [‘Echo - Property Poznań 1’ Limited Liability Company’], having its registered seat in Kielce, formerly “Echo Centrum - Gdynia” Spółka z o.o. [‘Echo - Gdynia Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - SPV 6” Sp. z o.o. [‘Echo - SPV 6’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Veneda” Sp. z o.o. [‘Echo - Veneda’ Limited Liability Company], having its registered seat in Kielce,
- “Echo ACC” Spółka z o.o. [‘Echo ACC’ Limited Liability Company], having its registered seat in Kielce
- “Echo Bau” Spółka z o.o. [‘Echo Bau’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Piotrków Trybunalski” Spółka z o.o. [‘Echo Investment - Piotrków Trybunalski Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice” Spółka z o.o. [‘Echo Investment - Gliwice Shopping, Service and Entertainment Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment Hungary Ingatlanhasznosító Kft.”, having its registered seat in Budapest
- “Echo Investment Project Management” S.R.L., having its registered seat in Bucharest
- “Echo Investment Projekt 1” S.R.L., having its registered seat in Bucharest

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- "Projekt Echo - 88" Spółka z o.o. ['Project Echo - 88' Limited Liability Company], having its registered seat in Kielce,
- "Projekt Echo - 89" Spółka z o.o. ['Project Echo - 89' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 90" Spółka z o.o. ['Project Echo - 90' Limited Liability Company], having its registered seat in Kielce,
- "Projekt Echo - 91" Spółka z o.o. ['Project Echo - 91' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 92" Spółka z o.o. ['Project Echo - 92' Limited Liability Company], having its registered seat in Kielce
- "Projekt Naramowice" Spółka z o.o. ['Project Naramowice' Limited Liability Company], having its registered seat in Kielce
- "Projekt S" Spółka z o.o. ['Project S' Limited Liability Company], having its registered seat in Kielce
- „Ultra Marina” Sp. z o.o. ['Ultra Marina' Limited Liability Company], having its registered seat in Poznan
- "WAN 11" Spółka z o.o. ['WAN 11' Limited Liability Company], having its registered seat in Warsaw
- "Wygłędów" Spółka z o.o. ['Wygłędów' Limited Liability Company], having its registered seat in Kielce
- "Zakłady Ogrodnicze Naramowice" Spółka z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company], having its registered seat in Kielce

Companies valued according to ownership rights method:

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

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

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

- "WAN 11" Sp. z o.o. ['WAN 11' Limited Liability Company] - 50% of basic capital and 50% of voting rights at the general meeting of shareholders;
- "Projekt S" Sp. z o.o. ['Project S' Limited Liability Company] - 95% of basic capital and 95% of voting rights at the general meeting of shareholders.

Capital relationships within the Capital Group concern the following:

- "Piomot - Auto" Sp. z o.o., holding 5.53% of basic capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.;
- "Zakłady Ogrodnicze Naramowice" Sp. z o.o., holding 99,8% of basic capital of "Projekt Naramowice" Sp. z o.o.;
- „Echo - Kielce 1” Sp. z o.o., holding:
 - 99.97% of basic capital of "Echo - Galeria Kielce" Sp. z o.o.,
 - 100% of basic capital of "Princess Boryszewska" Sp. z o.o.
- "Projekt Echo - 37" Sp. z o.o., holding 0,001% of basic capital of "Echo - SPV 6" Sp. z o.o.;
- "Echo - Pasaż Grunwaldzki" Sp. z o.o., holding 1% of share of "Echo - Pasaż Grunwaldzki Sp. z o.o." Spółka komandytowa;
- "Echo - Arena" Sp. z o.o., holding 1% of share of "Echo - Arena Sp. z o.o." Spółka komandytowa;
- "Echo - Galaxy" Sp. z o.o., holding 1% of share of "Echo - Galaxy Sp. z o.o." Limited Company;
- "Projekt Echo - 60" Sp. z o.o., holding 1% of share of "Echo - Galaxy Sp. z o.o." Limited Company;
- "Projekt Echo - 43" Sp. z o.o., holding 0.01% of share of "Echo - Galaxy Sp. z o.o." Limited Company;
- "Galeria Echo - Kielce" Sp. z o.o., holding 0,01% of basic capital of "Echo - Galeria Kielce" Sp. z o.o.;
- "Projekt Echo - 41" Sp. z o.o., holding 1% of share of "Projekt Echo - 41 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 42" Sp. z o.o., holding 1% of share of "Projekt Echo - 42 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 45" Sp. z o.o., holding 1% of share of "Projekt Echo - 45 Sp. z o.o." Spółka komandytowa;
- „Echo - Centrum Bankowości i Finansów Łódź” Spółka z o.o., holding 47.98% of basic capital of „Projekt Echo - 53” Sp. z o.o.;
- „Echo - Centrum Biznesu Łódź” Spółka z o.o., holding 51.96% of basic capital of „Projekt Echo - 53” Sp. z o.o.;
- „Echo - Centrum Tarnów” Sp. z o.o., holding 99.93% of basic capital of „Projekt Echo - 61” Sp. z o.o.;
- „Echo - Centrum Jelenia Góra” Sp. z o.o., holding 99.93% of basic capital of „Projekt Echo - 56” Sp. z o.o.;
- „Echo - Galaxy Sp. z o.o.” Sp. k., holding 99.99% of basic capital of „Projekt Echo - 60” Sp. z o.o.;
- „Echo - Pasaż Grunwaldzki Sp. z o.o.” Sp. k., holding 99.99% of basic capital of „Projekt Echo - 62” Sp. z o.o.;
- „Echo - Centrum Poznań” Sp. z o.o., holding 99.87% of basic capital of „Projekt Echo - 81” Sp. z o.o.;
- „Echo Investment Ukraine” LLC, holding:
 - 99.99% of basic capital of „Echo - Projekt 1” LLC
 - 99.99% of basic capital of „Echo - Projekt 2” LLC
- „Echo - Projekt 1” LLC, holding 0.01% of basic capital of „Echo - Projekt 2” LLC;
- „Echo - Projekt 2” LLC, holding 0.01% of basic capital of „Echo - Projekt 1” LLC;
- „Echo Investment Project 1” SRL, holding 0.007% of basic capital of „Echo Investment Project Management” SRL;
- "Projekt Echo - 17" Sp. z o.o., holding the following respective shares of basic capital of:
 - 1.00% of capital of "Wygłędów" Sp. z o.o.,
 - 1.00% of capital of "Projekt Echo - 37" Sp. z o.o.,
 - 1.00% of capital of "Projekt Echo - 39" Sp. z o.o.,
 - 1.00% of capital of "Galeria Echo - Kielce" Sp. z o.o.,
 - 1.00% of capital of "Echo ACC" Sp. z o.o.,
 - 1.00% of capital of "Projekt Echo - 30" Sp. z o.o.,
 - 1.00% of capital of "Echo - Galaxy" Sp. z o.o.,
 - 1.00% of capital of "Echo - Pasaż Grunwaldzki" Sp. z o.o.,
 - 1.00% of capital of "Projekt Echo - 34" Sp. z o.o.,

