

raport roczny

2008

annual report

**Consolidated Annual Report
of ECHO INVESTMENT Capital Group**

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Letter to Shareholders, Partners and Clients

Dear Sirs,

Echo Investment closed the year 2008 with a net profit of approximately 104 million PLN and the consolidated income amounted to 438 million PLN.

Although the earnings are lower than in the preceding year (2007: 324 million PLN of profit, 373 million PLN of income), the Management Board of the Company still considers them fully satisfactory, a clear and transparent sign of success of the entire organization.

The difference between the level of earnings in 2008 and 2007 is justified by the projects' investment cycle. 2007 was the first year to account for appraisal of Pasaż Grunwaldzki, which is the largest of all the Company's projects to date.

Other factors contributing to exceptional accumulation of gains in 2007 included sales of two office projects in Łódź and a shopping center in Kielce. The year 2008 did not abound in any spectacular openings while still being a year of intensive work in terms of preparing new investments, which will show in the Company's future earnings after completion.

According to the assumed growth strategy, in 2008 the Company focused on its primary objective, i.e. on ensuring stable and long-term growth of corporate value through implementation of developer projects for sale (apartments) and regular expansion of the portfolio of investment projects (offices and shopping centers) for lease. Implementation of previously commenced projects in Poland were continued, along with those in Romania and Hungary, which were pursued consistently with the principle of geographical differentiation of the portfolio.

The end of 2008 brought significant changes in the world economy, whose results will be perceivable during the upcoming years. Changing market situation, depreciation of the Polish zloty, difficulties encountered by banks as a result of the global crunch, followed by restricted accessibility of funds necessary for financing investments, resulted in necessary adjustments of current plans and implementation of certain organizational changes.

The Management Board considers the situation very serious, keeps watching it and implementing regular corrections in project execution schedules. The Company cuts its costs and reduces employment according to changing implementation schedules of certain investments.

As it was the case in the preceding years, all the Company's activities are focused on our global but still very simple goal - namely, achievement of the best results possible to guarantee growth of Echo Investment's assets value as expected by our Shareholders and Partners.

Today, facing the global crisis - by which the developer industry has been most severely affected - our endeavors are focused on surviving the recession period in best possible condition and safeguarding appropriate starting position for the Company when the crisis is over.

On behalf of the Management Board, I would like to thank all those who have contributed to achievement of positive in 2008. I truly believe that his success will make us stronger on our way to continuous development, allow us to survive the difficult period for the entire economy, and motivate us to take more challenges in the future.

Yours sincerely,

Piotr Gromniak
President of the Management Board

Balance Sheet [in thousands PLN]

	Note	31.12.2008	31.12.2007 restated
ASSETS			
1. Fixed assets			
1.1. Intangible fixed assets	2	1 002	525
1.2. Tangible fixed assets	3	731 454	467 837
1.3. Non-current receivables	4	58	54
1.4. Investment property	5	2 481 014	1 956 508
1.5. Investments in associated companies	6	24 119	10 960
1.6. Loans granted	7	13	40
1.7. Derivative instruments	12	1 287	-
1.8. Deferred income tax assets	8	92 805	25 136
		3 331 752	2 461 060
2. Current assets			
2.1. Inventories	9	486 655	492 136
2.2. Deferred income tax receivables	10	3 478	10 948
2.3. Other tax receivables	10	46 944	35 265
2.4. Trade receivables and other receivables	11	56 679	16 359
2.5. Loans granted	7	638	26 758
2.6. Derivative instruments	12	357	6 720
2.7. Cash and cash equivalents	13	321 793	394 046
		916 544	982 232
ASSETS TOTAL		4 248 296	3 443 292
LIABILITIES			
1. Equity			
1.1. Equity attributed to shareholders of the dominant company		1 640 600	1 519 065
1.1.1. Initial capital	14	21 000	21 000
1.1.2. Supplementary capital	15	1 493 280	1 174 241
1.1.3. Accumulated earnings (loss)		112 750	327 568
1.1.4. Foreign exchange gains/losses from conversion of foreign branches		13 570	(3 744)
1.2. Minority capitals	16	(8)	19
		1 640 592	1 519 084
2. Non-current liabilities			
2.1. Borrowings	17	1 589 154	1 230 619
2.2. Derivative instruments	12	174 123	-
2.3. Deposits received		37 871	32 180
2.4. Leases	18	34 235	34 323
2.5. Provision for deferred income tax	8	325 845	233 264
		2 161 228	1 530 386
3. Current liabilities			
3.1. Borrowings	17	125 010	30 260
3.2. Derivative instruments	12	65 833	-
3.3. Deferred income tax liabilities		256	2 906
3.4. Other tax liabilities		13 199	6 068
3.5. Trade liabilities and other liabilities	19	112 528	146 698
3.6. Advances received		111 390	192 076
3.7. Provisions for liabilities	20	18 260	15 814
		446 476	393 822
LIABILITIES TOTAL		4 248 296	3 443 292

Income Statement [in thousands PLN]

	Note	2008	2007 restated
Incomes	21	438 189	373 725
Costs to sell	22	(177 789)	(185 890)
Gross profit (loss) on sales		260 400	187 835
Profit (loss) on sales of property	23	(63)	29 616
Revaluation of real property		458 138	250 324
Costs to sell		(21 345)	(21 491)
Overheads		(48 291)	(48 956)
Other operating incomes	24	38 126	34 008
Other operating expenses	24	(15 313)	(19 209)
Earnings before tax and financial incomes/expenses		671 652	412 127
Financial incomes	25	13 316	21 149
Financial expenses	26	(372 192)	(78 848)
Foreign exchange gains (losses)	27	(167 387)	45 474
Shares in profits of associated companies		(24)	(90)
Gross profit (loss)		145 365	399 812
Income tax	28	(41 154)	(75 442)
Net profit (loss), including:		104 211	324 370
Profit (loss) attributed to shareholders of the dominant company		104 221	324 372
Minority profit (loss)		(10)	(2)
Profit (loss) allocated to shareholders of the dominant company (annualized)		104 221,00	324 372,00
Weighted average number of ordinary shares (in thousands pcs.)		420 000	420 000
Profit (loss) per ordinary share (in PLN)		0,25	0,77
Weighted average diluted number of ordinary shares		420 000	420 000
Diluted profit (loss) per ordinary share (in PLN)		0,25	0,77

CONSOLIDATED CASH FLOW STATEMENT (in thousands PLN)

	Note	2008	2007 restated
A. Cash flows on operating activities – indirect method			
I. Net profit (loss)		104 211	324 370
II. Adjustments total			
1. Share of associated companies in net (profit) loss		26	15
2. Depreciation		4 846	5 709
3. Foreign exchange gains (losses)		187 995	(28 032)
4. Interest and shares in profits (dividends)		37 805	40 531
5. (Profit) loss on investing activities		(225 130)	(271 571)
6. Change in provisions		80 318	54 967
7. Change in inventories		21 484	(250 128)
8. Change in receivables		16 349	(116 386)
9. Change in non-current liabilities, except for borrowings		(193 715)	258 409
10. Other adjustments	29	(493)	31 658
		(70 515)	(274 828)
III. Net cash flows on operating activity (I+/-II)		33 696	49 542
B. Cash flows on investing activities			
I. Incomes			
1. Sales of intangible and tangible fixed assets		1 417	211 562
2. Sales of investments in property and in intangible assets		27	45 628
3. From financial assets		64 811	139 997
4. Other incomes from investments		-	-
		66 255	397 187
II. Expenditures			
1. Acquisition of intangible and tangible fixed assets		(274 271)	(292 008)
2. Investments in property and in intangible assets		(53 379)	(128 888)
3. On financial assets		(56 747)	(148 556)
4. Other investment expenditures		(2 714)	(70)
		(387 111)	(569 522)
III. Net cash flows on investing activities (I-II)		(320 856)	(172 335)

CONSOLIDATED CASH FLOW STATEMENT (in thousands PLN) continued

	2008	2007 restated
C. Cash flows on financial activities		
I. Incomes		
1. Net incomes from issue of stocks (issue of shares) and other equity instruments, additional payments to capital	-	-
2. Borrowings	320 344	254 406
3. Issue of debenture bonds	-	346 405
4. Other financial incomes	600	-
	<u>320 944</u>	<u>600 811</u>
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Repayments of loans and credits	(39 662)	(142 942)
5. Redemption of debenture bonds	-	(160 000)
6. On account of other financial liabilities	-	-
7. Payments of liabilities under financial lease contracts	-	(487)
8. Interest	(89 661)	(71 450)
9. Other financial expenses	(1)	(3)
	<u>(129 324)</u>	<u>(374 882)</u>
III. Net cash flows on financial activities (I-II)	<u>191 620</u>	<u>225 929</u>
D. Net cash flows total (A.III+/-B.III+/-C.III)	<u>(95 540)</u>	<u>103 136</u>
E. Cash balance change, including:	<u>(72 253)</u>	<u>97 039</u>
- change in cash balance due to foreign exchange gains/losses	23 287	(6 097)
F. Cash as at the beginning of period	30	297 007
G. Cash as at the end of period (F+/-D), including:	30	394 046
- with limited disposability	8 885	150

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (thousands PLN)

	Initial capital	Supplementary capital	Accumulated earnings of the current year	Foreign exchange gains/losses arising from conversion	Equity attributed to shareholders of the dominant company	Minority capitals	Total shareholders' equity
For the period from January 1, 2008 to December 31, 2008							
Initial balance after reconciliation to comparable data	21 000	1 174 241	327 568	(3 744)	1 519 065	19	1 519 084
Distribution of profit/loss carried forward	-	319 039	(319 039)	-	-	-	-
Changes in minority shares	-	-	-	-	-	(17)	(17)
Net profit (loss) of the current period	-	-	104 221	17 314	121 535	(10)	121 525
Balance as at the end of period	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
For the period from January 01, 2007 to December 31, 2007							
Initial balance after reconciliation to comparable data	21 000	726 566	450 871	2	1 198 439	21	1 198 460
Distribution of profit/loss carried forward	-	447 675	(447 675)	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	324 372	(3 746)	320 626	(2)	320 624
Balance as at the end of period	21 000	1 174 241	327 568	(3 744)	1 519 065	19	1 519 084

Introduction

1. Introduction

The main objects of activity of Echo Investment S.A. Capital Group (hereinafter the "Group") include erection and letting or sales of areas in commercial buildings, shopping & entertainment facilities, office buildings, hotels, residential buildings, and property trade.

The dominant company within the Group is Echo Investment S.A. (hereinafter referred to as "Echo" or "the Company"), having its registered seat in Kielce at al. Solidarności 36. The Company, formerly operating under the name of 'Echo Press' Sp. z o.o. , was registered in Kielce on July 23, 1992. Echo is a Joint Stock Company registered at the National Court Register with number 0000007025 by the District Court in Kielce, 10th Economic Department of the National Court Register.

The Company's shares are quoted at the Warsaw Stock Exchange, industry according to regulated market classification: construction.

The duration of the Company is unlimited.

The significant shareholder of Echo Investment S.A., which prepares the consolidated financial statements, is Magellan Pro - Equity Fund I S.A. (address: 25-553 Kielce, al. Solidarności 36). Ownership rights method applies to Echo shares. Consolidated statements of Magellan Pro - Equity Fund I S.A. are prepared as at the end of each respective financial year and published in Monitor Polski B.

In 2008, the Group acquired 100% stake in "Ultra Marina" Spółka z o.o., thus seizing control over the latter company. The acquired company owns a property in Koszalin and its business activity consists in developer activities. During the same period, the Group increased its stake in "Projekt S" Spółka z o.o., from 63% to 95%.

The following persons were members of the Management Board of Echo Investment S.A. as at 31 December 2007: Jarosław Grodzki, President of the Management Board; Piotr Gromniak, Member of the Management Board; and Artur Langner, Member of the Management Board. The following persons were members of the Management Board of Echo Investment S.A. as at 31 December 2008: Piotr Gromniak, President of the Management Board, and Artur Langner, Vice-President of the Management Board. The following persons were members of the Supervisory Board as at 31 December 2007 and as at 31 December 2008: Wojciech Ciesielski, Chairman; Andrzej Majcher, Deputy Chairman; and Members: Tomasz Kalwat, Robert Oskard, Mariusz Waniółka and Karol Żbikowski.

2. Information about the financial statements

The consolidated statements of Echo Investment S.A. Capital Group present consolidated financial data for the period of 12 months ended December 31, 2008, and comparable data for the period of 12 months ended December 31, 2007. Unless otherwise specified, all financial data in the Group's consolidated financial statements are given in thousands PLN.

The reporting currency of the Group's financial statements is the Polish zloty ("PLN"), which is also the reporting currency and the functional currency of the holding company. The Group comprises companies with other functional currencies than PLN. The reporting data of these companies, incorporated in this statement, have been converted into PLN according to the principles set out in IAS 21. Balance sheet items were recalculated according to the exchange rate as of the balance date and the income statement items were recalculated according to the average rate of exchange for the period. Foreign exchange differences arising from conversion are presented as a separate equity item.

The statements are prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards as approved by the European Commission. Methods of assets and liabilities valuation and determination of the financial result were assumed as at the balance date. The financial statements were prepared according to historical cost methodology, to the exception of investment properties and financial instruments, which are valued at fair value. The statement has been drawn up under the assumption of continued business activity in foreseeable future, considering non-existence of any circumstances that might indicate any risk for the continuation of operations.

The Management Board of the Company used its best knowledge in applying standards, interpretation, methods and principles of valuating the particular items of the condensed consolidated financial statements for the first half of 2008.

3. *Information on the Accounting Standards and Interpretations issued by the IFRS Committee, entering into force as of 2008*

In preparing the present financial statements, the Group has applied new interpretations issued by the IFRS Committee and applicable to the Group's reporting period starting as at 1 January 2008. The guidelines thus applied have not affected these financial statements to any significant extent.

The Group has implemented the following interpretations:

3.1. *IFRIC 11 interpretation "Group and Treasury Share Transactions"*

IFRIC interpretation 11 was issued by the International Financial Reporting Interpretations Committee on 2 November 2006 and applies to annual periods beginning on or after 1 March 2007. This interpretation contains the following guidelines concerning

- application of IFRS 2 "Share-based Payment" for own share payment transactions involving two or more affiliated companies;
- accounting approaches in the following cases:
 - a) share-based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own entity instruments from a third party to settle the share-based payment obligation toward employees,
 - b) an entity or its owner grants rights to its equity instruments to employees and the owner of the entity is the supplier of these instruments.

4. *Information on the Accounting Standards and Interpretations issued by the IFRS Committee, early applied by the Group*

4.1. *Revised IAS 23 Borrowing Costs*

The revised IAS 23 was published by the International Accounting Standards Board on March 29, 2007 and applies to annual periods beginning on or after January 01, 2009. Variation refers to the accounting approach to those costs of third party financing which may be directly attributed to acquisition, construction or production of an asset requiring significant time of preparation for intended use or sale. Under this amendment, it is no longer possible to immediately post these costs to the profit and loss account of the period when the costs were borne. According to the new Standard requirement, these costs should be capitalized.

The Group has applied the revised IAS 23 as from 1 January 2008. Application of the revised IAS from 1 January 2008 did not have any significant impact on the Group's financial result or comparable data because the Group used to apply an alternative approach under the previous standard, which is consistent with the changes implemented in IAS 23.

4.2. *IFRIC interpretation 12 Service Concession Arrangements*

IFRIC interpretation 12 was issued by the International Financial Reporting Interpretations Committee on 30 November 2006 and applies to annual periods beginning on or after 1 January 2008. This interpretation contains guidelines on application of existing standards by parties to service concession agreements between the public and the private sector. IFRIC 12 concerns those agreements in which the employer controls the type of service provided by the operator using the infrastructure, recipients of these services and prices.

The Group has applied IFRIC interpretation 12 as from 1 January 2008. Its application did not have any significant impact on the Group's financial result or comparable data.

4.3. *IFRIC 14 interpretation The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

IFRIC interpretation 14 was issued by the International Financial Reporting Interpretations Committee on 9 July 2007 and applies to annual periods beginning on or after 1 January 2008. This interpretation contains general guidelines concerning IAS 19-compliant assessment of the limit on a surplus of fair value of a defined benefit scheme beyond the current value of a defined benefit scheme, which can be recognized as an asset. In addition, IFRIC 14 explains how statutory or contractual requirements regarding minimum funding may impact the value of asset or liability under a defined benefit scheme.

The Group has applied IFRIC interpretation 12 as from 1 January 2008. Its application did not have any significant impact on the Group's financial result or comparable data.

5. Information on the Accounting Standards and Interpretations issued by the IFRS Committee, pending implementation

Until the effective date of the present financial statements, the International Accounting Standards Board and the International Financial Reporting Standards Interpretation Committee issued the following standards and interpretations that have not yet entered into force:

5.1. Revised IAS 1 Presentation of Financial Statements

The revised IAS 1 was published by the International Accounting Standards Board on September 06, 2007 and applies to annual periods beginning on or after January 01, 2009. The changes mainly refer to the issues of equity presentation and the objective was to facilitate data analysis and comparison by users of the financial statements. As at the date of preparation of these financial statements, the above specified revision of IAS 1 has not yet been approved by the European Union.

The Group intends to apply the revised IAS 1 as from January 01, 2009. Application of these standards shall not affect the Group's financial result.

The revised IAS 27 was published by the International Accounting Standards Board on January 10, 2008 and applies to annual periods beginning on or after July 01, 2009. The standard requires the outcomes of transactions with minority shareholders to be posted directly as equity, provided that the current holding company retains control over the entity. The standard further details the method of accounting in case of lost control over a subsidiary, requiring restatement of the remaining shares to fair value and posting the difference to the income statement.

As at the date of preparation of these financial statements, the above specified revision of IAS 27 has not yet been approved by the European Union.

The Group intends to apply the revised IAS 27 as from January 01, 2010. Application of these standards shall not have any significant impact on the Group's financial result.

5.2. Revised IAS 32 Financial Instruments: Presentation, and IAS 1 Presentation of Financial Statements

Revisions to IAS 32 and IAS 1 were published by the International Accounting Standards Board on February 14, 2008 and apply to annual periods beginning on or after January 01, 2009. The changes relate to accounting approach to some financial instruments bearing certain similarity to capital instruments but classified as financial liabilities. According to the new Standard requirement, such financial instruments as financial instruments with sell option and instruments obligating the company to disburse the share in net assets only if the company is wound up, upon fulfilling certain conditions, are presented as equity.

As at the date of preparation of these financial statements, the above specified revisions of IAS 32 and IAS 1 has not yet been approved by the European Union.

The Group intends to apply the revised IAS 32 and IAS 1 as from January 01, 2009. Application of these standards shall not affect the Group's financial result.

5.3. Revised IAS 39 Financial Instruments: Recognition and Measurement - Hedged Item Classification Criteria

Revisions to IAS 39 Hedged Item Classification Criteria were published by the International Accounting Standards Board on July 31, 2008 and apply to annual periods beginning on or after July 01, 2009. These revisions include explanations on the methods of applying the principles of assessing compliance of hedged risk or cash flow with the criteria for assessment as hedged items in specific circumstances. Inflation is no more allowed to be established as a potentially hedged component of a fixed interest rate instrument. Under these changes, it is not allowed to incorporate a time value to one-sided hedged risk when options are considered as a hedging instrument.

As at the date of preparation of these financial statements, the above specified changes to IAS 39 have not yet been approved by the European Union.

The Group intends to apply the revised IAS 39 as from January 01, 2010. Application of these standards shall not affect the Group's financial result.

5.4. Revised IAS 40 Investment Property

The revised IAS 40 shall apply to yearly periods beginning on or after 1 January 2009. The revisions involve a change concerning property being constructed or developed for future use as investment property. As a consequence of IAS 40 revision, such items will also be disclosed as investment property. If the company applies valuation of investment property to fair value, then such items shall also be valued to fair value according to the revised IAS. However, if fair value of investment property cannot be reliably estimated in a continuous manner, an investment property shall be valued according to historical cost model back to the earlier of the following two dates: construction or development process completion date, or the date on which it will be possible to reliably estimate the fair value.

The Group intends to apply the revised IAS 40 as from January 01, 2009. Application of the revised Standard may have a significant impact on the results and presentation of the Group's financial statements, particularly on presentation and valuation of assets currently presented as fixed assets under construction.

5.5. IFRS corrections in 2008

The International Accounting Standards Board has published the IFRS Corrections, amending 20 standards. These corrections involve changes in presentation, posting and valuation, as well as terminology and editorial changes. Most revisions shall apply for annual periods beginning on 1 January 2009.

As at the date of preparation of these financial statements, the above specified changes to the standards have not yet been approved by the European Union.

The Group intends to apply the revised IFRS 2 according to transition requirements. Application of these standards shall not affect the Group's financial result.

5.6. Revised IFRS 1 First-time Adoption of International Financial Reporting Standards, and IAS 27 Consolidated and Separate Financial Statements

Revisions to IFRS 1 and IAS 27 were published by the International Accounting Standards Board on May 22, 2008 and apply to annual periods beginning on or after January 01, 2009. These revisions allow the use of either the fair value or balance sheet value determined according to existing accounting principles as the 'assumed cost' for fully owned subsidiaries, associated companies and partially owned subsidiaries in a separate financial statement. In addition, the definition of *cost-based approach* has been eliminated and substituted by dividend-based revenue recognition in a separate financial statement.

The Group intends to apply the revised IAS 1 and IAS 27 as from January 01, 2009. Application of these standards shall not have any significant impact on the Group's financial result.

5.7. Revised IFRS 2 – Share-based Payment

The revised IFRS 2 was published by the International Accounting Standards Board on January 17, 2008 and applies to annual periods beginning on or after January 01, 2009. The revision of this Standard concerns the following two issues: explaining that the only requirements for effective vesting of rights is the service provision condition and the condition relating to the entity's operating results. Other qualities of share-based payment scheme are not acknowledged as vesting conditions. The standard clarifies that the accounting representation of scheme cancellation by the entity or other party to the transaction should be identical.

The Group intends to apply the revised IFRS 2 as from January 01, 2009. Application of these standards shall not affect the Group's financial result.

5.8. Revised IFRS 3 Business Combinations

The revised IFRS 3 was published by the International Accounting Standards Board on January 10, 2008 and applies prospectively to business combinations with acquisition dates on or after July 01, 2009. The changes involve an option to recognize minority shares at fair value or according to proportion in fair value of identified net assets, conversion of shares previously held in the acquired entity to fair value and posting the difference to the income statement, and additional guidelines regarding application of acquisition methods, including recognition of transaction costs as the cost of a period in which it was incurred.