- 1.00% of capital of "Est On Property Management" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 41" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 42" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 43" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 44" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 45" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 55" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 57" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 58" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 59" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 64" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 67" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 68" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 69" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 70" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 71" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 72" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 73" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 74" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 75" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 76" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 77" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 80" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 83" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 84" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 85" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 86" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 87" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 88" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 89" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 90" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 91" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 92" Sp. z o.o.,
- 0,05% of capital of "Echo - Arena" Sp. z o.o.,
- 0.03% of capital of "Malta Office Park" Sp. z o.o.,
- 0.03% of capital of "Echo - SPV 6" Sp. z o.o.,
- 0.02% of capital of "Projekt Echo - 28" Sp. z o.o.,
- 0,02% of capital of "Echo - Centrum Biznesu Łódź" Sp. z o.o.,
- 0,02% of capital of "Projekt Naramowice" Sp. z o.o.,
- 0,01% of capital of "Echo Investment - Centrum Handlowo-Rozrywkowe Gliwice" Sp. z o.o.,
- 0.008% of capital of "Athina Park" Sp. z o.o.,
- 0.007% of capital of "Echo - Centrum Veneda" Sp. z o.o.,
- 0.006% of capital of "Echo - Centrum Bełchatów" Sp. z o.o.,
- 0.006% of capital of "Echo - Centrum Rzeszów" Sp. z o.o.,
- 0.005% of capital of „Echo - Property Poznań 1” Sp. z o.o.;
- 0,004% of capital of "MDP" Sp. z o.o.,
- 0.004% of capital of "Echo - Centrum Tarnów" Sp. z o.o.,
- 0,002% of capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.,
- 0,002% of capital of „Echo - Kielce 1” Sp. z o.o.;
- 0.001% of capital of "Projekt Echo - 53" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 54" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 56" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 60" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 61" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 62" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 63" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 65" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 66" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 81" Sp. z o.o.

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

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

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

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

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

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

Bank name	Type of instrument	Amount utilized [in thousands PLN]	Bonds redemption date
BRE Bank S.A. [BRE Bank Joint Stock Company]	Bonds	150.000	25.05.2011
BRE Bank S.A. [BRE Bank Joint Stock Company]	Bonds	100.000	25.05.2013
BRE Bank S.A. [BRE Bank Joint Stock Company]	Bonds	300.000	30.06.2014

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.

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

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

On May 12, 2008 the Management Board of the Company presented the Supervisory Board of Echo Investment SA with a proposal of allocating the net profit disclosed in the Company's financial statement for the year expiring on December 31, 2007 and a proposal for distribution of the Company's profits carried forward from previous years.

The Management Board of the Company proposed that the net profit for 2007 and net earnings carried forward from the preceding years should be excluded from distribution to shareholders and allocated to supplementary capital of Echo Investment SA in its entirety for purposes of financing daily operations of the Company. The Supervisory Board of Echo Investment SA issued a positive opinion on the Management Board's proposal. According to Article 395 paragraph 2 item 2 of the Polish Code of Commercial Partnerships and Companies, the aforementioned recommendation shall be ultimately considered by the General Meeting of Shareholders.

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

1. On April 16, 2008 an agreement for general contracting of investment was executed between the Issuer's subsidiary „Projekt Echo – 66” Sp. z o.o. [‘Project Echo – 66’ Limited Liability Company] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the General Contractor of Investment). Under the said agreement, Echo Investment S.A. (the Contractor) agrees to carry out full-ranged development of a complex of office buildings on immovable property situated in Warsaw, 21 Postępu Street, until the time of delivery of the office complex to the Investor and to individual users. At the same time, the Contractor agrees and covenants to obtain all permits from competent authorities as required for commencement of operation of that office complex.

Execution of this investment will be completed not later than December 31, 2009. The Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget. The estimated net value of the agreement is PLN 218.7 million. The contract does not contain any provisions regarding contractual penalties.

2. On April 16, 2008 the Issuer's subsidiary called Malta Office Park Sp. z o.o. and Fakt Budownictwo Sp. z o.o. with its registered seat in Kielce entered into a contract for development of core and shell construction of the 2nd stage of the Malta Office office project in Poznan, to be executed until May 8, 2009. The contract value is PLN 24.35 million net.

3. 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. Other provisions of the contract shall remain unchanged.

4. On May 12, 2008 an Annex was signed between the Issuer's subsidiaries - "Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością" Sp. k. ["Echo - Grunwaldzki Arcade Limited Liability Company" Limited Partnership] with its registered seat in Kielce (the Original Borrower), "Projekt Echo - 62" Sp. z o.o. ["Project Echo - 62" Limited Liability Company] with its registered seat in Kielce (the New Borrower) and EUROHYPO AG Bank with its registered seat in Eschborn, Germany (the Lender), the said Annex amending the Credit Agreement as of March 10, 2006, reported by the Issuer in current report no. 15/2006 on March 10, 2006 (the Credit Agreement). The aforementioned Annex was signed in respect of signing an agreement of transfer of ownership of an enterprise between the Issuer's subsidiaries: „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością” Sp. k. with its registered seat in Kielce („the Seller”) and „Projekt Echo - 62” Sp. z o.o. with its registered seat in Kielce („the Buyer”). The aforementioned agreement was reported by the Issuer in current report no. 87/2007 on December 1, 2007. Under the aforementioned annex, "Projekt - Echo 62" Sp. z o.o. with its registered seat in Kielce has become the new borrower.

An additional collateral securing repayment of debt to the Lender will be a registered pledge on the shares of the New Borrower, taken up by the Original Borrower as a consequence of increasing the value of the New Borrower's initial capital. All other provisions of the Credit Agreement shall remain unchanged.

5. On May 5, 2008 Echo Investment SA and Vectra S.A. with its registered seat in Płock signed a general contracting agreement for a housing complex in Warsaw, Kazimierzowska Street. The value of contract was PLN 34.3 million. The development completion date is January 05, 2010.

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

I. The Capital Group was expanded with 2 new companies:

On February 11, 2008 the Registration Court in Bucharest registered a subsidiary named 'Echo Investment Project Management' SRL, with its registered seat in Bucharest (the Subsidiary). 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 per 14,999 shares (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 148,595.09).
- the Issuer's 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 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).

Echo Investment SA and Echo Investment Project 1 SRL intend to consider the shares thus taken up as a long-term capital deposit. Acquisition of shares was financed with own funds of the Issuer and of Echo Investment Project 1 SRL with its registered seat in Bucharest.

On January 10, 2008 Echo Investment SA (the Buyer), as a consequence of signing a contract with Mr. Wiesław Prusiecki (the Seller), acquired shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Subsidiary).

The object of contract consists in 100% of shares in the Subsidiary's share capital. The nominal value of the Subsidiary'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.

On February 18, 2008 the District Court for Poznań - Nowe Miasto and Wilda in Poznań, 8th Economic Department of the National Court Register, registered ownership changes in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Subsidiary). Echo Investment SA as a holder of 1,250 shares was registered in the National Court Register as the owner of 100% of the initial capital of the Subsidiary.

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

On January 14, 2008 as a consequence of signing agreements of transfer of shares between Echo Investment S.A. with its registered seat in Kielce (the Buyer) and Mr. M. Bieniek and D. Kościwicz (the Sellers), Echo Investment S.A. acquired the shares of the Issuer's subsidiary "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 S.A. now holds 95% share in the Company's initial capital, carrying 95 votes at the general meeting of shareholders.

The acquired financial assets were financed with the Buyer's own funds. The Issuer intends to use the acquired assets as long-term capital investment. On February 26, 2008 the District Court in Kielce, 10th Economic Department of the National Court Register, registered ownership changes in the initial capital of Projekt S Sp. z o.o. [Project S Limited Liability Company].

On March 25, 2008 as a consequence of signing agreements of sales of shares between Echo Investment S.A. with its registered seat in Kielce (the Buyer) and WAN S.A. with its registered seat in Warsaw (the Seller), Echo Investment S.A. acquired shares in "Projekt Echo - 64" Sp. z o.o. with its registered seat in Kielce (the Subsidiary). The object of contract are 500 shares in the Subsidiary's initial capital, constituting 50% of the initial capital, with a total nominal value of PLN 25,000 (the Shares). The acquisition price is PLN 28,000.

Before the signing of the aforementioned agreement, Echo Investment SA was holding 50% of the Subsidiary's initial capital, carrying 500 votes at the general meeting of shareholders. The acquired financial assets were financed with the Issuer's own funds. The Issuer intends to use the acquired assets as long-term capital investment.

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

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

5.10.1 Suretyship agreements

Issuer's suretyship agreements in force as on March 31, 2008 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 liabilities 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.
Natural person	PLN 18,807	until December 31, 2010	Surety for subsidiary's obligations
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]

5.10.2 Guarantee agreements

1. On January 17, 2008 PKO BP SA Bank granted a bank guarantee to PKP SA with its registered seat in Warsaw as a security of payment of consulting costs, up to the amount of PLN 1.5 million. The guarantee shall expire on October 18, 2008.

Guarantee agreements in force as on March 31, 2008 are presented in the table below:

Guarantor	Value (in thousands PLN)	Expiry date	On account of
PKO BP S.A.	1.500	18.10.2008	Security of obligations in favor of PKP S.A.

5.11 Description of the issuer's significant achievements or failures

During the 1st quarter of the year 2008, Echo Investment S.A. and Capital Group companies realized projects initiated in the previous years and became involved in new investments in the segments described below.

During the 1st quarter of 2008, the Company sold the right of perpetual usufruct of the immovable property situated in Kielce, with a total area of 19,500 square meters, for a net price of PLN 4.5 million.

In addition, Echo Capital Group acquired the right of perpetual usufruct of immovable property situated in Kielce at Zagnańska Street, with the area of ca. 7,000 square meters, for approx. PLN 10 million gross.

The Polish market

Segment of shopping centers and shopping/entertainment centers

Shopping and shopping/entertainment centers built by the Capital Group operate in more than ten cities in Poland. The stability of the market of shopping areas is due to high market demand, possibility of adapting to the requirements of specific clients and high diversification of industries. Domestic and international shopping chains, as well as local companies are tenants of commercial areas in these buildings. Key tenants in shopping centers include: Carrefour, Tesco, Real, Hypernova, E'Leclerc Nomi, ITI Neovision, RTV Euro AGD, Empik, Douglas, Saturn Planet, Supermarkety Drogerijne Rossman, and other tenants.

Echo Capital Group intends to build a modern shopping and entertainment center called METROPOLIS on the Company's immovable property situated in Poznań, Hetmańska Street, offering about 80,000 square meters rentable area. The Center will be designed by Studio ADS, architects' office of Poznań. The anticipated commencement date of investment falls in the 1st half of 2009 and completion date in the 2nd half of 2011.