As at the date of preparation of these financial statements, the above specified revision of IFRS 3 has not yet been approved by the European Union.

The Group intends to apply the revised IFRS 3 as from July 01, 2009. Application of these standards shall not have any significant impact on the Group's financial result.

5.9. Revised IFRS 7 Financial Instruments: Disclosures

Revised IFRS 7 Financial Instruments: Disclosures" were published by the International Accounting Standards Board on 5 March 2009 and apply as from 1 January 2009. This revision introduces a three-step hierarchy for the purpose of disclosing valuation to fair value, and a requirement to publish additional disclosures regarding relative reliability of valuation to fair value. In addition, these revisions clarify and extend previously existing requirements as to disclosures concerning liquidity risk.

As at the date of preparation of these financial statements, the above specified changes to IFRS 7 have not yet been approved by the European Union.

The Group intends to apply the revised IFRS 7 as from January 01, 2009. Application of these standards shall not have any significant impact on the Group's financial result.

5.10. New IFRS 8 Operating Segments

IFRS 8 was issued by the International Accounting Standards Board on November 30, 2006 and applies to annual periods beginning on or after January 01, 2009. The IFRS 8 substitutes the IAS 14 – "Segment Reporting". The new standard sets forth the new requirements regarding posting of business segment data, product and service information, geographical range of activity, and key clients. IFRS 8 requires a "management approach" to reporting financial results of segments of activity.

The Group intends to apply IFRS 8 as from January 01, 2009. Application of these standards shall not affect the Group's financial result.

5.11. Revised IFRIC 9 and IFRS 7 Embedded Derivatives

Revisions to IFRIC 9 and IFRS 7 "Embedded Derivatives" were published by the International Accounting Standards Board on 12 March 2008 and apply to annual periods ending on or after 30 June 2009. These revisions specify the changes to IFRS 7 and IAS 39 issued in October 2008 regarding embedded derivatives. These revisions clarify that all derivatives must be assessed and separately presented in the financial statements as required in the course of reassessment of a financial asset classified to assets valued to fair value through the income statement.

As at the date of preparation of these financial statements, these revisions of IFRIC 9 and IFRS 7 have not yet been approved by the European Union.

The Group intends to apply the revised IFRIC 9 and IFRS 7 as from 1 January 2009. Application of these standards shall not have any significant impact on the Group's financial result.

5.12. IFRIC interpretation 13 Customer Loyalty Programmes

IFRIC interpretation 13 was issued by the International Financial Reporting Interpretations Committee on 27 June 2007 and applies to annual periods beginning on or after 1 July 2008. This interpretation contains guidelines as to the accounting recognition of transactions under loyalty programmes implemented by an entity for its customers, such as loyalty cards or loyalty award credits. Specifically, IFRIC 13 indicates a correct method of recognition of liabilities arising when the entity has to deliver certain products or services free of charge or for reduced prices to customers in exchange of their credits.

As at the date of preparation of these financial statements, IFRIC interpretation 13 has not yet been approved by the European Union.

The Group intends to apply IFRIC interpretation 13 as from January 01, 2009. Application of these standards shall not affect the Group's financial result.

5.13 IFRIC interpretation 15 Agreements for the Construction of Real Estate

IFRIC interpretation 15 was issued by the International Financial Reporting Interpretations Committee on 3 July 2008 and applies to annual periods beginning on or after 1 January 2009. This interpretation provides guidance on how to assess an agreement for construction of real estate in order to determine whether its results should be presented in a financial statement under IAS 11 Construction Contracts, or IAS 18 Revenue. In addition, IFRIC 15 indicates the point of recognition of income from construction service.

As at the date of preparation of these financial statements, IFRIC interpretation 15 has not yet been approved by the European Union.

The Group intends to apply IFRIC interpretation 15 as from January 01, 2009. Application of these standards shall not affect the Group's financial result.

5.14. IFRIC interpretation 16 Hedges of a Net Investment in a Foreign Operation

IFRIC interpretation 16 was issued by the International Financial Reporting Interpretations Committee on 3 July 2008 and applies to annual periods beginning on or after 1 October 2008. This interpretation contains guidelines on determining whether risk arises from the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity's consolidated financial statements. In addition, IFRIC 16 clarifies which entity within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument. IFRIC 16 also clarifies how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.

As at the date of preparation of these financial statements, IFRIC interpretation 16 has not yet been approved by the European Union.

The Group intends to apply IFRIC interpretation 16 as from January 01, 2009. Application of these standards shall not affect the Group's financial result.

5.15. IFRIC interpretation 17 Distribution of Non-cash Assets to Owners

IFRIC interpretation 17 was issued by the International Financial Reporting Interpretations Committee on 27 November 2008 and applies to annual periods beginning on or after 1 July 2009. This interpretation contains guidelines as to the point of recognition of dividend, valuation of dividend, and posting of differences between the value of dividend and the balance sheet value of distributed assets.

As at the date of preparation of these financial statements, IFRIC interpretation 16 has not yet been approved by the European Union.

The Group intends to apply IFRIC interpretation 16 as from January 01, 2010. Application of these standards shall not affect the Group's financial result.

5.16. IFRIC interpretation 18 Transfers of Assets from Customers

IFRIC interpretation 18 was issued by the International Financial Reporting Interpretations Committee on 29 January 2009 and applies to annual periods beginning on or after 1 July 2009. This interpretation contains guidelines as to recognition of transfers of assets from customers, namely such situations in which the definition of assets is fulfilled, with identification of separately identifiable services (services provided in exchange for transferred assets), recognition of income and posting of cash obtained from customers.

As at the date of preparation of these financial statements, IFRIC interpretation 16 has not yet been approved by the European Union.

The Group intends to apply IFRIC interpretation 16 as from January 01, 2010. Application of these standards shall not affect the Group's financial result.

6. Key accounting principles

6.1. Intangible fixed assets

Intangible assets are recognized if it is probable that they will bring economic advantages in the future that may be directly related to such assets. Initially, intangible assets are recognized at acquisition prices or production costs. After initial recognition, intangible assets are valued according to acquisition prices or production cost, less amortization and impairment losses.

Intangible assets are amortized equally during their estimated useful lives, which are subject to quarterly reviews. Estimated useful life of an asset is as follows:

- for concessions, patents, licences, etc. - 2 years
- for other assets - 2 years.

Intangible assets are checked for impairment if any events or changes in circumstances indicate that their balance sheet value can be irrecoverable. Impairment losses are disclosed as excess of balance sheet value of an asset over its recoverable value.

6.2. Goodwill of subsidiaries

Goodwill resulting from acquisition of shares or stocks in subsidiaries is initially disclosed according to acquisition price, being a surplus of acquisition costs of these units over the Group's share in net fair value of identifiable assets, liabilities and contingent liabilities.

After initial disclosure, goodwill is presented according to acquisition price less all accumulated write-offs due to permanent loss in value.

Goodwill is not amortized but it is checked for impairment. Such impairment testing consists in allocation of goodwill to specific assets of the Group (cash generating centers where synergy effects are expected to arise out of amalgamation) and comparing the values thus obtained to valuation of the same assets at achievable amounts.

Impairment is the excess of such valuation of specific assets of the Group over their balance sheet value increased by the part of goodwill allocated to them. Impairment is recognized irreversibly in the income statement.

Impairment tests are carried out at least once a year, or more frequently in case of occurrence of any events or changes indicating the possibility of impairment.

6.3. Tangible fixed assets

Tangible assets include fixed assets owned by the Group and fixed assets under construction.

Fixed assets owned by the Group include:

- property (not leased and not designated for trade) used by the Group,
- machinery and plant,
- means of transport
- other complete and usable objects with anticipated usable life exceeding one year.

Fixed assets are valued and disclosed in the statements according to acquisition prices or production cost, less depreciation and impairment losses. The costs pertaining to a fixed asset, which were borne after putting such asset in operation, are recognized in the income statement, except where it is possible to evidence that such expenses resulted in an increase of anticipated future economic benefits of owning the given fixed asset. In such case, the yielded costs increase the initial value of the fixed asset.

Land owned by the Group is not depreciated. Other fixed assets are depreciated equally during their estimated usable lives, which are subject to quarterly reviews. Estimated useful life of an asset is as follows:

- for buildings and other civil engineering structures: 22 to 67 years;
- for machinery and plant items: 2 to 5 years;
- for means of transport: 1.5 to 10 years;
- for other equipment: 5 years.

Future investments are included in the balance sheet value of the given fixed asset or recognized as a separate fixed asset (if appropriate) only if it is probable that economic benefits will be obtained by the Group in relation to this item, and the cost of the given item can be reliably measured and assessed. All other expenses on repairs and maintenance are posted to the income statement in the financial period when they were incurred.

Fixed assets under construction are investments in progress, developed by the Group and valued according to acquisition price or production cost less impairment losses. Fixed assets under construction are not depreciated.

Production costs include costs that are directly related to an investment not yet completed. These include expenses incurred on acquisition of land property, expenditures on design and execution of buildings and other civil engineering structures (mainly foreign services), activated and direct financial costs, and other expenses incurred during development, which are directly related to the investment.

After obtaining an occupancy permit, the completed real estates are reclassified as fixed assets or investments in real property, depending on their designed use.

Tangible assets are checked for impairment if any events or changes in circumstances indicate that their balance sheet value can be unrealizable. Impairment losses are disclosed as excess of balance sheet value of an asset over its recoverable value, and they are recognized in the income statement. Recoverable value is the fair value of assets less costs of sales, or their usable value, whichever is higher.

Gains and losses on sale of fixed assets, constituting differences between sales incomes and balance sheet value of the sold fixed asset, are posted to the income statement under other operating incomes / expenses.

6.4. Investment property

Investment property includes leased real estates, owned by the company, with land pertaining directly to such real estates, acquired and maintained for the purpose of achieving growth of value of land. Investment properties are initially disclosed according to acquisition prices / production costs. Land used by the Group under an operating lease contract is presented and valued in the same way as investment property, under the assumption that the remaining criteria for classifying the given property as investment property are fulfilled. Specifically, perpetual usufruct of land is recognized and valued as operating lease.

Properties erected by the Group are classified as investment property at the time of putting to use.

After initial recognition as at the first balance day, investment properties are presented according to their fair value. Fair value is revaluated at least once every three months. Profits or losses resulting from change in fair value of investment property are disclosed in the income statement in the period of their occurrence.

Fair value of land and buildings valued to fair value is updated to illustrate the market conditions present as at the end of the reporting period. Fair value of investment property is the price that could be quoted at an arm's length transaction. Fair value of properties yielding regular income is determined by the company individually, with the investment method, using simple capitalization method as a result of net operating income (NOI) of the project and yield rate, with due consideration of the terms and conditions of valid lease or hire contracts and other agreements. Yield rate is reviewed by independent property appraisers at least yearly, net operating income (NOI) is updated quarterly on the basis of valid lease contracts, values expressed in EUR and USD are converted quarterly according to valid rates of exchange published by the National Bank of Poland. Fair value of properties maintained for the purpose of value increase is determined by independent property appraisers.

Differences on investment property valuation are applied to income statement under the item of immovable property revaluation.

The expenses pertaining to an investment property, which were borne after putting such property in operation, are recognized in the income statement, except where it is possible to evidence that such expenses resulted in an increase of anticipated future economic benefits of using the given property. In such case, the costs thus incurred add up to the balance sheet value of the investment property. All repair and maintenance costs of investment properties are carried as expenses in the income statement in the period with which they are concerned.

Result on sales of investment properties is disclosed under a separate item of the income statement.

If the designated use of the given property changes, such property is reclassified accordingly in the financial statements. Such property is transferred and disclosed under tangible fixed assets or inventories at the previously disclosed fair value.

6.5. Leases

Leases qualify as financial lease if the terms of contract generally transfer all the potential benefits and risks involved in holding ownership title of an asset to the lessee. Leases where the lessor (financing party) bears a significant part of risks and benefits of possession are classified as operating leases.

Operating lease charges are disclosed as costs (when the Group is the lessee) or incomes (when the Group is the lessor) in the income statement according to straight-line method during the term of lease agreement.

Profits earned by the lessee, due as encouragement to enter into an operating lease agreement, are posted to the income statement according to straight-line method during the term given in the lease agreement.

Where the details of a specific contract indicate that lease fees will be charged progressively during the term of agreement, annual payment installments are linearized.

6.6. Shares and stocks in associated companies

Shares and stocks in associated companies are presented in the financial statements according to ownership rights method, at acquisition prices adjusted by future impairment losses. As at each consecutive balance day, the Group evaluates possible reasons justifying impairment of the Group's shares in associated companies, with due consideration of the associate companies' assets and liabilities at the time being, and reasonably anticipated cash flows generated by these companies.

6.7. Inventories

The following are disclosed under inventories: semi-finished products and work in process, finished products, goods, and advances on deliveries. Due to unique quality of operations, purchased land, or rights of perpetual usufruct of land, or fees paid for perpetual lease) are classified as work in process if the land is designated for development, or as merchandise required for the purposes of housing activity if the land is designated for sale. Finished products mainly include housing and service premises sold through final contracts.

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.

Advances on deliveries are valued according to cash expenditure and according to received VAT invoices documenting granting an advance.

Inventories are valued not higher than obtainable net value. This value is obtained from information from the active market. Reversal of inventories value allowance is related to sale of the given inventory or increase of net sales price. The amounts of write-downs on the value of inventories, recognized as cost in a given period, and amounts of reversals of write-downs of values decreasing the value of inventories recognized as income during the period are disclosed in the income statement as other operating incomes / expenses (incomes / expenses on account of revaluation of non-financial assets).

6.8. Financial instruments

The Group classifies its financial assets and liabilities to the following categories:

Financial assets or financial liabilities valued to fair value through the income statement - assets and liabilities acquired or transacted primarily for the purpose of sale or repurchase in a short-term perspective;

Investments held to maturity - financial assets other than derivatives, with predetermined or determinable payments and with predetermined maturity dates, which the Group strongly intends to maintain and is capable of maintaining until maturity;

Loans and receivables - financial assets other than derivatives, with predetermined or determinable payments, which are not quoted on an active market,

Financial assets available for sale - non-derivative financial assets not classified as financial assets disclosed in fair value through the income statement, borrowings and receivables, and assets held to maturity.

6.8.1. Financial assets recognized at fair value through the income statement

Financial assets recognized at fair value through the income statement are:

- Financial assets for trade. A financial asset is classified to this category if it was acquired primarily for the purpose of short-term sale,
- Financial assets determined at the time of initial disclosure as recognized at fair value through the income statement.

Assets of this category are classified as current assets if they are designated for trade or their realization is envisaged within 12 months of the balance day. The Group classifies investments in securities to this category.

Assets are booked with the effective date of transaction and they are derecognized in the balance sheet at the time of expiry of contractual rights to cash flows from the given financial asset, or when the given financial asset is transferred together with all risks and benefits derived from possession of such asset. Both as at the booking date and as at the balance date, financial assets valued at fair value through the income statement are valued at fair value.

6.8.2. *Loans granted*

Loans granted are non-derivative financial assets with determined or determinable due date, which are not quoted on an active market, other than those recognized as financial assets disclosed at fair value through the income statement or available for sale.

These assets are booked with the effective date of transaction and they are derecognized in the balance sheet at the time of expiry of contractual rights to cash flows from the given financial asset, or when the given financial asset is transferred together with all risks and benefits derived from possession of such asset.

Granted loans are disclosed as at the date of posting to the books, at fair value plus transaction costs, and afterwards as at the balance day according to depreciated acquisition price determined with the effective rate of interest method.

6.8.3. *Financial assets available for sale*

Financial assets available for sale are booked with the effective date of transaction and they are derecognized in the balance sheet at the time of expiry of contractual rights to cash flows from the given financial asset, or when the given financial asset is transferred together with all risks and benefits derived from possession of such asset.

As at the date of posting to the books, these assets are valued at fair value plus transaction costs. As at the balance day, these assets are valued at fair value accounting for impairment losses, posted to revaluation capital.

Gains or losses arising from change in fair value of an asset are posted directly to equity.

Assets available for sale include shares and stocks in non-affiliated and non-associated companies, not quoted on an active market, classified as current or non-current assets.

Where fair value cannot be determined, these assets are valued at acquisition price less impairment losses, and the results of valuation are disclosed in the financial result.

6.9. Trade receivables

Trade receivables and other receivables are posted to the balance sheet at fair value and afterwards at adjusted acquisition price, using the effective rate of interest method, less impairment losses. The value of receivables is updated accounting for probability of their repayment through an allowance.

Allowances for trade receivables and other receivables are created as at the end of each quarter where there is objective evidence that the Group will not be able to obtain all amounts receivable according to the original terms of the receivables. The following factors are indicators of receivables impairment: serious financial difficulties of the debtor, or delayed repayments. The amount of impairment loss is the difference between the balance sheet value of the given receivable and the current value of estimated future cash flows generated thereby. *The value of loss is posted to the income statement as "other operating expenses".* Allowances for irrecoverable receivables are made on the account of provisions for receivables. Future repayments of receivables previously written down are posted to "other operating incomes" in the income statement.

Non-current trade receivables are by principle valued at adjusted acquisition price using the effective rate of interest method. However, if the difference between value given as adjusted acquisition price and value given as amount due and payable has no significant impact on the Group's financial results, then such receivables are recognized in the balance sheet as amounts due and payable.

6.10. Cash and cash equivalents

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

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

6.11. Derivatives

Derivatives are recognized in the books at the time when the Companies become parties to a binding contract. The Group uses derivatives to limit foreign exchange or interest rate risk.

The Group does not use hedge accounting.

As at the balance day, derivatives are valued to fair value. Derivatives with fair value above zero are classified as financial instruments while derivatives with negative fair value are financial liabilities.

Gains or losses on derivatives are posted to financial incomes or costs, accordingly, and as cash flows from operating activities in the cash flow statement.

6.12. Financial guarantee agreements

Financial guarantee agreements are disclosed as off-balance liabilities and receivables. The Company assesses as at each consecutive balance day whether it is probable that a payment will have to be effected in respect of a financial guarantee agreement and whether a provision should therefore be established. If the amount of provision exceeds the current value of guarantee agreement, then the value of provision is adjusted accordingly and the resulting difference is shown in the income statement. Such guarantees are recognized as financial instruments. Such agreements are initially posted at fair value (equivalent to the amount of premium received or estimated using appropriate valuation techniques), then at one of the following values, whichever is higher:

- the amount of provision determined on the basis of estimated value of probable expenditure required for paying off the debt arising from the guarantee agreement, or
- the initial value less amortization/depreciation write-downs.

6.13. Income tax

Income tax on profit or loss for the financial year includes current and deferred income tax. Income tax is posted to the income statement, except for amounts concerning items recognized directly as equity, where income tax is posted under equity.

The current part of income tax is the envisaged amount of income tax charged on taxable base for the given year, calculated on the basis of tax rates agreed as at the balance day, including any tax adjustments carried forward.

Deferred tax is calculated with the balance sheet method as tax payable or reimbursable in the future on differences between balance sheet values of assets and liabilities and corresponding tax values used for calculating the taxable base. The tax rate to be applicable in the reporting periods in which the given assets will be realized or liabilities will be released shall apply to calculation of relevant deferred tax.

Deferred income tax assets on account of tax loss are established if settlement of such loss in the following years is certain of occurring.

Deferred income tax is estimated as at each consecutive balance day and the difference is posted to the income statement.

6.14. Equity

Share capital and reserve capital is valued in its nominal value. The differences between fair value of received payment and nominal value of shares are disclosed in supplementary capital from sale of shares above their nominal value.

The costs of shares issue, which are borne at the point of establishment of a joint stock company or increase in initial capital reduce the company's supplementary capital to the amount of surplus of issue value over nominal value of shares.

6.15. Provisions

Provisions are established if the Company is under an existing liability derived from past events, it is probable that fulfillment of this liability will require expending of funds that form economic benefits and it is possible to reliably estimate the value of such liability.

Provisions are valued at the current value of estimated costs, to the best knowledge of the Company's management, provided that these costs must be incurred in order to settle the existing liability as at the balance day.

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

6.16. Financial liabilities and trade liabilities

Financial liabilities include in particular loans, credit facilities, debt bonds, not matured interest on bank credit facilities which are booked according to the accruals method, as well as discount on debt securities to be settled in the following accounting period. Foreign currency loans are valued according to the selling rate of the bank employed by the Company.

Financial liabilities are valued at amortized cost, in accordance with IAS 39. Valuation accounts for the risk and possibility of early repayment of non-current liabilities.

Trade liabilities are initially carried at fair value. Afterwards, non-current liabilities are valued at adjusted acquisition price using the effective interest rate method. When the difference between value given as adjusted acquisition price and value given as amount due and payable has no significant impact on the Group's financial results, then such liabilities are disclosed in the balance sheet as amounts due and payable. The item of advances for deliveries covers both invoiced advances (including advances on apartments) and ones that have not been invoiced.

6.17. Methods of determining the financial result

Financial result (profit/loss) is determined using the multiple-step method.

6.18. Operating incomes

Incomes from sales of goods and products are carried at fair value of payment received or receivable, less discounts, rebates and taxes associated with sales. These are recognized as at the time of delivery of such goods and services, with assignment on the buyer of risks and benefits arising from ownership of such goods, provided that the amount of such incomes can be fairly valued.

Specifically, incomes earned on sales by the Group of apartments and commercial space are recognized according to IAS 18 at the time of transferring freehold of these premises through a sale agreement upon completion of facility development and obtaining use rights to these premises.

Incomes from lease of residential and commercial space are accounted for equally during the terms of respective contracts.

Revenues from construction on the basis of long-term contracts are posted according to IAS 11 according to advancement of works. Percentage of service performance advancement is determined as the proportion of works completed as at the given day with reference to the entire scope of works.

The remaining incomes from sales of services are carried to the period in which the given services were provided.

6.19. Operating expenses

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

The cost of goods and products sold is valued at production cost on the basis of exact identification of actual costs of assets sold, or percentages of such items as sold area of land, sold shares, etc. In particular, own cost of sold premises and land is established in proportion to the percentage of such premises or land in the entire land resource constituting the given project.

6.20. Financial expenses

Financial expenses concerning the current period are recognized in the income statement, to the exception of costs activated according to the alternative solution presented in IAS 23 'Borrowing Costs'. The company activates such part of financial expenses that are directly related to acquisition and production of assets disclosed as inventories and investments in process. The following amount of costs is activated: interest, discount and commissions, less revenues earned on temporary deposition of cash (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts).