Development of the largest shopping and entertainment center in Słupsk, called ARENA, is planned on the Company's property of 64,000 sq. m, to be situated in an attractive location of Słupsk at Grottgera Street. The facility shall offer about 75,000 sq. m total area and 38,000 sq. m rentable area. Lease agreements were made with such companies as Tesco, Helios, Media Markt, BC Club, Rossmann, Ravel. The Capital Group has obtained a building permit for erection of the aforementioned establishment. The anticipated project commencement date will be the 1st half of 2008, and completion date will fall in the 2nd half of 2010.

Echo Capital Group intends to develop a modern regional shopping and entertainment center on its immovable property located in Kalisz. The facility will be built at Górnosłaska Street and Trasa Bursztynowa (the Amber Route). The total area of the contemplated center shall be ca. 100,000 square meters, with rentable area of about 40,000 square meters. The launching of the project is scheduled for 2009 and completion in 2011.

In January 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 1st half of 2012.

The Company's investment plans include development of the so-called Echo Park in Górki Czechowskie, Lublin. Under the agreement signed with the Company in November 2007, the City of Lublin has agreed to alter 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.

Erection of a shopping center in Łomża supplements the portfolio of commercial areas with simultaneous improvement of quality and advancement of the Company's offering. In the shopping center in Łomża, which is currently being prepared to execution, the REAL superstore will be opened, with an approximate area of 8,500 square meters. The parties to the contract, i.e. Echo Investment SA and real,- Sp. z o.o. and Spółka sp.k., are entitled to terminate the contract if Echo Investment SA's subsidiary does not, until June 22, 2008, acquire the immovable property situated in Łomża and if it fails to obtain a final building permit until June 30, 2009. The Company is expecting completion of administrative procedures.

The Łomża City Council agreed to an amendment of the spatial development conditions and directions study in order to allow development of a

shopping center exceeding 2,000 square meters in size.

Echo Capital Group also intends to expand some of its existing shopping and shopping/entertainment centers. The plans concern extension of the Galeria Echo shopping and entertainment center in Kielce. Target area of the building will be 64,000 square meters. Echo Capital Group has obtained a building permit for extension of the aforementioned establishment. Anticipated completion date of this development falls in the 1st quarter of 2010. The company responsible for carrying out the design works on extension of Galeria Echo in Kielce is Detan Sp. z o.o. of Kielce.

Echo Capital Group is also planning extension of its shopping center located in Pabianice. Target rentable area will be about 16.5000 square meters. Anticipated completion date of this extension project falls in the 2nd half of 2009.

The process of designing the 2nd stage of Pasaż Świętokrzyski in Kielce has also commenced. Echo Investment S.A. intends to extend the mall surface in the 2nd half of 2008 (ca. 4 thousand square meters of area to let).

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

Office space segment

In the office investments segment, Echo Investment Capital Group has facilities to let in Warsaw. The Group is executing new investments and acquiring projects already functioning in the market. Its offer covers office buildings of various standards, including top class.

Although this market segment is highly competitive, the projects contained in the portfolio of Echo Capital Group ensure stable income from long-term lease contracts due to proper location and appropriate standards. Office space is let to such recognized companies as Polkomtel SA, Deutsche Leasing, Impel SA, Colgate-Palmolive, Porr Polska, Modzelewski & Rodek, Roche Diagnostic Polska, and many others.

The Warsaw market

Execution works on a set of office buildings with multi-storey underground parking lot were continued on the real estate situated in Warsaw at 21 Postępu Street. The project, comprising rentable area of ca. 34,000 square meters, consisting of four office buildings, was designed by APA Wojciechowski studio of Warsaw. The contractor of core and shell construction and the general contractor and manager of the investment is Modzelewski & Rodek Sp. z o.o. of Warsaw. The anticipated commencement date of investment falls in the 1st half of 2008 and completion date of the 1st stage shall be in the 2nd half of 2009.

The Poznan market

Realization of the 'Malta Office Park' office complex in Poznan was progressing (rentable area is about 31,000 square meters). Core and shell of the first and second stage is completed by Fakt Budownictwo Sp. z o.o. construction company of Kielce. Commercialization of the project was also initiated. About 90% of the area of the 1st stage of this complex have been let to tenants. The six office buildings designed by Litoborski-Marciniak design office of Poznań shall be executed in three stages. First stage of construction is expected to complete in the 2nd half of the year 2008.

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. 100% of the project has been leased by Fortis Bank (Polska) SA with its registered seat in Krakow. Area to let is about 12,000 square meters. The anticipated commencement date of this investment project falls in the 1st half of 2008 and completion date in the 2nd half of 2009.

During the 1st quarter of 2008, considering the Commune of Krakow not executing its preemptive rights, the subsidiary - "Projekt Echo-47" Sp. z o.o. seated in Kielce (the Buyer) and Pergranso Sp. z o.o. seated in Warsaw (the Seller) signed an agreement of acquisition of perpetual usufruct right to the real estate situated in Krakow, Opolska and 29 Listopada Streets, with an area of 23,770 square meters. The contract value was PLN 33.12 million net. The company intends to develop an advanced class A office project on the property, with area to let exceeding 50 thousand square meters. The anticipated commencement date of investment will be in the 1st half of 2009, and completion date - in the 2nd half of 2010.

The Gdansk market

The Company intends to develop office space on the immovable property in Gdańsk, Jana z Kolna Street. The class A building designed by Arch - Deco designing office of Gdynia shall comprise ca. 23,000 square meters of area to let. The anticipated commencement date of the development process falls in the 2nd half of 2008 and completion date in the 2nd half of 2010.

The Szczecin market

The Company intends to develop a modern office building at its plot of land in Szczecin (High Technology Center). About 14,000 sq. m of that building area will be designed for rent by companies specializing in advanced IT and telecommunication technologies. Architectural design of the establishment will be developed at Arch Deco, a design office of Gdynia. The anticipated project commencement date will be in the 1st half of 2008, and completion date – in the 2nd half of 2009.

The Katowice market

A business park with rentable area of ca. 50,000 square meters is planned on the Company's land in Katowice at the crossing of al. Górnośląska and Francuska Street. This establishment, designed by DDJM Biuro Architektoniczne design office, will be executed in two stages. The launch of this investment project is anticipated in the 2nd half of 2008 and the first stage should be completed in the 1st half of 2010.

The Lodz market

The process of preparing development of an advanced complex of class A office buildings was commenced on a land plot in Lodz, Piłsudskiego Street. Rentable area will be about 26,000 square meters. The launch of this investment project is planned for the 2nd half of 2008 and completion for the 1st 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. The Capital Group's projects in the hospitality industry were executed in cooperation with international hotel chains: with the French chains of hotels Accor and Envergue, and with the Qubus group of Norway. Realized hotels operate in Warsaw, Kielce, 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 housing segment, Echo Capital Group realizes investment projects ranging from luxury apartment complexes, through high- and medium-standard residential buildings, to estates of single-family houses.

The Warsaw market

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

2nd stage of the investment project at Zwycięzców Street 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 2nd 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 general contractor and manager of construction of this development is Vectra S.A. with its registered seat in Płock. The anticipated commencement date for building the 60 apartments designed by Mąka Sojka Architekci Sp. J. design office of Warsaw falls in the 1st half of 2008 and completion date in the 1st half of 2010.

A new development project of a housing estate in Warsaw, Bielany district (Młociński Forest) is under preparation. 37 houses, comprising 9,200 thousand square meters, will be built on the 6.3 hectares of land. The anticipated commencement date for construction of this project designed by W.M. Musiał Architekci Sp. z o.o. design office falls in the 2nd half of 2008 and completion date in the 1st half of 2010.

The Poznan market

Construction works were also performed in Poznan. Stage III of the Naramowice Housing Estate (155 apartments) was realized. Anticipated completion date of the Poznań investment falls in the 2nd half of the year 2008.

Preparation of realization of the consecutive 4th stage of Naramowice Housing Estate in Poznań has also begun (area for sale: 15,300 square meters), as designed by Archikwadrat Sp. z o.o. of Poznań. The completion of this investment project is anticipated in the 2nd half of 2009.

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

Development works were continued on the housing project called Kasztanowa Aleja (Chestnut Alley), located in Poznan, Wojskowa Street. The General Contractor and manager of construction of this residential complex is Weko Prof. Sp. z o. o. with its registered seat in Warsaw. 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 2nd half of 2009.

The process of preparing execution of an estate of city-like multi-family houses was in progress on the immovable property situated in Poznań 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 1st quarter of 2010.

The Krakow market

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

During the 1st half of the year 2009, the Company is also going to commence development of 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 continued the process of preparing realization of a housing and commercial building to be erected in Krakow, Krasickiego Street (area for sale exceeding 5,600 square meters). The building designed by Studio S – Biuro Architektoniczne Szymanowski design office of Krakow will contain 84 apartments. The anticipated commencement date of investment falls in the 2nd half of 2008 and completion date in the 1st half of 2010.

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

The Company intends to develop a residential building on its land situated in Krakow, Bronowicka Street, for an approximate area of 3,000 square meters. The establishment designed by Studio S Michał Szymanowski design office of Krakow will contain about 40 apartments. The launch of this investment project is anticipated in the 1st half of 2009 and completion in the 2nd 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 designed by StoMM Architektura Maciej Stoczkiewicz design office of Kielce will cover about 200,000 square meters total area of land plots for sale. The Company intends to sell plots of land with designs of houses. The anticipated completion date of investment falls in the 2nd half of 2009.

Land plots are still being sold 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 2nd half of 2008.

The Lodz market

The process of preparing construction of residential buildings to be developed on real estate in Lodz, Okopowa and Gornicza Streets, was in progress. The estimated area for sale will be about 53,000 square meters. (800 apartments). The anticipated commencement date of investment falls in the 1st half of 2009 and completion date in the 1st half of 2011.

The Company is also going to develop residential buildings with 320 apartments on its real estate in Lodz, Wodna Street (approx. 19,000 square meters of area for sale). The launch of this investment project is anticipated in the 2nd half of 2008 and completion in the 1st half of 2011.

The Wroclaw market

The Company intends to execute a housing project in Wroclaw, on a property 7.4 thousand square meters in size, located at Jedności Narodowej Street. 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 in 2008, and launching of development is anticipated for 2009.

A housing project will be developed on the Company's property in Wroclaw, Grota Roweckiego Street, about 3 hectares in size, with usable area of approximately 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 1st half of 2009, and completion date will fall in the 2nd half of 2011.

Foreign markets

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

Segment of shopping centers and shopping/entertainment centers

A modern, multifunctional shopping, entertainment and office project called MUNDO will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14th District of Budapest. The rentable area of this shopping and entertainment project shall be about 65,000 square meters. The anticipated project implementation commencement date will be in the 2nd half of 2008, and completion date – in the 2nd half of 2011.

Segment of office projects

An office park to be comprised within the MUNDO project of Budapest is being prepared. Rentable area will be about 30,000 square meters. Further plans include location of the Zuglo District Mayor's Office in the complex. The project is scheduled for commencement in the 2nd half of 2008 and for completion in the 2nd half of 2011.

Romania

Segment of shopping centers and shopping/entertainment centers

During the 1st quarter of 2008, the Issuer's subsidiary called Echo Investment Project 1 Srl paid the last installment of the price for immovable property situated in Brasov, Stadionului Street, Romania, with an area of 4.0 hectares. The value of the last installment was RON 11,234,700 million which, according to the average exchange rate of the National Bank of Poland as on March 26, 2008, is an equivalent of PLN 10,683,076.23. The overall purchase price of that property is RON 78,840,000 million which, according to the average exchange rate of the National Bank of Poland as on the effective date of payment of the final installment, is an equivalent of PLN 74,968,956.