6.21. Cash flow statement

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

6.22. Consolidation

These financial statements of Echo Investment S.A. Capital Group comprise the separate financial statements of Echo Investment S.A. and its subsidiaries. Subsidiaries are all companies controlled by the Group, which typically occurs if the Company holds more than half the voting rights in the given company, whether directly or via other Group companies. Grounds for control also exist if the Company is capable of influencing the given company's operating and financial activities. Subsidiaries are consolidated as from the time of seizing control until loss of control over them.

As at the date of acquisition of a subsidiary (seizing control), such acquired company's assets and liabilities are valued at fair value. Surplus of acquisition price over fair value of identifiable net acquired assets of the company is carried to the balance sheet assets as goodwill. If acquisition price is lower than fair value of identifiable net acquired assets of the company, then the difference is carried as profit in the income statement of the period of acquisition. Minority shares are disclosed according to fair value of net assets attributed to minority shareholders. During the consecutive periods, losses attributed to minority shareholders beyond the value of their shares reduce the dominant company's equity.

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. Most of them 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.

All internal Group transactions and settlement account balances are eliminated in the consolidation process. The value of shares held by the Company and other consolidated companies in subsidiaries, corresponding to the percentage of the Company and other consolidated Group company in subsidiaries' equity, is also eliminated.

As at December 31, 2008, Echo Investment Capital Group consists of 100 subsidiaries that are fully consolidated, one partially owned subsidiary consolidated according to the proportional method, and 3 companies valued according to ownership rights method.

Subsidiaries:

Company name	Registered office address	percentage of equity held	Dominant company
"Athina Park" Sp. z o.o. ['Athina Park' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Centrum Handlowe PHS" S.A. ['PHS Shopping Center' Joint Stock Company]	Szczecin	100%	Echo Investment S.A.
"Echo - Arena" Sp. z o.o. ['Echo - Arena' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Arena Sp. z o.o." Sp. kom. ['Echo - Arena Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Echo - Aurus" Sp. z o.o. ['Echo Aurus' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Building Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo - Banking and Finance Center Łódź' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Centrum Bełchatów" Sp. z o.o. ['Echo - Bełchatów Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Centrum Biznesu Łódź" Sp. z o.o. ['Echo - Łódź Business Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Centrum Jelenia Góra" Sp. z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company]	Jelenia Góra	100%	Echo Investment S.A.
"Echo - Centrum Poznań" Sp. z o.o. ['Echo - Poznań Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Centrum Przemysł" Sp. z o.o. ['Echo - Przemysł Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Centrum Rzeszów" Sp. z o.o. ['Echo - Rzeszów Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Centrum Tarnów" Sp. z o.o. ['Echo - Tarnów Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Galaxy" Sp. z o.o. ['Echo - Galaxy' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Galaxy Sp. z o.o." Sp. kom. ['Echo - Galaxy Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.

"Echo - Galaxy Szczecin" Sp. z o.o. [‘Echo - Galaxy Szczecin’ Limited Liability Company]	Szczec in	100%	"Echo - Galaxy Sp. z o.o." Sp. kom. [‘Echo - Galaxy Limited Liability Company’ Limited Partnership]
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Company name	Registered office address	percentage of equity held	Dominant company
"Echo - Galeria Kielce" Sp. z o.o. [‘Echo - Kielce Gallery Limited Liability Company]	Kielce	100%	"Echo - Kielce 1" Sp. z o.o. [‘Echo - Kielce 1’ Limited Liability Company]
"Echo - Kielce 1" Sp. z o.o. [‘Echo - Kielce 1’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Metropolis" Sp. z o.o. [‘Echo - Metropolis’ Limited Liability Company]	Kielce	100%	"Echo - Centrum Poznań" Sp. z o.o. [‘Echo - Poznań Center’ Limited Liability Company]
"Echo - Park Postępu" Sp. z o.o. [‘Echo - Park Postępu’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Pasaż Grunwaldzki" Sp. z o.o. [‘Echo - Grunwaldzki Arcade’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Pasaż Grunwaldzki Sp. z o.o." Sp. kom. [‘Echo - Pasaż Grunwaldzki Limited Liability Company’ Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Echo - Project 1" LLC	Kiev	100%	"Echo Investment Ukraine" LLC
"Echo - Project 2" LLC	Kiev	100%	"Echo Investment Ukraine" LLC
"Echo - Project Management Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo - Property Poznań 1" Sp. z o.o. [‘Echo - Property Poznań 1’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Property Poznań 2" Sp. z o.o. [‘Echo - Property Poznań 2’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - SPV 6" Sp. z o.o. [‘Echo - SPV 6’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Veneda" Sp. z o.o. [‘Echo - Veneda’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo ACC" Sp. z o.o. [‘Echo ACC’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo Bau" Sp. z o.o. [‘Echo Bau’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [‘Echo Investment - Piotrków Trybunalski Shopping Center’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo Investment Hungary Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo Investment Project 1" S.R.L.	Bucharest	100%	Echo Investment S.A.
"Echo Investment Project Management" S.R.L.	Bucharest	100%	Echo Investment S.A.
"Echo Investment Ukraine" LLC	Kiev	100%	Echo Investment S.A.
"Est On Property Management" Sp. z o.o. [‘Est On Property Management’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.

"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"MDP" Sp. z o.o. ['MDP' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Piomot Auto" Sp. z o.o. ['Piomot Auto' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Limited Liability Company]	Kielce	100%	"Echo - Kielce 1" Sp. z o.o. ['Echo - Kielce 1' Limited Liability Company]

Company name	Registered office address	percentage of equity held	Dominant company
"Princess Investment" Sp. z o.o. ['Princess Investment' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 28" Sp. z o.o. ['Project Echo - 28' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 30" Sp. z o.o. ['Project Echo - 30' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 34" Sp. z o.o. ['Project Echo - 34' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 37" Sp. z o.o. ['Project Echo - 37' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 39" Sp. z o.o. ['Project Echo - 39' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 41" Sp. z o.o. ['Project Echo - 41' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 41 Sp. z o.o." Sp. kom. ['Project Echo - 41 Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 42" Sp. z o.o. ['Project Echo - 42' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 42 Sp. z o.o." Sp. kom. ['Project Echo - 42 Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 43" Sp. z o.o. ['Project Echo - 43' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 44" Sp. z o.o. ['Project Echo - 44' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 45" Sp. z o.o. ['Project Echo - 45' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 45 Sp. z o.o." Sp. kom. ['Project Echo - 45 Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 46" Sp. z o.o. ['Project Echo - 46' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 47" Sp. z o.o. ['Project Echo - 47' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 48" Sp. z o.o. ['Project Echo - 48' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 53" Sp. z o.o. ['Project Echo - 53' Limited Liability Company]	Kielce	100%	"Echo - Centrum Biznesu Łódź" Sp.z o.o.

"Projekt Echo - 54" Sp. z o.o. ['Project Echo - 54' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 55" Sp. z o.o. ['Project Echo - 55' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 56" Sp. z o.o. ['Project Echo - 56' Limited Liability Company]	Jelenia Góra	100%	"Echo - Centrum Jelenia Góra" Sp. z o.o.
"Projekt Echo - 57" Sp. z o.o. ['Project Echo - 57' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 58" Sp. z o.o. ['Project Echo - 58' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 59" Sp. z o.o. ['Project Echo - 59' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 61" Sp. z o.o. ['Project Echo - 61' Limited Liability Company]	Kielce	100%	"Echo - Centrum Tarnów" Sp. z o.o. ['Echo - Tarnów Center' Limited Liability Company]
"Projekt Echo - 62" Sp. z o.o. ['Project Echo - 62' Limited Liability Company]	Kielce	100%	"Echo - Pasaż Grunwaldzki Sp. z o.o." Sp. kom. ['Echo - Pasaż Grunwaldzki Limited Liability Company' Limited Partnership]
"Projekt Echo - 63" Sp. z o.o. ['Project Echo - 63' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 65" Sp. z o.o. ['Project Echo - 65' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 67" Sp. z o.o. ['Project Echo - 67' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 68" Sp. z o.o. ['Project Echo - 68' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 69" Sp. z o.o. ['Project Echo - 69' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 70" Sp. z o.o. ['Project Echo - 70' Limited Liability Company]	Kielce	100%	Echo Investment S.A.

Company name	Registered office address	percentage of equity held	Dominant company
"Projekt Echo - 71" Sp. z o.o. ['Project Echo - 71' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 72" Sp. z o.o. ['Project Echo - 72' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 73" Sp. z o.o. ['Project Echo - 73' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 74" Sp. z o.o. ['Project Echo - 74' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 75" Sp. z o.o. ['Project Echo - 75' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 76" Sp. z o.o. ['Project Echo - 76' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 77" Sp. z o.o. ['Project Echo - 77' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 80" Sp. z o.o. ['Project Echo - 80' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 83" Sp. z o.o. ['Project Echo - 83' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 84" Sp. z o.o. ['Project Echo - 84' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 85" Sp. z o.o. ['Project Echo - 85' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 86" Sp. z o.o. ['Project Echo - 86' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 87" Sp. z o.o. ['Project Echo - 87' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 88" Sp. z o.o. ['Project Echo - 88' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 89" Sp. z o.o. ['Project Echo - 89' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 90" Sp. z o.o. ['Project Echo - 90' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 91" Sp. z o.o. ['Project Echo - 91' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 92" Sp. z o.o. ['Project Echo - 92' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 93" Sp. z o.o. ['Project Echo - 93' Limited Liability Company]	Kielce	100%	Echo Investment S.A.

"Projekt Naramowice" Sp. z o.o. ['Project Naramowice' Limited Liability Company]	Kielce	100%	"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company]
"Projekt - Naramowice Poznań" Sp. z o.o. ['Project - Naramowice Poznań' Limited Liability Company]	Kielce	100%	Projekt Naramowice Sp. z o.o. ['Project Naramowice Limited Liability Company]
"Projekt S" Sp. z o.o. ['Project S' Limited Liability Company]	Kielce	95%	Echo Investment S.A.
"Ultra Marina" Sp. z o.o. ['Ultra Marina' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Wlementor Holdings" Ltd	Nicosia	100%	Echo Investment S.A.
"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company]	Poznań	100%	Echo Investment S.A.

"WAN 11" Spółka z o.o. ['Wan 11' Limited Liability Company] with its registered seat in Warsaw is a partially owned subsidiary

Associated companies are all companies on which the Group has a significant impact but does not exercise control over them, which typically involves a share ranging from 20% to 50% of voting rights. Investments in associated companies are disclosed according to ownership rights method.

Associated companies valued according to ownership rights method:

- "Projekt Echo - 23" Spółka z o.o. ['Project Echo - 23' Limited Liability Company] in liquidation, having its registered seat in Kielce,
- "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.

6.23. Segment reporting

Types of segments of activity, specifying products (services) and goods under each disclosed field segment or composition of each disclosed geographical segments, indicating the basic classification (division of segments according to fields or geographical location) and the supplementary classification.

The basic classification is the division into geographical segments.

Four territorial segments have been distinguished in the Capital Group:

- operations in Poland,
- operations in Hungary,
- operations in Romania,
- operations in Ukraine.

Because operations abroad have just been launched, no incomes or expenses were recorded in 2008 in the foreign segments.

The secondary classification is the division into field segments.

Three field segments have been distinguished in the Capital Group:

- letting and sales of residential and commercial areas,
- letting and sales of shopping and entertainment areas,
- letting and sales of office and hotel areas.

Field segments qualify as distinguishable fields of an economic entity, where goods are distributed, services are provided, or a group of related goods or services is delivered, subject to risk and described by a rate of return from investment expenditure different from ones typical of other field segments.

The accounting principles of a segment are the principles applied to preparation and presentation of the Group's consolidated financial statements, as well as the accounting principles applicable directly to segment reporting.

Segment revenues mean the income earned on sales to third party clients or from transactions with other segments within the Group, which are disclosed in the Group's income statement and can be directly allocated to the given segment, along with the respective part of the Group's revenues, which can be allocated to this segment on reasonable bases. The following are not classified as segment revenues:

- extraordinary profits,
- interest or dividend income, including interest gained from advances paid or loans granted to other segments, unless the operations of the given segment are primarily focused on financial matters,
- earnings on sales of investments or profits arising from debt expiry, unless the operations of the segment are mainly focused on financial matters.

Segment incomes include the Capital Group's shares in profits or losses of associated companies, joint ventures or other consolidated financial investments, using the ownership rights method, provided that the above items are contained in consolidated or general income of an economic entity.

Segment costs mean the expenses composed of costs to sell to third party clients or costs of transactions executed with other segments within the Group, which result from the given segment's operating activity and can be directly allocated to the given segment, along with the respective part of the Group, which can be allocated to this segment on reasonable bases. The following are not classified as segment costs:

- extraordinary losses,
- interest, including interest on advances or loans obtained from other segments, unless the operations of the given segment are primarily focused on financial matters,
- losses from sales of investments or losses incurred as a result debt expiry, unless the operations of the segment are mainly focused on financial matters,
- economic entity's share in losses of associated companies, joint ventures or other financial investments consolidated with the ownership rights method,
- income tax charges,
- overheads and other costs occurring on Group level, applicable to the Group as a whole. However, certain costs occurring on Group level are yielded for the segment. Such costs can be classified as costs of segment if they apply to the segment's operating activity and can be directly allocated or assigned to the segment on reasonable bases.

The result of segment is the difference between the segment income and the segment costs. The result of segment is determined before adjustments for minority shares.

Assets of segment are current assets used by the segment in its operating activity that can be directly allocated to the given segment or assigned to that segment on the basis of reasonable premises.

If the result of segment comprises interest or dividend income, the segment's assets shall comprise relevant receivables, loans, investments or other assets resulting in occurrence of income.

Liabilities of segment are current liabilities occurring as a result of the segment's operating activity that can be directly allocated to the given segment or assigned to that segment on the basis of reasonable premises.

If the result of segment comprises costs of interest, the segment's liabilities shall comprise relevant liabilities incurring interest.

Financial data relating to segments are presented in Notes 31A – 31D to the financial statements.

7. Estimations by Group Companies' Managements

Preparation of financial statements 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.

Management Boards' estimations have essential impact on the financial statements in the following key areas:

7.1. Investment property

Fair value of investment property generating regular incomes is determined by the company with the investment method, using simple capitalization method as a result of net operating income (NOI) of the project and yield rate. Yield rate is reviewed by independent property appraisers at least yearly, net operating income (NOI) is updated quarterly on the basis of valid lease contracts, values expressed in EUR and USD are converted quarterly according to valid rates of exchange published by the National Bank of Poland.

The following factors are taken into consideration when estimating fair value of investment property:

- current prices and information obtained from the open market for properties comparable to those owned by the Group, with consideration of the type of property, its size, location and other aspects
- or, if the above data is not available, the Group would estimate the value of property on the basis of additional information including current prices for other types of property,
- projections of future cash flows, based on fair estimations accounting for the current status of agreements signed and envisaged with lessees, credible level of market prices which can be achieved in comparison to similar investment properties according to discount rates that correspond to appropriate risk level for the estimated cash flows according to the Management Board's assessment.

Whereas most lease agreements executed by the Group are denominated in EUR, appraisals of investment properties are prepared in EUR and converted into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date. According to the Group's valuations, the combined value of investment properties as at December 31, 2008 was 594,625 thousand EUR (546,205 thousand EUR as at December 31, 2007).

7.2. Financial instruments for trade

Fair value of financial instruments not traded on an active market is determined using appropriate valuation techniques. The Company is guided by its independent judgment in selecting valuation methods and its assumptions are based on the market conditions existing as at each consecutive balance day. As at the balance day, the Company did not have any such financial instruments.

7.3. Deferred income tax

The Company's Management Board must evaluate probability of realization of a deferred income tax asset. In the process of preparing the financial statement, the Company estimates the value of the deferred income tax asset on the basis of factors including the value of future income tax burdens. The process includes analysis of the existing levels of current income tax burdens and the values of transition differences arising from different treatment of a given transaction from the tax and accounting perspectives, resulting in creation of an asset and provision for deferred income tax.

The above mentioned evaluation process is based on a number of assumptions concerning determination of the value of deferred income tax asset. The above estimations account for tax forecasts, historical values of tax burdens, currently available strategies for planning the Company's operating activities, and due dates for realization of specific timing differences. Because the aforementioned estimations may vary depending on external factors, the Company may periodically adjust its deferred income tax assets, which in turn may affect the Company's financial situation and results.

7.4. Impact of the financial crisis on the Company's activities

Noticeable lack of stability on financial markets leads to high variability and uncertainty on global equity markets. The current global liquidity crisis, which began in mid-2008, has led to such circumstances as, among others, decreasing percentages of financing via equity markets, lower level of liquidity in the financial sector, rising interest rates on inter-bank market, and extreme fluctuations on stock markets. In the United States, Western Europe, Russia and other countries, uncertainty on the global financial markets has led to banks' collapse and implementation of emergency rescue programs for banks. It is not possible to foresee all consequences of the global financial crisis or to secure an enterprise against these consequences today.

Availability of credit facilities has become significantly limited since the 4th quarter of 2008, financial sector institutions are now much more restrictive in regard of granting credit facilities, and the costs of obtaining and handling external financing have increased largely. These circumstances may affect the Group's capacity of obtaining new credits or refinancing of the existing facilities on terms similar to those applicable to earlier transactions.

Low liquidity can be observed on the real estate market. As a result of reduced volume of transactions and limited transparency as to pricing levels and market controls, there is less certainty as to property appraisals. These appraisals may vary rapidly as a result of changes in current market circumstances. According to the Management Board, fair value of investment property owned by the Company has been correctly estimated, taking due account of all available information and considering the existing situation on the market.

The Group anticipates that despite a major impact of the financial crisis on the market of housing properties and decreasing prices on the markets, the Group is still capable of completing its commenced housing projects due to guaranteed financing and advantageous structure of envisaged sales contracts for specific projects.

At the same time, the Management Board believes that the value of inventories relating to the Group's housing projects is presented at recoverable value as at the balance day, and the expected sale prices for the particular housing projects correspond at least to their respective balance sheet values.

In the opinion of the Group, events related to the financial crisis do not presently pose a major threat to the Group's operations.

8. Financial risk management

8.1. Pricing risk

Pricing risk is insignificant. The Company does not participate in securities trade on any active market.

8.2. Risk of changes in cash flows and fair values in relation to interest rates

The Group's exposure to interest rate risk is concerned with financial assets and liabilities, particularly with loans granted, bank credit facilities obtained, and bonds issued. Variable interest rate loans, credits and bonds expose the Group to the risk of interest rate fluctuations while fixed-rate loans and credits expose the Group to fluctuations in fair value of financial instruments. Moreover, the Group is exposed to the risk of interest rate fluctuations in case of taking out a new credit, or refinancing the existing debt to long-term financing.

Based on different scenarios, the Group manages its cash flows variation risk as a result of interest rate fluctuations using interest swaps converting variable rates into fixed rates for selected credit facilities or individual installments of credit facilities. The economic consequence of using these swaps is the conversion of variable rate debt instruments into fixed rate instruments. On the basis of agreements concerning interest swaps, the Group has agreed, together with other parties, to swap the difference between fixed and variable interest rates determined on the basis of the agreed base original amount in defined intervals (mainly monthly). The Company only applies the above financial instruments to secure itself against the risk and not for speculation purposes.

As at December 31, 2008, 52,6 % of liabilities arising from loans and debt securities were fixed-rate debts, while the remaining part consisted of variable-rate obligations.

Sensitivity to change of interest rates – on loans received and debt securities [in thousands PLN]:

Balance of liabilities arising from credit facilities and debt securities as at 2008-12-31	1 714 053
Interest charge	87 773
Estimated variation of interest rates	+/- 1 p.p.
Change of interest charge on account of interest rate fluctuations (on a yearly basis)	17 141
Estimated income tax	3 257
Net impact on the result	13 884

8.3. Currency risk

Foreign exchange risk refers to investment credit facilities taken in foreign currencies (most commonly in Euro) within the Group. This risk occurs with the following two types of financial events:

- conversion of credit facilities (credit installments) obtained, from EUR into PLN

In order to limit the risk involved in currency conversion of credit facilities, the Group enters into forward transactions on the forward currency market in values for envisaged cash flows of this type.

- repayment of credit installments

In this case, the Group uses natural hedging: contracts with lessees are expressed in the currency of the loan taken out for financing the given investment. Thus obtained payments from lessees are assigned to repayment of the above mentioned loans. Such combination of financing with sources of income minimizes or eliminates foreign exchange risk.

As a security against foreign exchange risks on the currency futures market, the Group opened a position in derivatives hedging the EUR/PLN exchange rate in 2008. With the open positions, the Group is duly secured for the part of cash flows allocated to 2009 (133.5 million EUR, including 78.3 million in the 1st half of 2009) and 2010 (229 million EUR, including 110.5 million in the 1st half of 2010). The transactions executed on the basis of contracts signed with banks were not speculative in nature and were effected within the scope of the applicable hedging policy to secure future levels of cash flows on operating activity and currency conversion of EUR-denominated credit facility tranches.

The Group pursues a harmonized foreign exchange risk management policy with regular monitoring of risk areas, using available strategies and mechanisms to minimize the adverse impacts of market variability and to secure its cash flows.

Sensitivity to change of EUR exchange rate – on credit facilities received [in thousands PLN]:

Balance of credit liabilities in EUR as at 2008-12-31	1 104 676
Estimated EUR rate fluctuations	+/- 1%
Foreign exchange gains/losses on account of interest rate variations	11 047
Estimated income tax	2 099
Net impact on the result	8 948

8.4. Credit risk

Credit risk occurs in the case of cash, derivatives and deposits in banks and financial institutions, as well as in respect of the Group's clients and lessees in the form of unpaid receivables. The Group has applied certain procedures for assessing the client's creditworthiness, and other security measures in the form of deposits and guarantees are also used with respect to lessees. No major concentration of risk exists in respect of any of the Group's clients. As regards financial institutions and banks, the Group transacts business with well recognized institutions.

8.5. Liquidity risk

Liquidity risk is the risk of the Group being unable to repay its financial liabilities in due time. The Company manages liquidity risk through maintaining appropriate reserve capital, taking advantage of the available choice of banking services and reserve overdraft facilities, and monitoring continuous forecasts and actual cash flows. Due to dynamic character of the Company's operations, it is capable of maintaining appropriate flexibility of financing through cash availability and diversification of financing sources.

The Company has sufficient funds to repay all debts in due time. Liquidity risk is minimized in the longer time perspective through availability of bank credit facilities. The Group can use sufficient financing at any time through activating funds from overdraft facilities allowed to it by banks.