Echo Capital Group intends to build an advanced shopping and entertainment center shall be built on the purchased land, total area in excess of 150,000 sq. m, rentable area to exceed 60,000 sq. m. The anticipated project commencement date will be in the 1st half of 2009, and completion date – in the 2nd half of 2012.

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

An important factor influencing the bottom line earned in the 1st quarter of 2008 was the booking of revenues under final agreements of sale of a housing project in Warsaw at Inflancka Street (2nd stage) and revenues earned on lease of commercial surfaces. Other factors influencing the bottom line included: valuation of credit obligations and cash in foreign currencies, valuation of hedging instruments for foreign currencies, revaluation of non-financial assets, quarterly updating of appraisal of the real estates owned by the Capital Group, accounting for changes due to EUR and USD exchange rate gains/losses (q/q) and indexation of lease rents which is always carried out at the beginning of each consecutive financial year.

5.13 Structure of revenues

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

- lease of areas shopping centers and commercial and entertainment centers

Revenues from lease services are generated through letting of areas in shopping centers and shopping/entertainment centers. Consolidated revenues earned on this account at the end of the 1st quarter of 2008 constituted 58.7% of net sales revenues.

- sales of residential space:

The main source of revenues 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 earned on this account constituted approx. **22.5%** of all consolidated revenues from sales of products.

- development and letting of areas in office and hotel facilities:

Revenues from lease services are generated from lease of areas in office and hotel buildings owned by individual subsidiaries. Consolidated revenues yielded on this account and on account of realization of investments at the end of the 1st quarter of 2008 constituted 11.1% of all net sales revenues.

- other revenues:

Other sources of revenues include revenues earned on property management services and other services. Property trade also forms a portion of other revenues. As at the end of the 1st quarter of 2008, this income made up 7.7% of the total.

Specification	Revenues in the 1st quarter of 2008 [in millions PLN]	Revenues in 2007 [in millions PLN]	Revenues in the 1st quarter of 2007 [in millions PLN]
Lease of areas shopping centers and commercial and entertainment centers	53,8	215,2	46,5
Sales of residential space	20,6	32,0	3,7
Development and letting of areas in office and hotel facilities	10,2	125,7	13,7
Other revenues	7,0	7,9	1,5
Operating revenues total	91,6	380,8	65,4

5.14 Selected consolidated financial data

	in thousands PLN		in thousands EURO	
	1 st quarter accrued, the period from 2008.01.01 to 2008.12.31	1 st quarter accrued, the period from 2007.01.01 to 2007.12.31	1 st quarter accrued, the period from 2008.01.01 to 2008.12.31	1 st quarter accrued, the period from 2007.01.01 to 2007.12.31
I. Operating revenues	91 632	65 393	25 758	16 740
II. Earnings before tax and financial revenues / costs	42 807	89 503	12 033	22 912
III. Gross profit (loss)	34 563	74 695	9 716	19 122
IV. Net profit (loss)	26 232	60 694	7 374	15 537
V. Net cash flows on operating activity	(15 302)	13 694	(6 656)	3 506
VI. Net cash flows on investment activity	(66 910)	(122 872)	(16 454)	(31 455)
VII. Net cash flows on financial activity	(29 938)	100 562	(8 416)	25 744
VIII. Net cash flows total	(112 150)	(8 616)	(31 526)	(2 206)
IX Total assets	3 487 230	2 912 498	989 061	752 681
X. Equity capital allocated to shareholders of the dominant company	1 532 202	1 255 931	434 569	324 572
XI. Long-term debts	1 275 038	1 004 205	361 631	259 518
XII. Short-term debts	339 182	427 635	96 200	110 514
XIII. Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
XIV. Profit (loss) per one ordinary share (in PLN/EUR)	0,68	0,67	0,19	0,17
XV. Diluted profit (loss) per one ordinary share (in PLN/EUR)	0,68	0,67	0,19	0,17
XVI. Book value per one share (in PLN/EUR)	3,65	2,99	1,03	0,77
XVII. Diluted book value per one share (in PLN/EUR)	3,65	2,99	1,03	0,77

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

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on May 15, 2008:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (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

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

Shares of Echo Investment S.A. have been quoted on the Warsaw Stock Exchange since March 1996.

As on May 15, 2008, 420,000,000 shares of the Company are presently available for stock trade. All shares carry the same rights. Each share carries one vote at the General Meeting of Shareholders of the Company. 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			

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

Managing persons	balance as on 2008-05-15	balance as on 2008-02-29
Jarosław Grodzki, President of the Management Board	did not hold any shares	did not hold any shares
Piotr Gromniak, Member of the Management Board	did not hold any shares	did not hold any shares
Artur Langner, Member of the Management Board	did not hold any shares	did not hold any shares

Supervising persons	balance as on 15.05.2008	balance as on 29.02.2008
Wojciech Ciesielski, Chairman of the Supervisory Board,	1,440,000 shares	1,440,000 shares
Andrzej Majcher, Deputy Chairman of the Supervisory Board	100,800 shares	100,800 shares
Mariusz Waniółka, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Karol Żbikowski, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Robert Oskard, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Tomasz Kalwat, Member of the Supervisory Board	14,860 shares	14,860 shares

By way of a letter dated January 28, 2008 Echo Investment SA was notified that a person closely related to a member of the Supervisory Board of Echo Investment SA executed a transaction of acquisition of a total of 257,730 shares of Echo Investment S.A.

Transactions were effected during stock exchange session at the Warsaw Stock Exchange in the following sequence:

- on January 21, 2008 – purchase of 67,500 shares for a price of PLN 5.60 per share,
- on January 22, 2008 – purchase of 9,040 shares for a price of PLN 5.64 per share,
- on January 23, 2008 – purchase of 910 shares for a price of PLN 5.98 per share,
- on January 24, 2008 – purchase of 180,280 shares for a price of PLN 6.30 per share.

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.