Analyses of the Group's financial liabilities and derivatives carried as net amounts, which will be settled in appropriate aging periods based on the time remaining to contractual maturity date as at the balance day, are presented in the following notes, accordingly: credits, loans and debt securities – Note 17B, derivatives – Note 12B, trade liabilities and other liabilities – Note 19.

9. Equity risk management

The Group's objective in equity risk management is to protect the Group's capability of continuous operation so that to properly realize the return for shareholders, advantages for other parties involved, as well as to maintain optimized structure of equity in order to reduce its cost.

In managing this risk, the Group takes decisions concerning financial leverage, dividend policy, issue of new stocks, or repurchase followed by redemption or resale of previously issued stocks, along with possible sales of assets in order to reduce debt level. Like other companies in the industry, the Group monitors its equity according to debt ratios. Debt ratio is calculated as net debt to total equity value. Net debt is calculated as a total of credit facilities and loans (including current and long-term credit facilities and loans disclosed in the balance sheet) less cash and cash equivalent. Total value of equity is calculated as equity shown in the balance sheet with net debt.

Debt ratios as at December 31, 2008 and December 31, 2007 were as follows:

	2008	2007
Credit facilities total (Note 18A)	1 714 164	1 260 879
Cash and cash equivalents (Note 14A)	-321 793	-394 046
Net debt	1 392 371	866 833
Total shareholders' equity	1 640 600	1 519 065
Total equity	3 032 971	2 385 898
Debt ratio	45,91%	36,33%

10. Restatement of comparable statements

The Group has implemented changes in the Group's accounting policy, consisting in:

- adjustment of consolidation of "WAN 11" Sp. z o.o. according to proportional method (formerly full method);
- adjustment of assets valuation at acquisition of "Echo - Centrum Poznań" Sp. z o.o. and reversal of previously disclosed goodwill (40,382 thousand PLN);
- movement of real property from tangible fixed assets to inventories (36,351 thousand PLN);
- movement of real property from tangible fixed assets to investment property (3,519 thousand PLN as at 2007-12-31).
- change of methodology of financial liabilities valuation
- adjustment of valuation of investment property and lease liabilities by the value of discounted future perpetual usufruct fees.

With respect to the foregoing changes, individual items from comparable financial statements were restated as follows:

	2007 after adjustme nt	2007 before adjustme nt	Differenc e
CONSOLIDATED BALANCE SHEET			
ASSETS			
1. Fixed assets	2 461 060	2 592 004	(130 944)
1.1. Intangible fixed assets	525	525	-
Goodwill of subsidiaries	-	40 382	(40 382)
1.2. Tangible fixed assets	467 837	463 167	4 670
1.3. Non-current receivables	54	54	-
1.4. Investment property	1 956 508	2 034 700	(78 192)
1.5. Investments in associated companies	10 960	10 960	-
1.6. Loans granted	40	40	-
1.7. Derivative instruments	-	-	-
1.8. Deferred income tax assets	25 136	42 176	(17 040)
2. Current assets	982 232	946 944	35 288
2.1. Inventories	492 136	455 619	36 517
2.2. Income tax receivables	10 948	10 948	-
2.3. Other tax receivables	35 265	35 298	(33)
2.4. Trade receivables and other receivables	16 359	16 654	(295)
2.5. Loans granted	26 758	26 758	-
2.6. Derivative instruments	6 720	6 720	-
2.7. Cash and cash equivalents	394 046	394 947	(901)
ASSETS TOTAL	3 443 292	3 538 948	(95 656)

	2007 after adjustme nt	2007 before adjustme nt	Differenc e
LIABILITIES			
1. Equity	1 519 084	1 526 341	(7 257)
1.1. Equity attributed to shareholders of the dominant company	1 519 065	1 510 535	8 530
1.1.1. Initial capital	21 000	21 000	-
1.1.2. Supplementary capital	1 174 241	1 174 241	-
1.1.3. Accumulated earnings (loss)	327 568	319 039	8 529
1.1.4. Foreign exchange gains/losses arising from conversion	(3 744)	(3 745)	1
1.2. Minority capitals	19	15 806	(15 787)
2. Non-current liabilities	1 530 386	1 568 237	(37 851)
2.1. Borrowings	1 230 619	1 283 221	(52 602)
2.2. Derivative instruments	-	-	-
2.3. Deposits received	32 180	32 180	-
2.4. Leases	34 323	-	34 323
2.5. Provision for deferred income tax	233 264	252 836	(19 572)
3. Current liabilities	393 822	444 370	(50 548)
3.1. Borrowings	30 260	37 859	(7 599)
3.2. Derivative instruments	-	-	-
3.3. Income tax liabilities	2 906	3 177	(271)
3.4. Other tax liabilities	6 068	6 068	-
3.5. Trade liabilities and other liabilities	146 698	166 238	(19 540)
3.6. Advances received	192 076	192 076	-
3.7. Provisions for liabilities	15 814	38 952	(23 138)
LIABILITIES TOTAL	3 443 292	3 538 948	(95 656)

CONSOLIDATED INCOME STATEMENT	2007 after adjustm ent	2007 before adjustm ent	Differen ce
Incomes	373 725	382 430	(8 705)
Costs to sell	(185 890)	(189 852)	3 962
Gross profit (loss) on sales	187 835	192 578	(4 743)
Profit (loss) on sales of property	29 616	29 616	-
Revaluation of real property	250 324	250 335	(11)
Costs to sell	(21 491)	(21 491)	-
Overheads	(48 956)	(48 991)	35
Other operating incomes	34 008	20 388	13 620
Other operating expenses	(19 209)	(22 999)	3 790
Earnings before tax and financial incomes/expenses	412 127	399 436	12 691
Financial incomes	21 149	39 227	(18 078)
Financial expenses	(78 848)	(88 010)	9 162
Foreign exchange gains (losses)	45 474	49 113	(3 639)
Shares in profits of associated companies	(90)	(90)	-
Gross profit (loss)	399 812	399 676	136
Income tax	(75 442)	(75 415)	(27)
Net profit (loss), including:	324 370	324 261	109
Profit (loss) attributed to shareholders of the dominant company	324 372	319 039	5 333
Minority profit (loss)	(2)	5 222	(5 224)

Change of the principles of consolidation of "WAN 11" Sp. z o.o. (correction of an error) has had the following impact on restatement of the report for 2007:

- in Balance Sheet assets: decrease of value of the Investment property item by 73,672 thousand PLN and decrease of other assets by 2,694 thousand PLN
- in Balance Sheet liabilities: decrease of value of the Minority capitals item by 15,878 thousand PLN, and decrease of the Non-current liabilities – borrowings item by 52,602 thousand PLN, decrease of Provision for deferred income tax by 6,015 thousand PLN, and decrease of current liabilities by 1,871 thousand PLN.
- in the Income Statement: decrease of Incomes by 8,705 thousand PLN, decrease of Costs to sell by 3,415 thousand PLN, changes of other items combined into resulting decrease of Net profit by 5,224 thousand PLN, where Profit attributed to shareholders of the dominant company has not changed and Minority profit has decreased by 5,224 thousand PLN.

Adjustment of assets valuation at acquisition of "Echo – Centrum Poznań" Sp. z o.o. (error correction) influenced restatement of the report for 2007 only in the Balance Sheet through reduction of Goodwill of subsidiaries by 40,382 thousand PLN and increase of Tangible fixed assets by 40,382 thousand PLN.

11. Significant events after the balance date

On January 06, 2009, Annex 1 (the Annex) of January 06, 2009 was executed to the agreement for project management and general contracting of investment (the General Contracting Agreement) of October 8, 2008 between the Issuer's subsidiary „Projekt Echo – 63” Spółka z ograniczoną odpowiedzialnością [‘Project Echo – 63’ Limited Liability Company] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the Project Manager and the General Contractor of Investment). According to the terms of the Annex, the Project Manager and the General Contractor of Investment shall receive a fee based on investment budget, whereof the estimated net value is approx. 78.4 million PLN.

On February 16, 2009 Echo Investment S.A. with its registered seat in Kielce (the Investor) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor) signed Annex 2 dated February 13, 2009 to the core and shell construction contract for an establishment, dated September 08, 2008 (the Contract). Under the aforementioned Contract, the Contractor agreed to carry out the works consisting in core and shell construction of an office and commercial establishment (the Facility) located on a real property in Łódź, Piłsudskiego Street (Object of Contract). The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision. Completion of development of the Object of Contract was expected until July 24, 2009. Under the said Annex, the Parties to the Contract agreed to terminate the Contract by mutual agreement as at the effective date of Annex. The reason for Contract termination is the suspension of development of the Object of Contract, which has to be redesigned to optimize the investment process. The envisaged modifications will enable more flexible adaptation to the current situation on the property market and will enable development and sales of this project in stages. As a result of Contract termination, the Contractor's fee for Contract performance was agreed as PLN 10,839,703.00 net. This amount includes the fee for advancement of Contract development until the termination date and the cost of securing the completed works, as well as other activities necessary for closing the works and Contractor's evacuation from site. The Parties to the Annex further agreed that the above fee fully covered their mutual claims as to settlement of basic works and works, tasks and activities carried out with regard to the need to end performance and terminate the Contract.

On February 26, 2009 the Issuer was notified that on February 24, 2008 the District Court in Kielce, 10th Economic Department of the National Court Register, registered changes in the value and structure of initial capital of a subsidiary "Projekt Naramowice Poznań" Sp. z o.o. ("Project Naramowice Poznań" Limited Liability Company) with its registered seat in Kielce (the "Subsidiary"). The value of the Subsidiary's initial capital was increased by 156,930,000 and now equals PLN 156,980,000, divided into 3,139,600 shares with a par value of PLN 500 each. Changes in the share capital of "Projekt Naramowice Poznań" Sp. z o.o. were registered as a consequence of a non-cash contribution made by "Projekt Naramowice" Sp. z o.o., the said contribution incorporating a set of tangible and intangible assets designed for carrying out business activity. The value of goodwill as specified in the agreement of transfer of ownership of the enterprise is 156.93 million PLN and the registration value of the transferred enterprise as given in the accounting books of the Issuer's subsidiary "Projekt Naramowice" Sp. z o.o., according to acquisition and production costs, is 10.74 million PLN (as at June 30, 2008). The assets mentioned above used to be exploited before transfer in developer operations. „Projekt Naramowice Poznań” Spółka z ograniczoną odpowiedzialnością intends to continue utilizing these assets in the existing manner.

On March 9, 2009 the Issuer was notified by ING Powszechne Towarzystwo Emerytalne (ING Common Pension Society), which communicated according to Article 69 of the Act of July 29, 2005 on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies (Journal of Laws No. 184 item 1539) that as a result of transaction at the Warsaw Stock Exchange, cleared as at March 4, 2009, it has become the holder of a stake of Echo Investment S.A.'s (the Company's) shares exceeding 10% of votes at the general meeting of shareholders of the Company. Before the aforementioned increase of share percentage, ING Open Pension Fund had been the holder of 41,995,656 shares of Echo Investment S.A., corresponding to 9.99% of the Issuer's share capital. These shares carried 41,995,656 votes, constituting 9.99% of the total number of votes at the Issuer's general meeting of shareholders. As at March 6, 2009, ING Open Pension Fund was holding 44,078,210 shares on its securities account, corresponding to 10.49% of the Issuer's share capital. These shares carried 44,078,210 votes, constituting 10.49% of the total number of votes at the Issuer's general meeting of shareholders. ING Common Pension Society hereby notifies that during the upcoming 12-month period, ING Open Pension Fund acknowledges the possibility of increasing or decreasing the stake held thereby, depending on the Company's market situation and functioning. The purpose of acquiring shares of Echo Investment S.A. is to invest funds within the scope of ING Open Pension Fund's investing activities.

On March 20, 2009, Orbis S.A. with its registered seat in Warsaw (the Buyer) accepted the quotation offered by the Issuer's subsidiary "Echo - Kielce 1" Sp. z o.o. ["Echo - Kielce 1" Limited Liability Company] with its registered seat in Kielce (the Seller), dated January 19, 2009 concerning extension of the preliminary conditional agreement (the Agreement). The Parties agreed on the basis of their respective statements that the Seller and the Buyer should enter into the Promised Agreement until June 30, 2009, provided that the conditions enumerated in Current Report no. 44/2008 of September 05, 2008 are fulfilled until June 19, 2009, including:

On April 17, 2009, the Issuer received Annex 1 dated April 15, 2009 (the Annex) to the zero state construction contract of December 18, 2008 (the Contract), signed by correspondence between Echo Investment S.A. with its registered seat in Kielce (the Investor) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor). Under the aforementioned Contract, the Contractor agreed to carry out the works consisting in raw state construction of an office establishment located on a real property in Krakow, Lea Street (Object of Contract, Facility), including performance of earth works, raw state construction with necessary services. The Contractor also agreed to obtain the

necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision. On the basis of the executed Annex, the scope of works was extended by erection of above-ground reinforced concrete structure of the Facility. With regard to the change of scope of Contract, the Contractor's fee shall be increased by PLN 3.92 million net, totaling PLN 11.47 million net as a result. The current due date for completion of the Object of Contract is August 17, 2009.

On April 17, 2009 the Issuer received a notice wherein Pioneer Pekao Investment Management S.A. with its registered seat in Warsaw (PPIM), acting in compliance with Article 87 clause 1 sub-clause 3 letter b of the Act of July 29, 2005 on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies (Journal of Laws No. 184 item 1539, as amended), communicates a reduction of its total engagement to the level of 4.98% of the total number of votes at the general meeting of shareholders of Echo Investment S.A. to the extent of financial instruments comprised in the portfolios managed within the range of performance by PPIM of brokers' financial instruments portfolio management service. Before reduction of the foregoing share, customers of Pioneer Pekao Investment Management S.A. used to hold 21,028,310 shares of Echo Investment SA on their accounts covered by the management agreement, forming 5.01% of the Issuer's share capital. These shares carried 21,028,310 votes, constituting 5.01% of the total number of votes at the Issuer's general meeting of shareholders. On April 8, 2009 there were 20,920,240 shares of Echo Investment SA on the securities accounts of all customers of Pioneer Pekao Investment Management S.A., corresponding to 4.98% of the Issuer's share capital. These shares carried 20,920,240 votes, constituting 4.98% of the total number of votes at the Issuer's general meeting of shareholders. Pioneer Pekao Investment Management S.A. further notifies that all customers of Pioneer Pekao Investment Management S.A. concerned with portfolios managed by PPIM are the shareholders holding the above specified number of votes below 5% at the Issuer's general meeting of shareholders.

12. Information concerning Management Board's salaries

Managers of Echo Investment S.A. received the following remuneration at Echo Investment S.A. and for exercising their functions in the bodies of wholly and partially owned subsidiaries and associated companies in 2008, respectively:

- During his term of office at the Management Board of Echo Investment S.A., Mr. Jarosław Grodzki received compensation from Echo Investment S.A. in the total amount of PLN 707 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies;
- Mr. Piotr Gromniak received compensation from Echo Investment S.A. in the total amount of PLN 639 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and associated companies;
- Mr. Artur Langner received compensation from Echo Investment S.A. in the total amount of PLN 611 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and associated companies;

EXPLANATORY NOTES

EXPLANATORY NOTES TO THE BALANCE SHEET

Note 1

OFF-BALANCE ITEMS	31.12.2008	31.12.2007 restated
1. Contingent liabilities		
1.1 To non-affiliated companies, on account of:		
a) granted guarantees and sureties	4 032	3 315
b) court proceedings	31	379
c) purchase of land property in Kalisz	18 807	18 807
d) other agreements	-	-
	22 870	22 501
Contingent liabilities total	22 870	22 501

On July 4, 2007, the Capital Group issued a surety for the obligations of "Projekt - Echo 49" Sp. z o.o. ('Project - Echo 49' Limited Liability Company) concerning repair of damage up to the amount of 1,361 thousand. USD, equivalent as at the balance date of 4,032 thousand PLN.

The Capital Group has a contingent liability to an individual running their own business under company name "MTM Consulting" for payment of additional price of sale of perpetual usufruct right to land property situated in Kalisz, up to the amount of 18,807 thousand PLN.

As at December 31, 2008, the Group had certain investment liabilities arising from contracts signed with regard to future execution of commenced and scheduled construction projects, amounting to 195,979 thousand PLN. Financing of these liabilities is envisaged from available cash under a current financing scheme or other external financing, and under existing and new sales contracts.

Note 2A

INTANGIBLE ASSETS (thousands PLN)	31.12.2008	31.12.2007 restated
a) acquired concessions, patents, licences and similar assets, including:	993	517
b) other intangible assets	9	8
Intangible assets total	1 002	525

Note 2B

CHANGE OF INTANGIBLE ASSETS (BY TYPE GROUPS) (thousands PLN)

For the period from 2008-01-01 to 2008-12-31	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible assets total
a) gross value of intangible assets at the beginning of period	2 711	16	2 727
b) increases (on account of)			
- purchase	916	762	1 678
c) gross value of intangible assets at the end of period	3 627	778	4 405
d) accumulated amortization at the beginning of period	2 194	7	2 201
e) amortization for the period (on account of)			
- scheduled	440	762	1 202
f) accumulated amortization (depreciation) at the end of period	2 634	769	3 403
g) net value of intangible assets at the end of period	993	9	1 002

For the period from 2007-01-01 to 2007-12-31	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible assets total
a) gross value of intangible assets at the beginning of period	1 716	35	1 751
b) increases (on account of)			
- purchase	994		994
- liquidation		-19	-19
c) gross value of intangible assets at the end of period	2 710	16	2 726
d) accumulated amortization at the beginning of period	1 639	22	1 661
e) amortization for the period (on account of)			
- scheduled	554	1	555
- liquidation		-15	-15
f) accumulated amortization (depreciation) at the end of period	2 193	8	2 201
g) net value of intangible assets at the end of period	517	8	525

Note 3A

TANGIBLE FIXED ASSETS (thousands PLN)	31.12.2008	31.12.2007 restated
a) fixed assets:		
- land	5 586	3 454
- buildings, premises and civil engineering structures	3 994	3 713
- plant and machinery	1 475	2 159
- means of transport	7 580	9 274
- other fixed assets	1 033	1 311
	19 668	19 911
b) fixed assets under construction	711 786	447 926
Tangible fixed assets total	731 454	467 837

Fixed assets under construction are expenditures involved in purchase of land plots and development of office and commercial projects for lease. Upon completion of development, these projects will be valued at fair value and carried to "Investment property". The value of Fixed assets under construction is presented at production cost, no impairment occurred in these assets.

NOTE 3B

CHANGE OF INTANGIBLE ASSETS (BY TYPE GROUPS) (thousands PLN)						
For the period from 2008-01-01 to 2008-12-31	Own land	Buildings and structures	Plant and machinery	Means of transport	Other	Fixed assets total
a) gross value of fixed assets as at the beginning of period	3 458	4 545	6 527	18 417	3 182	36 129
b) increases on account of:						
- purchase	8 383	582	722	911	261	10 859
- transfer to investment activity	100	-	-	-	-	100
c) decreases on account of:						
- sale	-	-	(271)	(965)	(190)	(1 426)
- liquidation	-	(315)	(184)	-	(8)	(507)
d) gross value of fixed assets as at the end of period	11 941	4 812	6 794	18 363	3 245	45 155
e) accumulated depreciation as at the beginning of period	4	832	4 368	9 143	1 871	16 218
f) depreciation for the period (on account of)						
- scheduled	62	201	1 319	2 594	401	4 577
- liquidation	-	(215)	(97)	-	(8)	(320)
- sales adjustments	-	-	(271)	(954)	(52)	(1 277)
g) accumulated depreciation (amortization) as at the end of period	66	818	5 319	10 783	2 212	19 198
h) impairment losses	6 289	-	-	-	-	6 289
i) net value of fixed assets as at the end of period	5 586	3 994	1 475	7 580	1 033	19 668

For the period from 2007-01-01 to 2007-12-31	Own land	Buildings and structures	Plant and machinery	Means of transport	Other	Fixed assets total
a) gross value of fixed assets as at the beginning of period	5 742	4 542	5 505	15 534	2 103	33 426
b) increases on account of:						
- purchase	11	1 745	1 451	3 024	2 676	8 907
- transfer to investment activity	34	717	-	-	-	751
- release of revaluation accounts	-	518	-	-	-	518
c) decreases on account of:						
- sale	-	-	(25)	(141)	-	(166)
- transfer to investment activity	(2 329)	(1 284)	(244)	-	-	(3 857)
- liquidation	-	(1 535)	(160)	-	(1 597)	(3 292)
- consolidation adjustments	-	(158)	-	-	-	(158)
d) gross value of fixed assets as at the end of period	3 458	4 545	6 527	18 417	3 182	36 129
e) accumulated depreciation as at the beginning of period	1 564	2 034	3 644	7 129	2 028	16 399
f) depreciation for the period (on account of)						
- scheduled	3	308	1 056	2 137	1 415	4 919
- liquidation	-	(985)	(130)	-	(1 572)	(2 687)
- transfer to investment activity	(1 563)	(525)	(177)	-	-	(2 265)
- sales adjustments	-	-	(25)	(123)	-	(148)
g) accumulated depreciation (amortization) as at the end of period	4	832	4 368	9 143	1 871	16 218
h) impairment losses						-
i) net value of fixed assets as at the end of period	3 454	3 713	2 159	9 274	1 311	19 911

Note 3C

FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE)
(thousands PLN)

	31.12.2008	31.12.2007 restated
a) owned	731 454	467 837
b) used under a lease contract, rental agreement or another similar agreement	-	-
Balance sheet fixed assets total	731 454	467 837

The Group has no collaterals established on fixed assets.

Note 4

NON-CURRENT RECEIVABLES (thousands PLN)

	31.12.2008	31.12.2007 restated
Receivables from non-affiliated companies, on account of:		
- deposits paid	58	54
Non-current receivables gross	58	54
- revaluation adjustments of receivables	-	-
Non-current receivables net	58	54

Note 5A

CHANGE IN PROPERTY BALANCE (BY TYPE GROUPS) (thousands PLN)	31.12.2008	31.12.2007 restated
Balance as at the beginning of period	1 956 508	1 631 103
b) increases (on account of)		
- purchase	139	-
- transfer from fixed assets under construction	74 416	367 073
- transfer from fixed assets	-	1 592
- transfer from inventories	4 503	-
- change in real property valuation	460 420	384 329
	539 478	752 994
c) decreases (on account of)		
- sale	90	222 922
- change in real property valuation	2 282	172 994
- transfer to fixed assets under construction	12 600	-
- transfer to inventories	-	31 673
	14 972	427 589
Balance of real property as at the end of period	2 481 014	1 956 508

The Company values real property at fair value as at the end of each consecutive calendar quarter. Gains/losses from valuation are presented under "Revaluation of immovable property" in the Income Statement.