On February 18, 2008 Echo Investment SA was notified that a member of the Supervisory Board of Echo Investment SA executed a transaction of acquisition of a total of 23,808 shares of Echo Investment S.A.

Transactions of purchase were effected during stock exchange session at the Warsaw Stock Exchange on February 12, 2008. The following transactions were effected:

1. purchase of 10,768 shares for a price of PLN 6.60 per share,
2. purchase of 2,301 shares for a price of PLN 6.61 per share,
3. purchase of 3,260 shares for a price of PLN 6.62 per share,
4. purchase of 1,000 shares for a price of PLN 6.63 per share,
5. purchase of 2,580 shares for a price of PLN 6.64 per share,
6. purchase of 3,899 shares for a price of PLN 6.65 per share.

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.

On February 18, 2008 Echo Investment SA was notified that a member of the Supervisory Board of Echo Investment SA executed a transaction of sale of a total of 8,948 shares of Echo Investment S.A.

Transactions of sale were effected during stock exchange session at the Warsaw Stock Exchange on February 15, 2008. The following transactions were effected:

sale of 8,000 shares for a price of PLN 6.69 per share,
sale of 49 shares for a price of PLN 6.80 per share,
sale of 100 shares for a price of PLN 6.80 per share,
sale of 800 shares for a price of PLN 6.80 per share.

5.17 Information about court proceeding

During the period from January 01, 2008 to March 31, 2008, no proceedings were instigated before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. or its subsidiaries, whose joint value constitutes at least 10% of equity capitals of Echo Investment S.A.

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

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

5.19 Information about transactions with affiliated companies

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

5.20 Information about granted sureties or guarantees

During the 1st quarter of 2008, Echo Investment Capital Group did not grant any sureties of loans or credits, or any guarantees combined to a single subsidiary organization or company that would exceed a total of at least 10% of the Issuer's equity.

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

During the consecutive period, the bottom line shall be influenced by the process signing final contracts of sale of the housing projects in Warsaw, Inflancka Street and Zwycięzców Street, the Naramowice housing project in Poznan, and the land plots with house designs, incorporated in the Bilcza II housing estate near Kielce.

In the perspective of at least one consecutive quarter of year, the results achieved by the Echo Capital Group will be affected by quarterly revaluation of fair value of real estates, considering such factors as currency rates fluctuations (EUR, USD).

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, as well as valuation of financial and non-financial assets. Other important aspects shall include the situation in the financial market and general economic trends in Poland, Hungary and Romania, where Echo Capital Group is going to commence its operations.

6. Mid-year individual financial statement, in thousands PLN, as on and for the period of three months expiring on March 31, 2008

	balance as on 2008.03.31 end of quarter	balance as on 2007.12.31 end of preceding year	balance as on 2007.03.31 end of quarter
Assets			
1. Fixed assets			
1.1. Intangible assets	461	524	89
1.2. Tangible assets	49 205	49 693	53 168
1.3. Long-term receivables	-	-	-
1.4. Long-term investments	554 746	526 737	390 129
1.4.1. Investment immovable property	440	442	5 852
1.4.2. Long-term financial assets	554 306	526 295	384 277
1.5. Deferred income tax assets	25 985	26 254	16 006
	630 397	603 208	459 392
2. Current assets			
2.1. Inventories	429 320	408 394	275 204
2.2. Short-term receivables	42 564	48 970	109 082
2.2.1. Receivables on account of taxes	14 507	19 438	5 982
2.2.2. Trade receivables, other receivables	28 058	29 532	103 100
2.2.2.1. In affiliated companies	18 674	19 475	99 634
2.2.2.2. In other companies	3 024	4 073	3 466
2.3. Short-term financial investments	101 781	99 144	71 188
2.3.1. In affiliated companies	85 082	85 165	70 683
2.3.2. In other companies	16 699	13 979	504
2.4. Cash and cash equivalents	85 473	148 739	112 785
2.5. Accruals	1 838	1 575	270
	660 976	706 822	568 529
Total assets	1 291 373	1 310 030	1 027 921
Liabilities			
1. Equity			
1.1. Initial capital	21 000	21 000	21 000
1.2. Supplementary capital	378 967	378 967	298 213
1.3. Profit (loss) carried forward	58 976	4 083	84 837
1.4. Profit (loss) of the accounting year	10 425	54 893	11 414
	469 368	458 943	415 464
2. Reserves			
2.1. Reserve for deferred income tax	27 768	28 395	24 191
2.2. Other reserves	21 057	21 122	17 829
	48 825	49 517	42 020
3. Long-term debts			
3.1. Financial debt	565 656	553 488	255 223
3.1.1. To affiliated companies	-	-	6 234
3.1.2. To other companies	565 656	553 488	248 989
3.2. Other debt	-	-	-
	565 656	553 488	255 223
4. Short-term debts			
4.1. Financial debts	1 947	3 394	160 770
4.1.1. To affiliated companies	310	463	507
4.1.2. To other companies	1 637	2 931	160 263
4.2. Tax debts	1 341	612	3 283
4.3. Trade debt	28 196	68 123	22 452
4.3.1. To affiliated companies	59	2 949	31
4.3.2. To other companies	28 137	65 174	22 421
4.4. Other debts	175 881	175 919	128 715
4.5. Special funds	159	34	(6)
	207 524	248 082	315 214
Total liabilities	1 291 373	1 310 030	1 027 921
<i>Book value</i>	469 368	458 944	415 464
<i>Number of shares</i>	420 000 000	420 000 000	420 000 000
<i>Book value per one share (in PLN)</i>	1,12	1,09	0,99

Off-balance liabilities (in thousands PLN)	balance as on 2008.03.31 end of quarter	balance as on 2007.12.31 end of previous year	balance as on 2007.03.31 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance debts	23 546	23 619	60 151
Off-balance items total	23 546	23 619	60 151