As at December 31, 2008 the Group was in possession of 19 investment properties located in different Polish cities. Whereas most lease agreements include lease rent rates expressed in EUR (also USD), appraisals are prepared in these currencies and converted into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date. The value of property valued as at December 31, 2008 was 594,625 thousand EUR (December 31, 2007: 546,205 thousand EUR)

Land property in Radom, recognized as investment property, is encumbered with capped mortgage up to the amount of 2,720 thousand EUR, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Piotrków Trybunalski, recognized as investment property, is encumbered with capped mortgage up to the amount of 2,440 thousand EUR, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Pabianice, recognized as investment property, is encumbered with capped mortgage up to the amount of 2,100 thousand EUR, established in favor of BPH PBK S.A., as a bank credit collateral.

Land properties in Radom, Piotrków Trybunalski and Pabianice, recognized as non-current investments, are encumbered with capped mortgage up to the amount of 72,600 thousand EUR, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Jelenia Góra, recognized as investment property, is encumbered with capped mortgage up to the amount of 11,831 thousand EUR and 42,750 PLN, established in favor of Pekao S.A., with its registered office in Warsaw, as a bank credit collateral

Land property in Bełchatów, recognized as investment property, is encumbered with capped mortgage up to the amount of 6,451 thousand EUR and 23,326 thousand PLN in favor of Pekao S.A., with its registered office in Warsaw, as a bank credit collateral

Land property in Przemyśl, recognized as investment property, is encumbered with capped mortgage up to the amount of 3,420 thousand EUR, established in favor of ING Bank Śląski S.A., with its registered office in Katowice, as a bank credit collateral

Land property in Kielce, recognized as investment property, is encumbered with capped mortgage up to the amount of 27,000 thousand EUR, established in favor of Kredyt Bank S.A., with its registered office in Warsaw, as a bank credit collateral

Land property in Tarnów, recognized as investment property, is encumbered with capped mortgage up to the amount of 15,540 thousand EUR, established in favor of Eurohypo A.G., with its registered office in Eschborn, as a bank credit collateral.

Land property in Szczecin, recognized as investment property, is encumbered with capped mortgage up to the amount of 150,000 thousand EUR, established in favor of Eurohypo A.G., with its registered office in Eschborn, as a bank credit collateral.

Land property in Warsaw, recognized as investment property, is encumbered with capped mortgage up to the amount of 48,000 thousand EUR, established in favor of Eurohypo A.G., with its registered office in Eschborn, as a bank credit collateral.

Land property in Warsaw, recognized as investment property, is encumbered with capped mortgage up to the amount of 30,600 thousand EUR, established in favor of Eurohypo A.G., with its registered office in Eschborn, as a bank credit collateral.

Land property in Wrocław, recognized as investment property, is encumbered with capped mortgage up to the amount of 100,000 thousand EUR, established in favor of Eurohypo A.G., with its registered office in Eschborn, as a bank credit collateral.

Note 5B

AMOUNTS PRESENTED IN THE INCOME STATEMENT (thousands PLN)	31.12.2008	31.12.2007 restated
a) lease rent incomes pertaining to investment property	231 682	239 054
b) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that generated lease rent incomes during the given period	114 123	111 237
b) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that did not generate lease rent incomes during the given period	-	-

Note 6

SHARES IN ASSOCIATED COMPANIES (thousands PLN)	31.12.2008	31.12.2007 restated
Balance as at the beginning of period	10 960	11 005
a) increases / decreases (on account of)		
- share in profits/losses of associated companies	(10 588)	-
- advances for acquisition of shares	23 744	-
- share in profits/losses of associated companies	3	(45)
	13 159	(45)
Balance of loans as at the end of period	24 119	10 960

As at December 31, 2008, "W.A. Hotele" Sp. z o.o. was the holder of assets worth 25,770 thousand PLN and liabilities in the amount of 1 thousand PLN, it did not earn any sales incomes and it closed its business activities with a loss of 1 thousand PLN.

As at December 31, 2008, "WAN Invest" Sp. z o.o. was the holder of assets worth 680 thousand PLN and liabilities in the amount of 64 thousand PLN, it did not earn any sales incomes and it closed its business activities with a loss of 55 thousand PLN

As at December 31, 2008, "Projekt Echo - 23" Sp. z o.o. was the holder of assets worth 14 thousand PLN and liabilities in the amount of 1 thousand PLN, it did not earn any sales incomes and it closed its business activities with a loss of 6 thousand PLN

Allowance in the amount of 10,588 thousand PLN concerns "W.A. Hotele" Sp. z o.o., whose assets have lost their balance sheet value in the Group's opinion.

Note 7

LOANS GRANTED (CURRENCY STRUCTURE) (thousands PLN)	31.12.2008	31.12.2007 restated
a) in the Polish currency	651	26 798
b) in foreign currencies (by currency, after conversion to zlotys)	-	-
Granted loans total	651	26 798
- including long-term part	13	40
- including short-term part	638	26 758
Interest rates applied to discounting anticipated cash inflows	6,36%	6,09%

The maximum value of credit risk involved with these loans equals their balance sheet value. Estimated fair value of granted loans is the value of future anticipated discounted cash flows, equivalent to the balance sheet value of granted loans.

The granted loans are not secured.

The loans granted are not overdue and no loss of value (impairment) occurred.

Note 8A

CHANGE IN THE BALANCE OF DEFERRED INCOME TAX ASSETS (thousands PLN)	31.12.2008	31.12.2007 restated
1. Balance of deferred income tax assets as at the beginning of period:	-	-
- financial instruments	1 645	-
- investment property	860	628
- tax loss	2 941	4 032
- borrowing liabilities	19 690	12 174
- other	25 136	16 834
2. Increases		
- financial instruments	35 446	-
- investment property	-	1 645
- tax loss	4 897	232
- borrowing liabilities	24 769	7 146
- other	7 570	7 682
	72 682	16 705
3. Decreases		
- financial instruments	-	-
- investment property	(22)	-
- tax loss	862	-
- borrowing liabilities	-	8 237
- other	4 173	166
	5 013	8 403
4. Balance of deferred income tax assets as at the end of period total:	35 446	-
a) carried to the financial result		
- financial instruments	1 667	1 645
- investment property	4 895	860
- tax loss	27 710	2 941
- borrowing liabilities	23 087	19 690
- other		
	92 805	25 136

The Group established a deferred income tax asset in the amount of 4,895 thousand PLN for tax losses incurred until 2008. The Group estimates that it will utilize the tax loss asset during the upcoming years in the following respective amounts: 2009: 1,661 thousand PLN, 2010: 1,678 thousand PLN, 2011: 530 thousand PLN, 2012: 513 thousand PLN, 2013: 513 thousand PLN.

The Group did not establish a deferred income tax asset in the amount of 3,158 thousand PLN for tax losses incurred until 2008 as settlement of these losses in the upcoming years is not certain.

Note 8B

DEFERRED INCOME TAX ASSETS (thousands PLN)	31.12.2008	31.12.2007 restated
a) due for realization within 12 months	19 768	9 144
b) due for realization after 12 months	73 037	15 992
	92 805	25 136

Note 8C

CHANGE IN THE BALANCE OF PROVISION FOR DEFERRED INCOME TAX (thousands PLN)	31.12.2008	31.12.2007 restated
1. Balance of provision for deferred income tax as at the beginning of period:		
- financial instruments	1 277	-
- investment property	176 730	139 415
- shares in wholly or partially owned subsidiaries and in associated companies *	7 351	-
- other	47 906	35 563
	233 264	174 978
2. Increases		
- financial instruments	-	1 277
- investment property	91 872	47 178
- shares in wholly or partially owned subsidiaries and in associated companies *	-	7 351
- other	10 411	28 159
	102 283	83 965
3. Decreases		
- financial instruments	1 277	-
- investment property	-	9 863
- shares in wholly or partially owned subsidiaries and in associated companies *	-	-
- other	8 425	15 816
	9 702	25 679
4. Balance of provision for deferred income tax as at the end of period total		
- financial instruments	-	1 277
- investment property	268 602	176 730
- shares in wholly or partially owned subsidiaries and in associated companies *	7 351	7 351
- other	49 892	47 906
	325 845	233 264

* Estimated value of tax charge concerned with envisaged changes in Group structure as a result of the difference between tax and balance sheet value of subsidiaries' shares.

Note 8D

PROVISIONS FOR DEFERRED INCOME TAX (in thousands PLN)	31.12.2008	31.12.2007 restated
a) due for settlement within 12 months	14 680	3 698
b) due for settlement after 12 months	311 165	229 566
	325 845	233 264

Note 9A

INVENTORIES (thousands PLN)	31.12.2008	31.12.2007 restated
a) materials	201	197
b) semi-finished products and work in process	399 340	427 539
c) finished products	70 365	48 469
d) goods	1 738	1 759
e) advances for deliveries	15 011	14 172
Inventories total	486 655	492 136

The item of "Finished products" comprises complete apartments, ready for sale.

The item of "Semi-finished products and work in process" comprises mainly real property owned or held by the Group, as well as expenditures on housing projects in preparation and in progress.

The immovable property in Zabrze, disclosed under semi-finished products and work in progress, is encumbered with capped mortgage in the amount of PLN 3,700 thousand in favor of the Municipal Commune of Zabrze as a security of repayment of any possible claims that could occur due to payment of liquidated damages in case the Company fails to execute the investment project in due time.

Inventories are valued not higher than obtainable net value. This value is obtained from information from the active market. Reversal of inventories value allowance is related to sale of the given inventory or increase of net sales price. The amounts of write-downs on the value of inventories, recognized as cost in a given period, and amounts of reversals of write-downs of values decreasing the value of inventories recognized as income during the period are disclosed in the income statement as other operating incomes / expenses (incomes / expenses on account of revaluation of non-financial assets).

Note 9B

INVENTORIES - IMPACT ON PROFIT/LOSS (thousands PLN)	31.12.2008	31.12.2007 restated
a) value of inventories recognized as cost in a given period	86 424	19 588
b) amounts of write-offs of inventories value in the given period	11 268	7 396
c) amounts of reversed write-offs of values decreasing the value of inventories in the given period	12 388	1 594

Inventories write-downs and their reversals are concerned with housing projects where a time offset exists between sales of apartments and sales of garages associated with apartments. The purpose is to realistically present the sales margin realized during the period.

The total amount of allowances to inventories as at the end of 2008 was PLN 22,047 thousand.

The value of inventories recognized as cost during the given period is shown in the income statement under "Costs to sell".

Note 10

TAX RECEIVABLES BY TITLES (thousands PLN)	31.12.2008	31.12.2007 restated
- income tax	3 478	10 948
- VAT	46 923	34 863
- other	21	402
Tax receivables total	50 422	46 213

Note 11A

CURRENT RECEIVABLES (thousands PLN)	31.12.2008	31.12.2007 restated
a) trade receivables, payable within:		
- up to 12 months	12 261	12 159
- over 12 months	749	732
	<u>13 010</u>	<u>12 891</u>
b) other receivables	33 227	324
c) accrued costs	4 069	2 412
d) accrued income	6 373	732
Net current receivables total	<u>56 679</u>	<u>16 359</u>
- revaluation allowances on receivables	3 171	3 623
Gross current receivables total	<u>59 850</u>	<u>19 982</u>

Note 11B

CHANGE IN THE BALANCE OF REVALUATION ALLOWANCES ON CURRENT RECEIVABLES (thousands PLN)	31.12.2008	31.12.2007 restated
Balance as at the beginning of period	3 623	6 453
a) increases (on account of)		
- creating an allowance	873	1 326
	<u>873</u>	<u>1 326</u>
b) decreases (on account of)		
- repayment	1 271	4 012
- discontinuance of enforcement proceedings	54	144
	<u>1 325</u>	<u>4 156</u>
Balance of revaluation allowances on current receivables as at the end of period	3 171	3 623

Receivables revaluation allowance was posted under "other operating incomes / expenses" in the Group's consolidated income statement.

Impairment of receivables is the result of their being overdue by more than 6 months (50% impairment) or 12 months (100% impairment). In case of receivables for regular lease services of areas in commercial developments, debts older than 3 months indicate a risk of impairment of the given amount receivable.

Note 11C

CURRENT RECEIVABLES GROSS (CURRENCY STRUCTURE) (thousands PLN)	31.12.2008	31.12.2007 restated
a) in the Polish currency	59 850	19 982
b) in foreign currencies (by currency, after conversion to zlotys)	-	-
Current receivables total	<u>59 850</u>	<u>19 982</u>

Note 11D

TRADE RECEIVABLES (GROSS) - BY TIME TO DUE DATE AS FROM THE BALANCE DAY (thousands PLN)	31.12.2008	31.12.2007 restated
a) up to 1 month	1 737	3 375
b) over 1 month up to 3 months	3 773	2 531
c) over 3 months up to 6 months	50	20
d) over 6 months up to 1 year	183	183
e) over 1 year	749	732
f) receivables overdue	9 689	9 673
Trade receivables total (gross)	16 181	16 514
g) revaluation adjustments of trade receivables	(3 171)	(3 623)
Trade receivables total (net)	13 010	12 891

Note 11E

OVERDUE TRADE RECEIVABLES (GROSS) - OVERDUE BY (thousands PLN)	31.12.2008	31.12.2007 restated
a) up to 1 month	5 104	2 772
b) over 1 month up to 3 months	675	3 456
c) over 3 months up to 6 months	963	329
d) over 6 months up to 1 year	667	157
e) over 1 year	2 280	2 959
Trade receivables overdue total (gross)	9 689	9 673
f) revaluation adjustments on trade receivables overdue	(3 171)	(3 623)
Trade receivables overdue total (net)	6 518	6 050

Note 11F

OVERDUE TRADE RECEIVABLES (GROSS) - OVERDUE BY (thousands PLN)	31.12.2008	31.12.2007 restated
a) current receivables without impairment	6 492	6 841
b) overdue receivables without impairment	6 518	6 050
c) overdue receivables with impairment	3 171	3 623
Trade receivables total (gross)	16 181	16 514

The maximum value of credit risk involved with receivables equals the balance sheet value of each respective balance group of receivables. Estimated fair value of trade receivables is the value of anticipated future discounted cash flows, equivalent to the balance sheet value of these receivables.

Trade receivables are homogeneous and are derived from lease of shopping and office space. The Group regularly controls the financial condition and payment capacity of its lessees. Payments are secured with deposits and bank guarantees.

The Group has securities established on receivables in the form of assignment of receivables under lease agreements in favor of banks financing the particular investments.

Note 12A

DERIVATIVES (ASSETS) (thousands PLN)	31.12.2008	31.12.2007 restated
a) Interest Rate Swap	428	-
b) currency options	1 216	6 720
Derivative investments total	1 644	6 720
including with maturity dates		
- up to 1 year	357	6 720
- from 1 to 3 years	1 043	-
- from 3 to 5 years	122	-
- over 5 years	122	-

Note 12B

DERIVATIVES (LIABILITIES) (thousands PLN)	31.12.2008	31.12.2007 restated
a) currency forwards	226 280	-
b) currency options	13 538	-
c) Interest Rate Swap	138	-
Derivative liabilities total	239 956	-
including with maturity dates		
- up to 1 year	65 833	-
- from 1 to 3 years	174 045	-
- from 3 to 5 years	39	-
- over 5 years	39	-

During the reporting period, the Group recognized profit/loss on valuation of derivatives in accordance with Notes 25 and 26.

The sum of nominal values of unsettled currency forwards as at December 31, 2008 was EUR 344.5 million. These contracts concern sale of EUR during 2009-2010 and their purpose is to secure part of the envisaged future cash flows at the Group against foreign exchange risk.

The sum of nominal values of unsettled currency options as at December 31, 2008 was EUR 39 million. These contracts concern selling and buying of EUR during 2009-2010 and their purpose is to secure part of the envisaged future cash flows at the Group against foreign exchange risk.

Executed IRS transactions secure part of future interest payments at the Group against interest rate risk.

Note 13A

CASH AND CASH EQUIVALENTS (thousands PLN)	31.12.2008	31.12.2007 restated
a) cash in hand and on bank accounts	321 793	394 042
b) other cash	-	-
c) other cash assets	-	4
Cash and cash equivalents total	321 793	394 046
- including with limited disposability	8 885	150

The Group deposits its cash surpluses with recognized banks in Poland (mainly Pekao SA and PKO BP SA).

Note 13B

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE) (thousands PLN)	31.12.2008	31.12.2007 restated
a) in the Polish currency	315 738	268 104
b) in foreign currencies (by currency, after conversion to zlotys)		
b1. in thousands USD	65	32 867
b1. converted into thousands PLN	191	80 000
b2. in thousands EURO	459	12 832
b2. converted into thousands PLN	1 695	45 941
b3. in thousands RON	1 388	-
b3. converted into thousands PLN	1 444	-
b4. in thousands HUF	172 325	-
b4. converted into thousands PLN	2 716	-
b5. in thousands UAH	24	-
b5. converted into thousands PLN	10	-
	6 056	125 941
Cash and cash equivalents total	321 794	394 045

Maximum credit risk for cash is equivalent to their balance sheet value.

Note 14A

SHARE CAPITAL (STRUCTURE)

Series of shares	Class of shares	Class of shares privilege	Type of restriction of rights to shares	Number of shares	Value of series / issue by par value (thousands PLN)	Method of equity coverage	Date of registration	Right to dividend as from
A	bearer shares	ordinary shares	none	1 600 000	80	non-cash contribution	1994-06-30	1995-01-01
B	bearer shares	ordinary shares	none	38 400 000	1 920	cash	1994-06-30	1995-01-01
C	bearer shares	ordinary shares	none	20 000 000	1 000	cash	1995-11-13	1995-01-01
D	bearer shares	ordinary shares	none	60 000 000	3 000	cash	1997-02-18	1996-01-01
E	bearer shares	ordinary shares	none	20 000 000	1 000	cash	1997-12-30	1997-01-01
F	bearer shares	ordinary shares	none	280 000 000	14 000	cash	2002-11-26	2002-01-01
Number of shares total				420 000 000				
Share capital total					21 000			
Par value of one share = PLN 0.05								

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

Note 14B

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF SHARE CAPITAL AS AT DECEMBER 31, 2008

Shareholders	Number of votes / shares	Percentage of share capital	Percentage of votes at the General Meeting of Shareholders
Michał Sołowow - directly	16 591 450	3,95%	3,95%
Michał Sołowow - indirectly through:	153 325 130	36,51%	36,51%
- Magellan Pro-Equity Fund I S.A.	141 409 680	33,67%	33,67%
- Amundsen Pro-Equity Fund III Sp. z o.o.	11 413 450	2,72%	2,72%
- Barcocal Investment Ltd.	502 000	0,12%	0,12%
OFE PZU Złota Jesień PTE	41 066 860	9,78%	9,78%
Otwarty Fundusz Emerytalny ING NN	41 070 350	9,78%	9,78%
Commercial Union PTE	37 812 146	9,00%	9,00%
Pioneer Pekao Investments Management SA	21 035 115	5,01%	5,01%
Other Shareholders	109 098 949	25,98%	25,98%

Note 15

SUPPLEMENTARY CAPITAL (thousands PLN)	31.12.2008	31.12.2007 restated
a) from sale of shares above par value	100 943	100 943
b) established by force of law	80	80
c) established by force of articles above the value required by law	1 457 834	884 949
d) other	22	22
e) consolidation adjustments	(65 599)	188 247
Supplementary capital total	1 493 280	1 174 241

Note 16

CHANGE IN THE BALANCE OF MINORITY CAPITALS (thousands PLN)	31.12.2008	31.12.2007 restated
Balance as at the beginning of period	19	21
Adjustments during the period (on account of):		
- net result and purchase of shares of Projekt S Sp. z o.o.	(27)	(2)
Balance of minority capitals as at the end of period	(8)	19

Note 17A

BORROWINGS (BY TYPE) (thousands PLN)	31.12.2008	31.12.2007 restated
a) credit facilities	1 164 487	707 889
b) debt securities	549 566	550 019
c) interest on credits and loans	111	2 971
Borrowings total	1 714 164	1 260 879
- including long-term part	1 589 154	1 230 619
- including short-term part	125 010	30 260

Note 17B

BORROWINGS WITH DUE DATES REMAINING AS FROM THE BALANCE DAY (thousands PLN)	31.12.2008	31.12.2007 restated
Concerning non-affiliated companies:		
a) up to 12 months	125 010	30 260
b) over 1 year up to 3 years	279 220	726 617
c) over 3 years up to 5 years	513 632	224 064
d) over 5 years	796 302	279 938
Borrowings total	1 714 164	1 260 879

Note 17C

BORROWINGS (CURRENCY STRUCTURE) (thousands PLN)	31.12.2008	31.12.2007 restated
a) in the Polish currency	587 954	553 026
b) in foreign currencies (by currency, after conversion to zlotys)		
b1. in thousands USD	7 333	7 610
b1. converted into thousands PLN	21 534	17 724
b2. in thousands EURO	268 206	191 171
b2. converted into thousands PLN	1 104 676	690 129
	1 126 210	707 853
Non-current financial liabilities total	1 714 164	1 260 879
Interest rates applied to discounting anticipated cash flows:		
a) for bonds	7,66%	7,54%
b) for credit facilities denominated in EUR	5,04%	5,82%
c) for credit facilities denominated in USD	2,34%	6,73%

To the best knowledge and information of the Group Management, no breaches occurred as to the terms and conditions of credit agreements or agreed levels of security during the financial year and until the date of signing the financial statements.