Profit and loss account (in thousands PLN)	1st quarter the period from 2008.01.01 to 2008.03.31	1st quarter the period from 2008.01.01 to 2008.03.31	1st quarter the period from 2007.01.01 to 2007.03.31	1st quarter the period from 2007.01.01 to 2007.03.31
Operating revenues	36 100	36 100	58 788	58 788
Operating expenses	(19 389)	(19 389)	(49 986)	(49 986)
Gross profit (loss) on sales	16 711	16 711	8 802	8 802
Profit (loss) on sales of real estate	1	1	5	5
Revaluation of real estate	-	-	(442)	(442)
Costs of sales	(5 403)	(5 403)	(3 684)	(3 684)
Overheads	(7 992)	(7 992)	(4 412)	(4 412)
Other operating revenues / costs	5 339	5 339	12 742	12 742
Earnings before tax and financial revenues / costs	8 656	8 656	13 011	13 011
Financial revenues	15 212	15 212	7 755	7 755
Financial costs	(12 726)	(12 726)	(6 456)	(6 456)
including on account of foreign exchange gains/losses	(1 962)	(1 962)	996	996
Gross profit (loss)	11 142	11 142	14 310	14 310
Income tax	(717)	(717)	(2 896)	(2 896)
Net profit (loss)	10 425	10 425	11 414	11 414
Net profit (loss) (annualized)		53 904		86 401
Weighted average number of ordinary shares		420 000 000		420 000 000
Profit (loss) per one ordinary share (in PLN)		0,13		0,21
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted profit per one ordinary share (in PLN)		0,13		0,21

Statement of changes in equity (in thousands PLN)	Initial capital	Supplementary capital	Profit brought forward	Net Profit in the period	Capitals total
For the 1st quarter (current year), period from 2008.01.01 to 2008.03.31					
Balance at the beginning of the period	21 000	378 967	4 083	54 894	458 944
Corrections of basic errors					
Balance at the beginning of the period, after reconciliation to comparable data	21 000	378 967	4 083	54 894	458 944
Distribution of profit/loss carried forward			-		0
Net profit (loss) of the current period				10 425	10 425
Changes total	0	0	-	10 425	10 425
Balance at the end of the period	21 000	378 967	4 083	65 319	469 369
For 4 quarters (previous year), period from January 1, 2007 to December 31, 2007					
Balance at the beginning of the period	21 000	298 213	84 837	-	404 050
Changes in applied accounting principles (policy)	-	-	-	-	-
Corrections of basic errors					
Balance at the beginning of the period, after reconciliation to comparable data	21 000	298 213	84 837	-	404 050
Distribution of profit/loss carried forward		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
Balance at the end of the period	21 000	378 967	4 083	54 893	458 943
For the 1st quarter (previous year), period from 2007.01.01 to 2007.03.31					
Balance at the beginning of the period	21 000	298 213	84 837	-	404 050
Changes in applied accounting principles (policy)	-	-		-	-
Corrections of basic errors					
Balance at the beginning of the period, after reconciliation to comparable data	21 000	298 213	84 837	-	404 050
Distribution of profit/loss carried forward					-
Net profit (loss) of the current period				11 414	11 414
Changes total	-	-	-	11 414	11 414
Balance at the end of the period	21 000	298 213	84 837	11 414	415 464

Cash flow statement (in thousands PLN)	1st quarter the period from 2008.01.01 to 2008.03.31	1 kwartał the period from 2007.01.01 to 2007.03.31
Cash flows on operating activity – indirect method		
I. Net profit (loss)	10 425	11 414
II. Adjustments:		
1. Share of associated companies in net (profit) loss	-	-
2. Amortization / Depreciation	1 299	876
3. Foreign exchange gains/losses	10 840	5 782
4. Interest and shares in profits (dividends)	7 775	428
5. Current income tax in the profit and loss account	1 075	352
6. Income tax paid	(367)	(258)
7. (Profit) loss on investment activity	-	(13 409)
8. Change in reserves	(692)	1 542
9. Change in inventories	(20 926)	(45 114)
10. Change in receivables	3 810	82 441
11. Change in short-term debts, except for loans and credits	(37 496)	(44 960)
12. Change in accruals	6	910
13. Other adjustments	-	-
	(34 676)	(11 410)
Net cash flows on operating activity	(24 251)	4
Cash flow from investing activities		
I. Incomes		
1. Sales of intangible assets and fixed assets	-	26
2. Sales of investments in real estate and in intangible assets	-	-
3. From financial assets	497	5 711
4. Other revenues from investments	-	-
	497	5 737
II. Expenditures		
1. Acquisition of intangible assets and fixed assets	(746)	(7 551)
2. Investments in immovable property and in intangible assets	-	(947)
3. On financial assets	(26 084)	(22 881)
4. Other investment expenditures	(2 403)	(324)
	(29 233)	(31 703)
Net cash flows on investment activity	(28 736)	(25 966)
Cash flow from financing activities		
I. Incomes		
1. Net revenues from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credit facilities	10 044	53 807
3. Issue of debenture bonds	-	-
4. Other financial incomes	-	-
	10 044	53 807

Cash flow statement (in thousands PLN) continued	1st quarter the period from 2008.01.01 to 2008.03.31	1st quarter the period from 2007.01.01 to 2007.03.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than disbursements to owners	-	-
4. Repayments of loans and credits	(153)	(36 422)
5. Redemption of debenture bonds	-	-
6. Interest	(9 330)	(4 765)
	(9 483)	(41 187)
Net cash flows on financial activity	561	12 620
Net cash flows total	(52 426)	(13 342)
Difference in cash balances, including:	(63 266)	(19 124)
- change in cash balance on account of exchange rate gains/losses	(10 840)	(5 782)
Cash at the beginning of period	148 739	131 909
Cash at the end of period, including:	85 473	112 785
- with limited disposability	-	1 539

Kielce, dated May 15, 2008

Representatives of the Company:

Person in charge of keeping books of accounts:

Member of the Management Board

Member of the Management Board

Chief Accountant

Piotr Gromniak

Artur Langner

Tomasz Sulek