NOTE 17D

NON-CURRENT LIABILITIES - BORROWINGS

Name (company name) of the organization, specifying the legal form	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals
		thousands PLN	currency	thousands PLN	currency			
Pekao S.A.	Warsaw	37 973	9,101 thousand EUR	6 480	1,568 thousand EUR	EURIBOR 1M + margin	2010-08-31	<ul style="list-style-type: none"> - capped mortgage on property for 11,831 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under execution contracts, - assignment of receivables under insurance policies, - statement of 'Echo Investment' S.A. on voluntary submission to enforcement proceedings, - registered pledge on shares of "Projekt Echo - 56" Sp. z o.o. ['Project Echo - 56' Limited Liability Company], - power of attorney to bank account
Pekao S.A.	Warsaw	20 704	4,962 thousand EUR	2 776	672 thousand EUR	EURIBOR 1M + margin	2010-04-30	<ul style="list-style-type: none"> - capped mortgage on property for 6,451 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under execution contracts, - assignment of receivables under insurance policies, - statement of 'Echo Investment' S.A. on voluntary submission to enforcement proceedings, - registered pledge on shares of "Echo - Centrum Bełchatów" Sp. z o.o. ['Echo - Bełchatów Center' Limited Liability Company], - power of attorney to bank account
Eurohypo AG	Eschborn	46 314	11,100 thousand EUR	11 644	2,833 thousand EUR	EURIBOR 3M + margin	2010-07-15	<ul style="list-style-type: none"> - capped mortgage on property for 15,540 thousand EUR, - assignment of receivables under lease contracts and management contract, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo Projekt - 61" Sp. z o.o. ['Echo Project - 61' Limited Liability Company], - assignment of receivables under bank account agreement
ING Bank Śląski SA	Katowice	17 649	4,230 thousand EUR	4 505	1,381 thousand EUR	EURIBOR 1M + margin	2012-06-30	<ul style="list-style-type: none"> - capped mortgage on properties for 3,420 thousand EUR, - assignment of receivables under lease contracts and management contract, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts,

- registered pledge on shares of "Echo Investment - Centrum Handlowe Przemysł" Sp. z o.o. [Echo Investment - Przemysł Shopping Center' Limited Liability Company],
 - surety of "Echo - SPV 6" Sp. z o.o. [Echo - SPV 6' Limited Liability Company],
 - assignment of receivables under bank account agreement
-

NOTE 17D

NON-CURRENT LIABILITIES - BORROWINGS continued

Name (company name) of the organization, specifying the legal form	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals
		thousands PLN	currency	thousands PLN	currency			
Eurohypo AG	Eschborn	417 240	100,000 thousand EUR	399 236	95,219 thousand EUR	Fixed interest rate until 31/12/2015; EURIBOR 1M + margin	2018-03-31	<ul style="list-style-type: none"> - capped mortgage on property for 150,000 thousand EUR, - assignment of receivables under lease contracts and management contract, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Galaxy Szczecin" Sp. z o.o. [Echo - Galaxy Szczecin' Limited Liability Company], - assignment of receivables under bank account agreement, - assignment of receivables due from CAP transactions, - assignment of receivables under lease contract of parcel, - statement of "Echo Investment" S.A. on voluntary submission to enforcement proceedings
Pekao S.A.	Warsaw	151 458	36,300 thousand EUR	113 638	29,565 thousand EUR	Fixed interest rate until 31/12/2013 for 80% of value; EURIBOR 1M + margin	2014-02-28	<ul style="list-style-type: none"> - capped mortgage on real properties up to 72,600 thousand EUR, - registered pledge on shares of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company], - assignment of receivables under lease contracts, - assignment of receivables under insurance contracts of the financed real estates, - registered pledge on receivables under bank account agreements
Kredyt Bank S.A.	Warsaw	75 103	18,000 thousand EUR	44 894	10,939 thousand EUR	EURIBOR 1M + margin	2013-10-31	<ul style="list-style-type: none"> - capped mortgage on property for 27,000 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Galeria Kielce" Sp. z o.o. [Echo - Kielce Gallery' Limited Liability Company], - power of attorney to bank accounts of "Echo - Galeria Kielce" Sp. z o.o. [Echo - Kielce Gallery' Limited Liability Company]

Eurohypo AG	Eschborn	82 033	13,840 thousand EUR 8,200 thousand USD	72 292	12,332 thousand EUR 7,333 thousand USD	EURIBOR 1M + margin LIBOR 1M + margin	2014-09-30	<ul style="list-style-type: none"> - capped mortgage on property for 30,600 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - assignment of receivables under hedging contracts, - assignment of receivables under income statements from lease and deposits, - registered pledge on shares of "Athina Park" Sp. z o.o. ['Athina Park' Limited Liability Company]
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NOTE 17D

NON-CURRENT LIABILITIES - BORROWINGS continued

Name (company name) of the organization, specifying the legal form	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
Eurohypo AG	Eschborn	417 240	100,000 thousand EUR	412 026	99,079 thousand EUR	Fixed interest rate until 31/12/2015; EURIBOR 1M + margin	2022-09-30	<ul style="list-style-type: none"> - capped mortgage on property for 150,000 thousand EUR, - registered pledge on the shares of "Echo Projekt - 62" Sp. z o.o. [Echo Project - 62' Limited Liability Company], - registered pledge on receivables of shareholders on account of their participation in "Echo Pasaż Grunwaldzki Sp. z o.o." Sp. k. [Echo Grunwaldzki Arcade Limited Liability Company' Limited Partnership], - assignment of receivables under contracts, - statement on voluntary submission to enforcement proceedings, - declaration of Echo Investment S.A. to cover the costs of further realizations in an amount exceeding the credit amount
Eurohypo AG	Eschborn	66 967	16,050 thousand EUR	58 719	14,618 thousand EUR	EURIBOR 1M + margin	2016-01-29	<ul style="list-style-type: none"> - capped mortgage on property for 48,000 thousand EUR, - assignment of receivables under lease contracts, - registered pledge on the shares of "WAN 11" Sp. z o.o. [WAN 11' Limited Liability Company], - subordination of the borrower's obligations towards partners to the borrower's liabilities towards the bank on account of granted loan
Total		1 332 681		1 126 210				

Note 17E

OPEN LINES OF CREDIT		Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals
Name (company name) of the organization, specifying the legal form	Registered office address	in thousands PLN	currency	in thousands PLN	currency			
PKO BP S.A.	Warsaw	20 000		-		WIBOR 1M + margin	2009-08-20	surety clause from current account at PKO BP S.A., statement of voluntary submission to enforcement
PKO BP S.A.	Warsaw	40 000		-		WIBOR 1M + margin	2009-08-20	surety clause from current account at PKO BP S.A., statement of voluntary submission to enforcement
Pekao S.A.	Warsaw	90 000		-		WIBOR 1M + margin	2010-09-30	- power of attorney to bank account
Pekao S.A.	Warsaw	40 000		-		WIBOR 1M + margin	2009-09-30	- blank promissory note, - power of attorney to bank account, - statement of voluntary submission to enforcement proceedings
Bank Zachodni WBK S.A.	Wrocław	20 000		18 425		WIBOR 1M + margin	2009-05-31	blank promissory note, statement of submission to enforcement proceedings, power of attorney to bank account
Bank Handlowy w Warszawie S.A.	Warsaw	20 000		19 957		WIBOR 1M + margin	2009-03-06	- obligation to transfer an appropriate amount through the bank account, - statement of voluntary submission to enforcement proceedings
Total		230 000		38 382				

Note 17F

NON-CURRENT LIABILITIES - DEBT INSTRUMENTS ISSUED (thousands PLN)

Debt instruments by type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / collaterals	Additional privileges	Quotation market
Bonds (BRE S.A.)	150 000	WIBOR + margin	2011-05-25	-	-	-
Bonds (BRE S.A.)	100 000	WIBOR + margin	2013-05-25	-	-	-
Bonds (BRE S.A.)	300 000	WIBOR + margin	2014-06-30	-	-	-
Total	550 000					

Note 18

LEASES WITH DUE DATES REMAINING AS FROM THE BALANCE DAY (thousands PLN)	31.12.2008	31.12.2007 restated
a) up to 12 months	89	89
b) over 1 year up to 3 years	179	179
c) over 3 years up to 5 years	180	179
d) over 5 years	33 787	33 876
Borrowings total	34 235	34 323

Note 19

TRADE LIABILITIES AND OTHER LIABILITIES (in thousands PLN)	31.12.2008	31.12.2007 restated
a) trade liabilities, payable within:		
- up to 12 months	93 003	109 482
- over 12 months	5 934	6 657
	98 937	116 139
b) deposits received	1 265	8 008
c) liabilities on account of wages and salaries	76	65
d) insurance liabilities	163	143
e) company social benefits fund	97	318
f) other liabilities	11 990	22 025
Trade liabilities and other liabilities total	112 528	146 698

Fair value of trade liabilities and other liabilities does not significantly differ from their balance sheet value.

Note 20

CHANGE IN PROVISIONS (BY TITLE) (in thousands PLN)	31.12.2008	31.12.2007 restated
a) balance as at the beginning of period	15 814	18 434
b) increases (on account of)		
- provision for anticipated penalties and losses	3 461	1 355
	3 461	7 355
c) utilization (on account of)		
- incurred penalties and losses	215	17
- incurred costs arising from court proceedings	441	441
	656	17
d) release (on account of)		
- provision for anticipated penalties and losses	359	-
- provision for court proceedings	-	125
	359	9 958
e) balance as at the end of period		
- provision for anticipated penalties and losses	12 260	9 373
- provision for anticipated costs of guarantee repairs, renovations, etc.	6 000	6 000
- provision for court proceedings	-	441
	18 260	15 814

The provision for penalties covers the value of potential penalties that can be imposed on the Company in respect of contracts signed, where the probability of imposing such penalties exceeds 50%.

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

The provision for envisaged costs of guarantee repairs covers the value of such repairs or compensation regarding premises and projects sold, where the probability of charging such costs exceeds 50%.

EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 21A

NET INCOME FROM SALES (MATERIAL STRUCTURE - TYPES OF ACTIVITY) (thousands PLN)	2008	2007 restated
From non-affiliated companies, on account of:		
- letting of space in shopping centers and shopping/entertainment centers	215 809	216 776
- sale and lease of residential and commercial areas	174 709	32 030
- development and letting of space in office and hotel establishments	33 282	116 991
- property trade	6 711	278
- other incomes	7 678	7 650
Net sales revenues total	438 189	373 725

Note 21B

NET INCOME FROM SALES (TERRITORIAL STRUCTURE) (thousands PLN)	2008	2007 restated
a) Poland	438 189	373 725
b) export	-	
Net sales revenues total	438 189	373 725

The Group's policy regarding signing of lease contracts of areas in the Group's commercial and office facilities relies on signing long-term contracts: ca. 10-year terms (shopping centers) and ca. 5-year terms (office buildings).

Note 22A

COSTS BY TYPE (thousands PLN)	2008	2007 restated
a) depreciation/amortization	(4 992)	(5 914)
b) consumption of materials and energy	(231 051)	(219 758)
c) foreign services	(102 280)	(175 260)
d) taxes and charges	(21 474)	(25 138)
e) salaries and wages	(35 080)	(30 457)
f) social security and other performances	(6 006)	(5 799)
g) other prime costs	(12 392)	(10 250)
h) value of sold goods and materials	(104)	(66)
Costs by type, total	(413 379)	(472 642)
Change in the balance of inventories, products and accruals	(162 467)	(215 761)
Cost of manufacture of products for the company's own purposes	(3 487)	(544)
Costs to sell	(21 345)	(21 491)
Overheads	(48 291)	(48 956)
Production cost of sold products	(177 789)	(185 890)

Note 22B

COST TO SELL (MATERIAL STRUCTURE - TYPES OF OPERATIONS) (thousands PLN)	2008	2007 restated
From non-affiliated companies, concerning incomes earned on:		
- letting of space in shopping centers and shopping/entertainment centers	(67 440)	(74 705)
- sale and lease of residential and commercial areas	(88 572)	(19 588)
- development and letting of space in office and hotel establishments	(11 532)	(87 734)
- property trade	(7 759)	(191)
- other	(2 486)	(3 672)
Operating costs total	(177 789)	(185 890)

Note 23

NET PROFIT (LOSS) ON SALES OF INVESTMENTS (thousands PLN)	2008	2007 restated
Income from sales of immovable property	27	253 884
Costs of sales of immovable property	(90)	(224 268)
Net profit (loss) on sales of investments	(63)	29 616

Note 24A

OTHER OPERATING INCOMES (thousands PLN)	2008	2007 restated
- incomes from sales of non-financial tangible assets	145	1 425
- revaluation of inventories	1 119	-
- revaluation of other non-financial assets	3 710	-
- release of provisions and allowances	8 169	13 580
- interest earnings on operating activities	16 304	17 370
- contractual penalties	5 455	633
- subsidies	360	335
- indemnities and penalties	1 724	291
- other	1 140	374
Other operating incomes total	38 126	34 008

Note 24B

OTHER OPERATING COSTS (thousands PLN)	2008	2007 restated
- costs of sales of non-financial tangible assets	(207)	(1 854)
- revaluation of inventories	-	(5 441)
- revaluation of fixed assets	(6 289)	-
- revaluation of other non-financial assets	(1 167)	(305)
- provisions and allowances created	(3 461)	(4 627)
- contractual penalties	(1 110)	(643)
- donations	(397)	(250)
- write-down of bad receivables	(224)	(323)
- costs of court proceedings	(16)	(295)
- costs of tax on civil law transactions	(812)	(4 147)
- other	(1 630)	(1 324)
Other operating expenses total	(15 313)	(19 209)

Note 25

FINANCIAL INCOMES (thousands PLN)	2008	2007 restated
- interest incomes	8 551	8 940
- profit on sale of investments	2 651	81
- incomes from options revaluation	921	11 272
- incomes from revaluation of other financial instruments (IRS)	428	-
- other financial incomes	765	856
Financial incomes total	13 316	21 149

Note 26

FINANCIAL COSTS (thousands PLN)	2008	2007 restated
From non-affiliated companies:		
- interest charge	(87 773)	(68 347)
- financial commissions	(1 411)	(3 649)
- loss on sale of investments	(28 312)	-
- costs of forwards revaluation	(226 280)	-
- costs of options revaluation	(17 406)	(6 748)
- costs of revaluation of shares in associated companies	(10 588)	-
- costs of revaluation of other financial instruments (IRS)	(138)	-
- other financial costs	(284)	(104)
Financial costs total	(372 192)	(78 848)

In 2008, the activated amount of external financing expenses was PLN 7,315 thousand.
 Yield rate amounted to 7,75% of the entire interest value.

Note 27

FOREIGN EXCHANGE GAINS (LOSSES) (thousands PLN)	2008	2007 restated
- realized foreign exchange gains	-	68 965
- unrealized foreign exchange gains	-	-
- realized foreign exchange losses	(462)	-
- unrealized foreign exchange losses	(166 925)	(23 491)
Foreign exchange gains (losses) total	(167 387)	45 474

Note 28A

DEFERRED INCOME TAX PRESENTED IN THE INCOME STATEMENT (thousands PLN)	2008	2007 restated
- reduction (increase) due to occurrence and reversal of timing differences	24 912	49 984
- reduction (increase) due to change in tax rates	-	-
Deferred income tax total	24 912	49 984

Note 28B

INCOME TAX RECONCILIATION (thousands PLN)	2008	2007 restated
1. Gross profit	145 363	399 812
2. Tax calculated at national rates	27 619	75 964
3. Differences:		
Non-taxable incomes	(70)	-
Non-deductible expenses	2 868	(522)
Utilization of tax losses previously not recognized	(817)	-
Tax losses where deferred income tax was not recognized	3 158	-
Partnerships' costs of period, not generating timing differences	8 167	-
Consolidation adjustments where deferred income tax was not recognized	229	-
	13 535	(522)
Total deferred income tax charge of financial result	41 150	75 442

Net profit earned by "Echo Investment" S.A. in 2007, amounting to PLN 54,893 thousand, was allocated to supplementary capital and the financial statements for 2007 were approved through resolution of the Ordinary General Meeting of Shareholders of May 28, 2008.

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Note 29

ADJUSTMENTS TO CHANGES IN BALANCE SHEET ITEMS CARRIED AS A.II.10 "OTHER ADJUSTMENTS" (in thousands PLN)	2008	2007 restated
Adjustment to inventories – non-cash contribution of inventories	(531)	-
Adjustment – transfer of commenced investment to inventories	(2)	75
Adjustment – profit/loss carried forward	49	31 583
Other	(9)	-
Adjustments total	(493)	31 658

Note 30

CASH CARRIED TO THE CASH FLOW STATEMENT (thousands PLN)	2008	2007 restated
Balance as at the beginning of period, including		
- cash in hand and on bank accounts	393 970	296 931
- other cash	-	-
- other cash equivalents	76	76
	394 046	297 007
Balance as at the end of period		
- cash in hand and on bank accounts	321 793	394 042
- other cash	-	-
- other cash equivalents	-	4
	321 793	394 046

The Group qualifies incomes earned and costs expended in relation to developer activity, i.e. provision of an extensive range of services related to the real property market, under operating activities.

Investment activity covers payment for acquired and sold components of fixed assets, i.e. tangible assets, intangible assets, financial deposits, granting and repayment of loans, including benefits earned on deposits and granted loans.

Financial activity refers to obtaining own and foreign equity involved as short- and long-term credits and cash loans, their repayment and handling (interest charge).

The differences between specific cash flow items in operating activities and the amounts of changes in respective balance sheet items presented in the financial statements result from static requalification between balance sheet items (without cash flow) and adjustment of balance sheet changes by cash flows concerned with investing and financial activities.

SEGMENT REPORTING - INDUSTRY SEGMENTS

Note 31A

ASSET TO SEGMENT ALLOCATION (in thousands PLN)	31.12.2008	31.12.2007 restated
a) Poland		
- shopping centers	2 651 963	1 957 893
- office buildings	607 776	387 964
- residential areas	254 105	218 837
- non-allocated assets	555 565	712 036
	<u>4 069 409</u>	<u>3 276 730</u>
b) Hungary		
- shopping centers	78 318	66 660
- office buildings	-	-
- residential areas	-	-
- non-allocated assets	4 898	7 647
	<u>83 216</u>	<u>74 307</u>
c) Romania		
- shopping centers	93 702	91 959
- office buildings	-	-
- residential areas	-	-
- non-allocated assets	1 289	249
	<u>94 991</u>	<u>92 208</u>
d) Ukraine		
- shopping centers	-	-
- office buildings	-	-
- residential areas	-	-
- non-allocated assets	680	47
	<u>680</u>	<u>47</u>
Assets total	<u>4 248 296</u>	<u>3 443 292</u>

Note 31B

LIABILITY TO SEGMENT ALLOCATION (in thousands PLN)	31.12.2008	31.12.2007 restated
a) Poland		
- shopping centers	1 176 008	633 018
- office buildings	301 179	129 678
- residential areas	90 797	193 349
- non-allocated assets	1 034 301	933 146
	2 602 285	1 889 191
b) Hungary		
- shopping centers	2 708	777
- office buildings	-	-
- residential areas	-	-
- non-allocated assets	224	551
	2 932	1 328
c) Romania		
- shopping centers	2 424	33 686
- office buildings	-	-
- residential areas	-	-
- non-allocated assets	23	-
	2 447	33 686
d) Ukraine		
- shopping centers	-	-
- office buildings	-	-
- residential areas	-	-
- non-allocated assets	40	3
	40	3
Total liabilities	2 607 704	1 924 208

Note 31C

OPERATING INCOME TO SEGMENT ALLOCATION (in thousands PLN)	2008	2007 restated
a) Poland		
- shopping centers	215 809	216 776
- office buildings	33 282	116 991
- residential areas	174 709	32 030
- non-allocated assets	14 389	7 928
Other operating incomes	438 189	373 725

During the periods covered by the financial statements, the Group would earn incomes only in the territory of Poland.

Note 31D

OPERATING EXPENSE TO SEGMENT ALLOCATION	2008	2007 restated
a) Poland		
- shopping centers	(67 440)	(74 705)
- office buildings	(11 532)	(87 734)
- residential areas	(88 572)	(19 588)
- non-allocated assets	(10 245)	(3 863)
Total operating expenses	(177 789)	(185 890)

During the periods covered by the financial statements, the Group would incur expenses only in the territory of Poland.

Date: April 30, 2009

Management Board of Echo Investment S.A.

Piotr Gromniak

Artur Langner

President of the Management Board

Vice-President of the Management Board

Person in charge of keeping books of accounts

Tomasz Sulek

Chief Accountant



**Echo Investment S.A. Management Report
on the operations of Echo Investment Capital Group
in 2008**

Report on the operations of Echo Investment Capital Group in 2008

Echo Investment Capital Group (the Capital Group) has been operating on the real estate market since 1996. The dominant company in the Capital Group is Echo Investment S.A., which has been quoted on the Warsaw Stock Exchange since March 1996.

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

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

- (a) construction and letting of space in shopping centers and shopping/entertainment centers,
- (b) building and selling apartments,
- (c) building and letting office space,
- (d) building and selling hotels.

The Capital Group runs its business activities in the territory of Poland, Hungary and Romania.

The company authorized to audit the financial statements of Echo Investment SA is PricewaterhouseCoopers Sp. z o.o. of Warsaw, ul. Armii Ludowej 14.

Employment at Echo Investment Capital Group is as follows:

Balance as at	December 31, 2008	December 31, 2007
Headcount	345	342

1. Structure of Echo Investment 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 that involved with development of a specific project, followed by provision of lease services of already completed property components or other services.

As at December 31, 2008, Echo Investment Capital Group consists of 100 subsidiaries that are fully consolidated, 1 partially owned subsidiary consolidated according to the proportional method, and 3 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 - Aurus" Sp. z o.o. ["Echo - Aurus" Limited Liability Company], having its registered seat in Kielce (formerly "Wyględów" Spółka z o.o. ["Wyględów" Limited Liability Company] with its registered seat in Kielce)
- „Echo - Building Ingatlanhasznosító” Kft., having its registered seat in Budapest
- "Echo - Centrum Bankowości i Finansów Łódź" Spółka z o.o. ["Echo - Łódź Banking and Finance Center" Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Belchatów" Spółka z o.o. ["Echo - Belchatów Center" Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Biznesu Łódź" Spółka z o.o. ["Echo - Łódź Business Center" Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum 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-Galaxy Szczecin" Sp. z o.o. ["Echo-Galaxy Szczecin" Limited Liability Company], having its registered seat in Szczecin
- "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
- "Echo - Metropolis" Spółka z o.o. ["Echo - Metropolis" Limited Liability Company] with its registered seat in Kielce (formerly "Projekt Echo - 81" ["Project Echo - 81" Limited Liability Company], having its registered seat in Kielce)
- "Echo - Park Postępu" Spółka z o.o. ["Echo - Postępu Park" Limited Liability Company], having its registered seat in Kielce (formerly "Projekt Echo - 66" Spółka z o.o. ["Project Echo - 66" 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 - Project Management Ingatlanhasznosító” Kft., having its registered seat in Budapest
- „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
- „Echo - Property Poznań 2" Spółka z ograniczoną odpowiedzialnością ["Echo - Property Poznań 2" Limited Liability Company], having its registered seat in Kielce (formerly "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 - 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 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
 - „Echo Investment Ukraine” LLC, having its registered seat in Kiev
 - „EI Project Cyp - 1” Limited, having its registered seat in Nicosia (formerly „Wlementor Holdings Limited”, having its registered seat in Nicosia)
 - "Est On Property Management" Spółka z o.o. ['Est On Property Management' Limited Liability Company], having its registered seat in Kielce
 - "Malta Office Park" Spółka z o.o. ['Malta Office Park' Limited Liability Company], having its registered seat in Kielce
 - "MDP" Spółka z o.o. ['MDP' Limited Liability Company], having its registered seat in Kielce
 - "Piomot Auto" Spółka z o.o. ['Piomot Auto' Limited Liability Company], having its registered seat in Kielce
 - "Princess Boryszewska" Spółka z o.o. ['Princess Boryszewska' Limited Liability Company], having its registered seat in Kielce
 - "Princess Investment" Spółka z o.o. ['Princess Investment' Limited Liability Company], having its registered seat in Kielce
 - "Projekt Echo - 17" Spółka z o.o. ['Project Echo - 17' Limited Liability Company], having its registered seat in Kielce
 - "Projekt Echo - 28" Spółka z o.o. ['Project Echo - 28' Limited Liability Company], having its registered seat in Kielce
 - "Projekt Echo - 30" Spółka z o.o. ['Project Echo - 30' Limited Liability Company], having its registered seat in Kielce
 - "Projekt Echo - 34" Spółka z o.o. ['Project Echo - 34' Limited Liability Company], having its registered seat in Kielce
 - "Projekt Echo - 37" Spółka z o.o. ['Project Echo - 37' Limited Liability Company], having its registered seat in Kielce
 - "Projekt Echo - 39" Spółka z o.o. ['Project Echo - 39' Limited Liability Company], having its registered seat in Kielce
 - "Projekt Echo - 41" Spółka z o.o. ['Project Echo - 41' Limited Liability Company], having its registered seat in Kielce
 - „Projekt Echo - 41 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa ["Project Echo - 41 Limited Liability Company" Limited Partnership], having its registered seat in Kielce
 - "Projekt Echo - 42" Spółka z o.o. ['Project Echo - 42' Limited Liability Company], having its registered seat in Kielce
 - „Projekt Echo - 42 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa ["Project Echo - 42 Limited Liability Company" Limited Partnership], having its registered seat in Kielce

- "Projekt Echo - 43" Spółka z o.o. ['Project Echo - 43' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 44" Spółka z o.o. ['Project Echo - 44' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 45" Spółka z o.o. ['Project Echo - 45' Limited Liability Company], having its registered seat in Kielce
- „Projekt Echo - 45 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa ["Project Echo - 45 Limited Liability Company" Limited Partnership], having its registered seat in Kielce
- "Projekt Echo - 46" Spółka z o.o. ['Project Echo - 46' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 47" Spółka z o.o. ['Project Echo - 47' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 48" Spółka z o.o. ['Project Echo - 48' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 53" Spółka z o.o. ['Project Echo - 53' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 54" Spółka z o.o. ['Project Echo - 54' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 55" Spółka z o.o. ['Project Echo - 55' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 56" Spółka z o.o. ['Project Echo - 56' Limited Liability Company], having its registered seat in Jelenia Góra
- "Projekt Echo - 57" Spółka z o.o. ['Project Echo - 57' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 58" Spółka z o.o. ['Project Echo - 58' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 59" Spółka z o.o. ['Project Echo - 59' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 61" Spółka z o.o. ['Project Echo - 61' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 62" Spółka z o.o. ['Project Echo - 62' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 63" Spółka z o.o. ['Project Echo - 63' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 65" Spółka z o.o. ['Project Echo - 65' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 67" Spółka z o.o. ['Project Echo - 67' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 68" Spółka z o.o. ['Project Echo - 68' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 69" Spółka z o.o. ['Project Echo - 69' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 70" Spółka z o.o. ['Project Echo - 70' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 71" Spółka z o.o. ['Project Echo - 71' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 72" Spółka z o.o. ['Project Echo - 72' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 73" Spółka z o.o. ['Project Echo - 73' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 74" Spółka z o.o. ['Project Echo - 74' Limited Liability Company] in liquidation, having its registered seat in Kielce

- "Projekt Echo - 75" Spółka z o.o. ['Project Echo - 75' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 76" Spółka z o.o. ['Project Echo - 76' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 77" Spółka z o.o. ['Project Echo - 77' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 80" Spółka z o.o. ['Project Echo - 80' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 83" Spółka z o.o. ['Project Echo - 83' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 84" Spółka z o.o. ['Project Echo - 84' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 85" Spółka z o.o. ['Project Echo - 85' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 86" Spółka z o.o. ['Project Echo - 86' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 87" Spółka z o.o. ['Project Echo - 87' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 88" Spółka z o.o. ['Project Echo - 88' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 89" Spółka z o.o. ['Project Echo - 89' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 90" Spółka z o.o. ['Project Echo - 90' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 91" Spółka z o.o. ['Project Echo - 91' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 92" Spółka z o.o. ['Project Echo - 92' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 93" Sp. z o.o. ['Project Echo - 93' Limited Liability Company], having its registered seat in Kielce (formerly "Galeria Echo - Kielce" Spółka z o.o. ['Echo Gallery - Kielce' Limited Liability Company] with its registered seat in Kielce)
- "Projekt Naramowice" Spółka z o.o. ['Project Naramowice' Limited Liability Company], having its registered seat in Kielce
- „Projekt Naramowice Poznań" Spółka z ograniczoną odpowiedzialnością ['Project Naramowice Poznań' Limited Liability Company] (formerly: "Projekt Echo - 64" Sp. z o.o. ['Project Echo - 64' 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 Kielce
- "Zakłady Ogrodnicze Naramowice" Spółka z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company], having its registered seat in Kielce

„Wan 11" Spółka z o.o. ['Wan 11' Limited Liability Company] with its registered seat in Warsaw is a partially owned subsidiary

Companies valued according to ownership rights method:

- "Projekt Echo - 23" Spółka z o.o. ['Project Echo - 23' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "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 consolidated. The dominant company holds 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries.

In subsidiaries partially owned by minority shareholders, the dominant Company is the holder 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.

Equity 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." Spółka komandytowa;
- „Echo - Galaxy Szczecin” Sp. z o.o. (formerly „Projekt Echo - 60” Sp. z o.o.), holding 1% of share of „Echo - Galaxy Sp. z o.o.” Spółka komandytowa;
- „Projekt Echo - 93” 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 - 43" Sp. z o.o., holding 0,01% of share of "Echo - Galaxy 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 „Echo - Galaxy Szczecin” Sp. z o.o. (formerly „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 „Echo - Metropolis” Spółka z o.o. with its registered seat in Kielce, formerly „Projekt Echo - 81” Spółka z o.o. with its registered seat in Kielce
- „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 Naramowice" Sp. z o.o., holding 99.97% of basic capital of "Projekt Naramowice Poznań" Sp. z o.o.;
- "Projekt Echo - 17" Sp. z o.o., holding the following respective shares of basic capital of:

- 1,00% of capital of „Echo Aurus” Sp. z o.o. with its registered seat in Kielce, formerly „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 "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.,
- 1,00% of capital of "Projekt Echo - 93" 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 - 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. in liquidation,
- 0,1% of capital of "Projekt Echo - 72" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 73" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 74" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 75" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 76" Sp. z o.o. in liquidation,
- 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. in liquidation,
- 0,1% of capital of "Projekt Echo - 84" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 85" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 86" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 87" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 88" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 89" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 90" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 91" Sp. z o.o. in liquidation,
- 0,1% of capital of "Projekt Echo - 92" Sp. z o.o. in liquidation,
- 0,05% of capital of "Echo - Arena" Sp. z o.o.,
- 0,05% of capital of „EI Project Cyp - 1” Limited (formerly „Wlementor Holdings Limited”);
- 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 - Property Poznań 2" Spółka z ograniczoną odpowiedzialnością, formerly: „Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice”);
- 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 "Echo - Galaxy Szczecin" Sp. z o.o. (formerly „Projekt Echo - 60” Sp. z o.o.);
- 0.001% of capital of "Echo Park Postępu" Spółka z o.o. with its registered seat in Kielce (formerly „Projekt Echo - 66” Spółka z o.o. with its registered seat in Kielce);
- 0.001% of capital of „Echo - Metropolis” Spółka z o.o. with its registered seat in Kielce (formerly „Projekt Echo - 81” Spółka z o.o. with its registered seat in Kielce),
- 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 - 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.,

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

2. Description of basic economic and financial values presented in the financial statements of Echo Investment Capital Group for 2008

Consolidated balance sheet

Balance total of the Capital Group as at the end of 2008 amounted to PLN 4,248,296 thousand, showing an increase in value by 23,4% in comparison with the balance as at the end of 2007.

Assets

The structure of assets as at the end of 2008 was the following:

- fixed assets constitute 78,4% of all assets, with investment property as the dominant item corresponding to 74,46% of fixed assets, and tangible fixed assets corresponding to 21,95% of total fixed assets,
- current assets constitute 21,6% of all assets, including inventories - 53,1% of total current assets, receivables - 11,7% of current assets, and cash - 35,1% of total current assets.

Liabilities

- share capital of Echo Investment S.A., the dominant company, as at December 31, 2008, was worth PLN 21.0 million and was divided into 420,000,000 ordinary bearer shares series A, B, C, D, E and F, with par value of PLN 0.05 each,
- the value of consolidated equity as on December 31, 2008 amounted to PLN 1,640,592 thousand, showing an increase by 8,0% in comparison with the balance as at the end of December 2008.
- consolidated net book value per share is PLN 3.91,
- liabilities constituted 61,4% of balance total and amounted to PLN 2,607,704 thousand.

Consolidated income statement

- consolidated net sales incomes reached the value of PLN 257.9 thousand in 2008,
- consolidated earnings before tax and financial incomes / expenses as at the end of December 2008 amounted to PLN 671,704 thousand, corresponding to 63,0% growth as compared to earnings for 2007,
- consolidated gross profit amounted to PLN 145,365 thousand, i.e. 63,6% less than the value for 2007.
- consolidated net profit amounted to PLN 104,221 thousand, which is a 67,9% decrease in comparison to the PLN 342,372 thousand profit in 2007,
- consolidated net profit per share for the last 12 months was PLN 0.25.

Consolidated cash flow statement

- the reporting period began with cash balance of PLN 394,046 thousand,
- on operating activities, the Capital Group recorded income of cash in the amount of PLN 230.6 thousand in 2008,
- on investment activities, the Capital Group recorded expenditure of cash in the amount of PLN 320,856 thousand as at the end of December 2008,
- on financial activities, the Group recorded income of cash in the amount of PLN 191,620 thousand,
- during the period from January 01, 2008 to December 31, 2008, cash balance decreased by PLN 72,253 thousand, including PLN 23,287 thousand increase on account of foreign exchange rate fluctuations,
- cash as at the end of December 2008 amounted to PLN 321,793 thousand.

3. Description of major risk factors and threats, specifying the extent of the issuer's Capital Group exposure

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

- competition risk - the real estate market in Poland has become very attractive for foreign investors in the recent years due to achievable rates of return. The advantages of foreign companies include their capital resources, which constitute competitive advantage over domestic developer companies. The advantage of Echo Investment S.A. is its extensive experience in execution of developer projects in various market segments and its recognized position in the real estate market in Poland. The Capital Group's rapid growth during the recent years and its portfolio of assets show that Echo Investment S.A. is capable of efficient functioning in competitive market conditions.
- risk of operations on foreign markets - related to the economic and political situation in the country where the Company operates. The Company's policy relies on diversification of geographic locations (Central and Eastern Europe) and sector-based diversification of its portfolio.
- interest rate risk - the activities of Echo Investment S.A. and its subsidiaries are based on external financing. The risk related to changes in interest rates is limited through diversification of interest on loans taken and hedging instruments (fixed rates, IRS). Echo Investment S.A. as the dominant company focuses the operations in the financial market, whose range covers the finance of the entire capital group.
- foreign exchange risk - this refers to loans expressed in foreign currencies (most commonly in Euro) within the Capital Group. Fluctuations in exchange rates of currencies used for settlements result in the Group's higher exposure to currency risk. Contracts with lessees are expressed in the currency of the credit taken for its refinancing. Thus obtained payments from lessees are allocated to repayment of the above mentioned credit facilities. Such combination of financing with sources of income significantly minimizes foreign exchange risk (natural hedging). In addition, considering the significant impact of foreign exchange rates fluctuations on the value of future cash flows, Echo Group takes advantage of other available financial instruments for minimizing currency risk,

including forward transactions or currency options. These instruments are used mainly for securing future cash flows involved in newly obtained credits in foreign currencies.

- risk of lessees' financial condition – most of incomes are earned within the range of the capital group's operations from lease of commercial and office space.
 The key aspect is selection of lessees with stable economic and financial condition. In shopping centers, tenants include chain operators (Tesco, Carrefour, NOMI, brand clothing shops, multiscreen cinemas, etc.). Cooperation with tenants enables undertaking such activities that would continuously improve the attractiveness of leased areas and emphasize the prestige of a given building, thus attracting new clients. The following companies can be mentioned among clients in office buildings: Polkomtel S.A., Deutsche Leasing, and others.
- risk related to external contractors – when acting as an investor in a given project, Echo Investment S.A. or its subsidiary contracts its execution from third party companies. Execution of these facilities, timely completion, quality would largely depend on these companies. This factor is eliminated to a significant extent through various types of protective measures included in construction contracts.
- fiscal and legal risk related to the unstable taxation and legal system, lack of certain ownership-related regulations. Instability of Polish legislation in such fields as the tax system, trading system, property location laws, including regulations on establishing commercial facilities, hinder the process of conducting long-term business policies, including planning and implementation of long-term investment projects. Accession to European structures and adoption of procedures applied by the EU should significantly foster reduction or elimination of this risk.
- risk of administrative procedures – as Echo Investment S.A. is involved in the process of executing individual projects from the beginning, its operations depend on administrative procedures. Time-consuming procedures of administrative authorities determine commencement of implementation of the Company's planned investments, which may result in delays in their completion. At the same time, extensive third party authority to interfere with the advancement of administrative procedures would frequently extend the duration of investment process, affecting its completion date and profitability.
- liquidity risk - the Group manages its liquidity risk through constantly maintaining a sufficient amount of available funds in the form of cash on bank accounts and/or funds assigned through available lines of credit, as well as through monitoring continuously forecast and actual cash flows. Factors of special importance for Echo Investment Group to maintain its liquidity include a stable portfolio of long-term projects for lease (shopping centers, shopping/entertainment centers, and offices), which tend to generate higher profits year by year from lease of space.
- risk of adverse changes on the real estate market – relating to adverse variation of market factors influencing Echo Capital Group's activities on the property market. Echo Investment S.A. and the subsidiaries try to minimize the risk of adverse changes on the real estate market through executing investment projects in stages and adapting investment realization rate to expectations, trends, demand and prices on local markets.
- social and economic risks - risks related to impacts of macroeconomic factors beyond Echo Investment Capital Group's control, affecting achievement of the Group's strategic goals and financial results. Such factors include mainly: inflation, overall condition of the Polish economy, change of economic situation, GNP, variations of realistic incomes of the community, and tax policies. Changes of macroeconomic factors may contribute to a decrease of envisaged incomes or to an increase of operating costs. This is particularly important considering lower GNP growth, deepening State budget deficit, and growing unemployment, which should ultimately lead to a decrease in actual incomes of the population.

Social and economic reality may have an impact on Echo Group's revenues and financial result as operating the developed facilities, both in the housing sector and the office, shopping & entertainment sectors, depends on consumers and funds they are able to assign to expenditures.

4. Information about key products, specification of their values, quantities and percentages of specific product groups in overall sales volume of Echo Investment Capital Group. Information about changes in the above fields during the financial year.

4.1. Operating segments

During 2008, Echo Investment S.A. and Capital Group companies were developing 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.

To minimize the risk of adverse changes on the real estate market, Echo Capital Group may execute investment projects in stages and adapt investment realization rate to expectations, trends, demand and prices on local markets. The Group is carefully monitoring the developments on the real estate market and therefore, decisions concerning implementation of specific projects are taken on an individual basis, according to assessment of current market conditions. All project completion dates are flexibly and reasonably adapted to actual circumstances.

The Polish market

Segment of shopping centers and shopping/entertainment centers

Shopping centers built by the Group operate in more than ten larger cities in Poland. Stability of the market of shop floor areas is due to high market demand, adaptability to specific clients' requirements, and high diversification of sectors and 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, Nomi, RTV Euro AGD, Empik, Douglas, Saturn Planet, Rossman, and other chain brands.

The ARENA shopping & entertainment center in Słupsk

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 38,000 sq. m leasable area.

During the 3rd quarter of 2008, the prerequisites specified in the preliminary lease agreement (the Agreement) executed on November 27, 2007 between the Issuer's subsidiary Echo - Arena Spółka z ograniczoną odpowiedzialnością Spółka komandytowa [Echo - Arena Limited Liability Company Limited Partnership] with its registered seat in Kielce (the Landlord, the Subsidiary) and Tesco (Polska) Sp. z o.o. with its registered seat in Krakow (the Tenant) had been complied with. The preliminary lease agreement concerns lease of approx. 8,900 square meters of commercial surface in the Arena shopping and entertainment center that is being prepared for development in Słupsk at Grottgera Street (the Mall). The Tenant is going to engage in trade and service activity in the Mall in the form of a grocery and household goods store in unlimited range of standard commodities typically sold in such Tesco outlets in Poland. A precondition for signing the aforementioned lease contract was obtaining a final building permit decision for construction of the Mall in Słupsk, Grottgera Street (the Mall) by the Subsidiary or another organization contracted thereby and taking possession of the real estates dedicated to the development of the Mall not later than on July 31, 2008. The Subsidiary has obtained a final building permit decision for the Mall and took up the properties designated for the development site. The aforementioned condition was a condition precedent. Under the foregoing agreement, the Landlord and the Tenant have agreed to enter into a proper lease agreement not later than December 31, 2010. Duration of lease of space in the contemplated Mall will be 30 years.

On October 21, 2008 an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Echo - Arena Spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [‘Echo - Arena Limited Liability Company’ Limited Partnership] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the Project Manager and the General Contractor of Investment). Under the General Contracting Agreement, the Project Manager and General Contractor of Investment agrees to execute the development of “Arena” shopping and entertainment center on an immovable property situated in Słupsk, between Grottgera, Szczecińska and Bolesława Krzywoustego Streets (the Investment, the Center), until effective delivery of the Center to the Investor and to individual users. At the same time, the Project Manager and General Contractor agrees and covenants to obtain all permits from competent authorities as required for commencement of operation of the Center. Development of the Investment will be completed not later than May 31, 2011. The Project Management and General Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget. The project budget is PLN 190 million.

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. Anticipated date of completion of this establishment falls in the 2nd half of 2010.

The METROPOLIS shopping & entertainment center in Poznań

Echo Capital Group is planning to build a modern shopping and entertainment center called METROPOLIS on its property situated in Poznań, Hetmańska Street, offering about 80,000 sq. m of space for rent. The mall has been designed by Studio ADS architects' firm of Poznań. The Group is currently determining the architectural concept of the design.

Shopping & entertainment center in Kalisz

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 Górnośląska Street and the Amber Route. The total area of the contemplated center shall be ca. 100,000 square meters, with rentable area of about 35,000 sq. m. The launching of the project is scheduled for 2010 and completion in 2012.

Shopping & entertainment center in Koszalin

Development of a modern shopping & entertainment center is planned in Koszalin, Krakusa i Wandy Street. Area to let in the building will be about 30 thousand square meters. The anticipated commencement date of the center development falls in 2011 and completion date in 2012.

Shopping & entertainment center in Lublin

The Company's investment plans include development of the so-called Echo Park in Górki Czechowskie, Lublin. The Company intends to build the following establishments on that 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-like recreation and landscape park.

On August 20, 2008, the Issuer terminated the agreement made in November 2007 between Echo Investment S.A. and the Municipality of Lublin (the City) on reconstruction of the traffic system within the area of Al. Solidarności, Al. Sikorskiego, ul. Gen. Bolesława Ducha and ul. Poligonowa. The reason for termination of the above referenced agreement was the Parties' failure to agree on detailed conditions of traffic system reconstruction, and ultimately non-execution of a contract setting out these conditions. The Issuer's Management Board shall attempt at reaching an agreement with the City on new details of the investment project scheduled by the Issuer.

The Issuer's Management Board is attempting at an agreement with the Commune of Lublin on the details concerning the investment project scheduled by Echo Investment Group.

Galeria Echo Shopping & Entertainment Center in Kielce - extension

On August 19, 2008, an agreement was made between Echo Investment SA and the authorities of the Kielce University of Technology (the University) concerning lease of the University's land located between Galeria Echo and the University's student hostels in Kielce. According to the agreement, Echo Investment SA shall build a sports hall for the Kielce University of Technology for 30-year leasehold of site whereon a multi-level car park will be built. The Company is also going to reserve one hundred parking spaces for the University on the new car park. Construction of the car park for nearly 2300 vehicles and of a new traffic system has commenced in September as the first stage of extension of

Galeria Echo. The sports hall will have an area of nearly 3,500 square meters. Its construction is scheduled to begin in spring 2009 and completion is envisaged in the 1st half of 2010.

On September 02, 2008 an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Echo – Galeria Kielce” Spółka z ograniczoną odpowiedzialnością [‘Echo – Galeria Kielce’ Limited Liability Company] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the Project Manager and the General Contractor of Investment), effective as at August 29, 2008. Under the said General Contracting Agreement, Echo Investment S.A. as the Contractor agreed to carry out comprehensive development of extension of the “Galeria Echo” shopping and entertainment center with a car park on a property located between Al. Solidarności and ul. Świętokrzyska in Kielce, until the extended mall is delivered to the Investor and its individual tenants. At the same time, the Contractor agrees and covenants to obtain all permits from competent authorities as required for commencement of operation of the extended Center. The Project Management and General Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget. The estimated net value of contract is PLN 418.53 million.

In September 2008, Echo Capital Group commenced the 1st stage of extension of the Galeria Echo shopping & entertainment center in Kielce, including construction of a seven-level car park with an area of 43 thousand sq. m. This car park, capable of holding nearly 1500 vehicles, will be built on a land designated for 30-year lease by Echo from the Kielce University of Technology. The car park was designed by Detan Design Studio of Kielce and the construction was designed by JORDAHL & PFEIFER Technika Budowlana Sp. z o.o. The general contractor will be EIFFAGE BUDOWNICTWO MITEX S.A. Completion of development of this multi-level car park is scheduled at the end of the 1st half of 2009. The gallery, tripled in size, will be opened in 2011.

The VENEDA shopping & entertainment center in Łomża

The envisaged erection of a shopping center in Łomża supplements the portfolio of commercial areas while enhancing quality and advancement of the Company's offering. As on June 22, 2008, the agreement executed between the Issuer's subsidiary “Echo Veneda” Sp. z o.o. with its registered seat in Kielce (the Financing Party) (formerly “Echo Investment – Centrum Handlowe Łomża” Sp. z o.o. with its registered seat in Kielce) and “real,- Sp. z ograniczoną odpowiedzialnością i Spółka” Spółka komandytowa (the Beneficiary), concerning erection by the Financing Party of commercial space in the envisaged Shopping Center in Łomża and offering the said space to the Beneficiary for exploitation, was terminated.

A condition precedent for termination of the agreement was the Financing Party's failure to purchase a real estate situated in Łomża before June 22, 2008. The condition was fulfilled as the Financing Party did not acquire title to the aforementioned property within the said deadline. In addition, the concept of the scheduled “Veneda” Center was amended through increasing gross leasable area in the mall.

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. The Company is expecting completion of administrative procedures. Anticipated development date falls in 2011.

Pasaż Świętokrzyski Shopping Center in Kielce

The process of designing the 2nd stage of Pasaż Świętokrzyski in Kielce commenced in 2008. With consideration of the existing conditions on the market, development of the project for Catalyst Capital fund of London was suspended.

Other shopping centers and shopping/entertainment centers

Echo Capital Group also intends to expand some of its existing shopping and shopping/entertainment centers.

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.

On December 11, 2008 an agreement on termination of lease contract dated August 28, 2001 (the Lease Agreement) was made by the Issuer's subsidiary "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company] with its registered seat in Kielce (the Subsidiary) and Carrefour Polska Sp. z o.o. with its registered seat in Warsaw. The object of Contract consists of commercial premises with auxiliary space, with a total area of 4,992.29 sq. m, located in the Pabianice shopping center building (the Center). Whereas the Office for Competition and Consumer Protection issued a decision obligating Carrefour to terminate the activities of its hypermarket in the Center, the parties to this Agreement have decided to terminate the Lease Agreement as at December 31, 2008. The parties to the agreement have decided that Carrefour shall pay liquidated damages and an advance for operating fees payable for the period expiring on January 15, 2009 and lease rent payable for the period ending January 31, 2009 as a penalty for early termination of the Lease Agreement. At the same time, on December 11, 2008 a subsidiary signed a lease agreement with Piotr i Paweł S.A. with its registered seat in Poznań as the new tenant of space in the Pabianice shopping center for a period of 10 years. The new tenant is going to run commercial activities in the Center through operating a supermarket offering groceries and household goods in a range equivalent to that offered in other similar establishments operating within the Piotr i Paweł chain in Poland.

On December 11, 2008, Echo Investment SA and Carrefour Polska Sp. z o.o. with its registered seat in Warsaw entered into an agreement whereunder the parties shall endeavor to sign an agreement enabling extension of the Jelenia Góra shopping center. The desired agreement should be signed during the 1st half of 2009.

Segment of office areas

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 leasable 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. During the 2nd quarter of 2008, the scope of project management agreement in respect of the above mentioned office complex was extended and therefore, the Contractor's fee will increase to ca. 193 million PLN. The anticipated completion date of the 1st stage falls in the 3rd quarter of 2009 and of the 2nd stage in the 1st half of 2010.

On December 31, 2008, in the course of fulfilling the obligation mentioned in Article 57 clause 3 with reference to Article 56 clause 1 sub-paragraph 1 of the Act on Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies, of July 29, 2005 (Journal of Laws no. 184 item 1539), the Management Board of Echo Investment S.A. (the Issuer) communicated to the general public such confidential information the communication whereof was delayed under the Regulation of the Minister of Finance of April 13, 2006 on types of information that may affect issuer's reasonable interest and manner of proceeding by an issuer with respect to delayed public disclosure of confidential information (Journal of Laws of 2006 No. 67 item 476).

1. On November 11, 2006, a memorandum of understanding (the Memorandum) was signed between Echo Investment SA with its registered seat in Kielce, WAN 11 Sp. z o.o. with its registered seat in Warsaw, WAN S.A. with its registered seat in Warsaw (the Seller), and Immoeast Corporate Finance Consulting GmbH with its registered seat in Vienna (the Buyer).

Under the said Memorandum, the Parties expressed their intention to sign:

1) a contract of sale of real estate situated in Warsaw, 3 Postępu Street (the Property), owned by WAN 11 Sp. z o.o. and comprising two five-storey buildings with a total gross leasable area estimated as 20,400 square meters, with an underground and above-ground car park (the Contract of Sale of Property), or

2) a contract of sale of 100% shares in the share capital of WAN 11 Sp. z o.o. (the Shares), whereof the following Companies hold 50% of shares, respectively: Echo Investment S.A., and WAN S.A. (Contract of Sale of Shares). The value of the share capital of WAN 11 Sp. z o.o. is 3 million PLN and it is divided into 60,000 shares.

The sales price of 100% of shares in WAN 11 Sp. z o.o. was initially determined on the basis of capitalization rate and current value of annual net operating income (NOI) as approx. 56 million EUR (which, as at the effective date of the Memorandum, according to the average rate of exchange of the National Bank of Poland of November 10, 2006, is an equivalent of ca. 215.22 million PLN). The ultimate sales price was envisaged to be agreed after Due Diligence review of NOI value.

The sales price of the Property was determined on the basis of capitalization rate and current value of annual net operating income (NOI) as approx. 57 million EUR (which, as at the effective date of the Memorandum, according to the average rate of exchange of the National Bank of Poland of November 10, 2006, is an equivalent of ca. 219.07 million PLN). The ultimate sales price was envisaged to be agreed after Due Diligence review of NOI value.

The Parties to the Memorandum also expressed their intention to enter into the Contract of Sale of Property or the Contract of Sale of Shares not later than March 30, 2007. Considering prolongation of the negotiation process, this deadline was extended to November 30, 2007.

2. On May 31, 2007, due to unsatisfactory outcome of negotiations, the Parties to the Memorandum entered into an agreement terminating the Memorandum of Understanding of November 11, 2006 and terminated further negotiations aiming at signing a Contract of Sale of Property or Contract of Sale of Shares.

3. In regard of termination of the aforementioned Memorandum of Understanding, the Issuer has decided to commence a negotiation procedure aiming at execution of a significant contract of sale of the Property or contract of sale of Shares with another organization representing specialized property funds. At the same time, due to the confidential nature of the process and circumstances of these negotiations, the Issuer assumed that public communication of information concerning the signing of the Memorandum of Understanding on November 11, 2006 and the Memorandum termination agreement of May 31, 2007 could unfavorably affect further advancement and outcome of negotiations, leading as a consequence to infringement of the Issuer's reasonable interest.

On December 31, 2008, with regard to the presently unfavorable conditions on the property market, the Issuer has decided to cancel further negotiations aiming at signing a Contract of sale of property or a Contract of sale of shares. The Issuer further communicates their intention to closely monitor all developments on the property market and to take their investment decisions as appropriate.

Before the date of communicating the above information to the public, the Issuer had treated the same as confidential information within the meaning of Article 60 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005, which was communicated to the public with delay under Article 2 clause 2 item 1 of the Regulation of the Minister of Finance of April 13, 2006 on types of information that may affect issuer's reasonable interest and manner of proceeding by an issuer with respect to delayed public disclosure of

confidential information (Journal of Laws of 2006 No. 67 item 476) and with reference to Article 57 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005 (Journal of Laws No. 184 item 1539, as amended).

The Poznań market

The 1st stage of the 'Malta Office Park' office complex in Poznań, with leasable area of approx. 7,000 square meters, of which 100% had been previously let to tenants, was opened to operations during the 4th quarter of 2008. At the same time, development works were carried out on the consecutive 2nd stage of that complex, incorporating about 15,000 square meters of leasable area, which is scheduled for handing over to operators in two stages, namely in the 2nd half of 2009 and in the 2nd half of 2010. Core and shell of the second stage is executed by Fakt Budownictwo Sp. z o.o. construction company of Kielce. Contractor's fee for execution of the 2nd stage of investment will be about 24.35 million PLN. The envisaged leasable area of the entire complex shall be about 31,000 sq. m. The six office buildings designed by Litoborski-Marciniak design office of Poznań shall be executed in three stages.

The Krakow market

During the 4th quarter of 2008, preparations to development of a new seven-storey modern class A office building commenced 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 facility has been leased by Fortis Bank (Polska) SA with its registered seat in Krakow. Area to let is about 11,000 sq. m. In October 2008, a Project Management and General Contracting Agreement was made between Echo Investment SA (Project Manager and General Contractor of Investment) and the Issuer's subsidiary Projekt Echo 63 Sp. z o.o. (the Investor). Under the General Contracting and Project Management Agreement, the Contractor agrees to carry out comprehensive development of an office building with an underground car park and necessary utilities on the land property situated in Krakow, Lea Street (the Office Building, the Investment) until effective completion, meaning handing over of the Office Building to the Investor and users of premises in the Office Building and obtaining all permits from competent authorities as required for opening the Office Building. Development of the Investment Project will be completed not later than May 31, 2010. The Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget, in the approximate amount of 78.4 million PLN.

On December 18, 2008 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) signed a zero state construction contract (the Contract).

Under the aforementioned Contract, the Contractor agrees and covenants to carry out the works consisting in raw state construction of an office establishment located on a real property in Krakow, Lea Street (Object of Contract), including performance of earth works, raw state construction with necessary systems. The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision. Development of the Object of Contract should be completed until April 30, 2009. The Contractor's fee for Contract performance shall be a lump sum fee of PLN 7.55 million net.

The Contract contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000 but not exceeding 10% of the net value of fee for Contract performance. Liquidated damages shall be charged for such events as delay in timely completion of the Object of Contract or termination of Contract by the Company or Contractor by one party's default. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages.

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 60 thousand square meters. Administrative procedures are currently being advanced to the objective of obtaining a building permit for the scheduled office complex. The anticipated commencement date of investment falls in the 1st half of 2010 and completion date of the 1st stage shall be in the 2nd half of 2012.

The Gdańsk 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 design studio of Gdynia shall comprise over 20,000 sq. m of leasable area. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated construction commencement date falls in the 2nd half of 2010 and completion date in the 2nd half of 2012.

The Szczecin market

Development of an advanced office building called Oxygen commenced on the land plot in Szczecin, Malczewskiego Street. 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 was developed by Arch Deco, a design studio of Gdynia.

On July 30, 2008 an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Projekt Echo - 65” Spółka z ograniczoną odpowiedzialnością [‘Project Echo - 65’ Limited Liability Company] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the Project Manager and the General Contractor of Investment). Under the General Contracting Agreement, the Contractor agrees to carry out complete realization of an office building (the Office Complex) on a real estate in Szczecin, Malczewskiego Street, until handover of the Office Complex to the Investor and users of premises in the Office Complex and obtaining all permits from competent authorities as required for opening the Office Complex (the Investment Project). For performance of the said agreement, the Contractor shall receive a fee based on investment budget, to be determined within 3 months of the effective date of the agreement. The Issuer shall publish the ultimate fee amount as soon as it is determined.

The contractor of core & shell construction is Przedsiębiorstwo Budowlane CALBUD Sp. z o.o. of Szczecin. The contractor's fee for the above mentioned contract shall be PLN 24.6 million.

On October 20, 2008, Annex 1 (the Annex) of October 20, 2008 was executed to the agreement for project management and general contracting of investment (the General Contracting Agreement) between the Issuer's subsidiary „Projekt Echo - 65” Spółka z ograniczoną odpowiedzialnością [‘Project Echo - 65’ Limited Liability Company] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the Project Manager and the General Contractor of Investment). According to the terms of the Annex, the Project Manager and the General Contractor of Investment shall receive a fee based on investment budget, whereof the estimated net value is approx. 94.42 million PLN. Under the General Contracting Agreement, the Project Manager and General Contractor of Investment has agreed to carry out complete realization of an office building (the Office Complex) on a real estate in Szczecin, Malczewskiego Street, until handover of the Office Complex to the Investor and users of premises in the Office Complex and obtaining all permits from competent authorities as required for opening the office building (the Investment Project).

On September 22, 2008, a contract was made between Echo Investment SA and CALBUD Sp. z o.o. construction company with its registered seat in Szczecin for execution of core and shell of a project -

office complex in Szczecin, Malczewskiego Street. The value of contract is PLN 24.6 million. The anticipated core and shell construction completion date is July 23, 2009.

Currently, works involved in construction of the underground level have been completed, and the building has reached the "0" condition. With regard to ongoing agreements of engineering details with potential lessees interested in areas of approx. 8000 square meters, the development programme shall be modified so that to enable introduction of possible adjustments in the building arrangement design, to the lessees' expectations. Such updating of schedule results in changing the start date and end dates of certain civil engineering works.

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. Górnoślaska and Francuska Street. This establishment, designed by DDJM Biuro Architektoniczne design office, will be executed in three stages. Administrative procedures are now in progress for obtaining a building permit for the planned office complex.

The Łódź market

Development of a modern class A office building complex was commenced in 2008 on a land plot in Łódź, Piłsudskiego Street. Area to let will be about 28,000 sq. m.

During the 3rd quarter of 2008, an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Wyględów” Spółka z ograniczoną odpowiedzialnością [‘Wyględów’ Limited Liability Company] with its registered seat in Kielce (presently “Echo – Aurus” Spółka z ograniczoną odpowiedzialnością with its registered seat in Kielce) (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the Project Manager and the General Contractor of Investment). Under the General Contracting Agreement, the Contractor agrees to carry out complete realization of an office building (the Office Complex) on a real estate in Lodz, Piłsudskiego Street, until handover of the Office Complex to the Investor and users of premises in the Office Complex and obtaining all permits from competent authorities as required for opening the Office Complex (the Investment Project). The Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget, in the approximate amount of 169.36 million PLN.

In July 2008, a contract was signed with Modzelewski & Rodek Sp. z o.o. of Warsaw for core & shell construction of the project. The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision. Contract provisions enable extension of cooperation with General Contracting of the Investment, thus expanding the scope of the object of contract. Development of core & shell construction of the facilities should be completed until May 30, 2009. The contractor shall receive a fee for performance of these works, in an approximate amount of PLN 32.94 million.

In November 2008 Echo Investment S.A. with its registered seat in Kielce (the Investor) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor) signed Annex 1 dated November 20, 2008 to the core and shell construction contract for an establishment, dated September 08, 2008 (the Contract). Under the said Annex, the due date for completion of works consisting in erection of core & shell construction of an office and service establishment located on a property in Łódź, Piłsudskiego Street (Object of Contract), was changed. The current due date for completion of the Object of Contract is July 24, 2009. The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision. Contract provisions enable extension of cooperation with General Contracting

of the Investment, thus expanding the scope of the object of contract. The contractor shall receive a fee for performance of these works, in an approximate amount of PLN 32.94 million.

On February 16, 2009 Echo Investment S.A. with its registered seat in Kielce (the Investor) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor) signed Annex 2 dated February 13, 2009 to the core and shell construction contract for an establishment, dated September 08, 2008 (the Contract).

Under the aforementioned Contract, the Contractor agreed to carry out the works consisting in core and shell construction of an office and commercial establishment (the Facility) located on a real property in Łódź, Piłsudskiego Street (Object of Contract). The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision. Completion of development of the Object of Contract was expected until July 24, 2009.

Under the said Annex, the Parties to the Contract agreed to terminate the Contract by mutual agreement as at the effective date of Annex. The reason for Contract termination is the suspension of development of the Object of Contract, which has to be redesigned to optimize the investment process. The envisaged modifications will enable more flexible adaptation to the current situation on the property market and will enable development and sales of this project in stages.

As a result of Contract termination, the Contractor's fee for Contract performance was agreed as PLN 10,839,703.00 net. This amount includes the fee for advancement of Contract development until the termination date and the cost of securing the completed works, as well as other activities necessary for closing the works and Contractor's evacuation from site. The Parties to the Annex further agreed that the above fee fully covered their mutual claims as to settlement of basic works and works, tasks and activities carried out with regard to the need to end performance and terminate the Contract.

As a result of the above changes being implemented, the currently anticipated completion date of the 1st stage of development of the facility is the 2nd 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. handled complex realization of hotels for key clients, acting as a project manager and general contractor of investments. The Capital Group's projects in the hospitality industry were executed in cooperation with international hotel chains: Accor and Envergue groups of France, and the Qubus group of Norway. Complete hotels operate in Warsaw, Kielce, Kraków, Szczecin, Łódź, Poznań, Częstochowa, Zabrze, Gliwice. In the future, the Company is going to build hotels in cooperation with international hotel operators.

On September 04, 2008 a conditional agreement for project management and general contracting of investment (the General Contracting Agreement) between Orbis S.A. with its registered seat in Warsaw (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the General Contractor of Investment).

According to the provisions of the said General Contracting Agreement, the Project Manager & General Contractor agreed to build a Novotel-class hotel to ACCOR'S standards, with a net area of 7,127.4 square meters, and to deliver the turnkey project to the Investor (the Investment). The Investor shall take any and all necessary legal, administrative and financial activities for the purpose of development of the Investment, including obtaining of a building permit decision and an occupancy permit for the completed hotel. Execution of the Investment Project will be completed not later than December 31, 2012. The net price for development of the Investment is PLN 44,800,000.

The Contract contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000, which corresponds to the amount of PLN 676,000 as at the effective date of this agreement according to the average rate of exchange of the National Bank of Poland, but not exceeding 10% of the net value of fee for Contract performance. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated

damages. Non-fulfillment of the contract terms shall provide satisfactory grounds for charging the said liquidated damages.

The agreement was made under a condition precedent. All of the following prerequisites must be fulfilled for the General Contracting Agreement to take effect:

- the Investor (the Buyer) and the Issuer's subsidiary "Echo - Kielce 1" Spółka z ograniczoną odpowiedzialnością [Limited Liability Company] with its registered seat in Kielce (the Seller) must enter into the promised contract of sale of perpetual usufruct right to the property (the Promised Contract), and
- the competent administrative authority must issue a decision acknowledging effective assignment of the zoning decision to the Investor.

In addition, the Investor is entitled to terminate the General Contracting Agreement if the Investment is not delivered within the above specified completion deadline, or if the Investment is not executed properly. The agreement has been considered significant on the basis of Issuer's equity criteria.

On September 04, 2008, a preliminary conditional contract of property sale (the Preliminary Conditional Contract of Sale) was executed between the Issuer's subsidiary „Echo - Kielce 1” Spółka z ograniczoną odpowiedzialnością [Limited Liability Company] with its registered seat in Kielce (the Seller) and Orbis Spółka Akcyjna [Joint Stock Company] with its registered seat in Warsaw (the Buyer). The object of the Preliminary Conditional Contract of Sale is the perpetual usufruct right to immovable property – land plots situated in Łódź at Piłsudskiego Street, with a total area of 1,450 square meters (the Property). The contract value is PLN 5 million net.

The parties to the contract have agreed to enter into the Promised Contract until March 31, 2009 upon effective fulfillment of the conditions precedent as on March 20, 2009, as specified in the Preliminary Conditional Contract of Sale. The conditions for signing the Promised Contract include:

- achievement of positive results of completed due diligence and technical audit,
- signing by the Seller or by the General Contractor of the Investment of relevant agreements with owners of neighboring properties that are required for executing the investment, and
- submission of a certificate confirming no tax arrears.

The Parties further agree that they shall, upon effective fulfillment of the condition precedent for the Promised Contract and within 30 days of signing the promised contract, sign a contract of assignment of the perpetual usufruct right to the Property. The Preliminary Conditional Contract of Sale contains certain provisions that allow charging of liquidated damages not exceeding a total PLN equivalent of EUR 200,000, which corresponds to the amount of PLN 676,000 as at the effective date of this agreement according to the average rate of exchange of the National Bank of Poland, and not exceeding 10% of the net value of fee for Contract performance. Payment of liquidated damages shall exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages. Non-fulfillment of the terms of the Preliminary Conditional Contract of Sale shall provide satisfactory grounds for charging the said liquidated damages.

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 Company does not preclude execution of scheduled investments in stages, suspension of execution of certain housing projects, or adaptation of investment execution schedules to actual market situation.

The Warsaw market

During the 3rd quarter of 2008, realization of the 3rd stage of Inflancka Housing Estate, designed by Are Sp. z o.o. design office of Warsaw, was completed (area for sale is 7,000 square meters - 130 apartments).

2nd stage of the investment project at Zwycięzców Street was completed as well (ca. 15,100 square meters for sale - 230 apartments), designed by Szaroszyk & Rycerski Architekci Sp. z o.o. firm of Warsaw. The process of delivering the apartments to customers and signing the final agreements commenced in the 3rd quarter of 2008.

In 2008, execution of a project in Warsaw, Kazimierzowska Street, was commenced (net area of ca. 5,300 sq. m). The general contractor and project manager of construction of this development is Vectra S.A. with its registered seat in Plock. Contractor's fee for execution of this housing complex will be 34.3 million PLN. Design of this residential building, developed by Mąka Sojka Architekci Sp. J. designing firm of Warsaw, comprises 60 apartments. With regard to certain changes occurring on the market, decision has been taken to alter the schedule of project implementation and sales. Recommencement of facility development depends on the Company's assessment of the situation on the housing market.

A new development project of a housing estate in Warsaw, Bielany district (Młociński Forest) is under preparation. 32 houses will be built on the 6.3 hectares of land. The anticipated area of land plots for sale is about 50,000 square meters. The anticipated commencement date for construction of this project designed by W.M. Musiał Architekci Sp. z o.o. design office of Warsaw and StoMM Architektura Maciej Stoczkiewicz of Kielce falls in the 1st half of 2010 and completion date in the 2nd half of 2011.

The Poznań market

During the 4th quarter of 2008, development of the 3rd stage of the Naramowice Housing Estate in Poznań (155 apartments) was successfully completed.

Preparation of realization of the consecutive 4th and 5th stage of Naramowice Housing Estate in Poznań has also begun (area for sale approx. 15.000 square meters), as designed by Archikwadrat Sp. z o.o. of Poznań. Completion of the 4th stage of this investment project is scheduled for the 2nd half of 2011.

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

Another housing project called Kasztanowa Aleja (Chestnut Alley) is being prepared in Poznań, Wojskowa Street. With regard to certain changes occurring on the market, decision has been taken to alter the schedule of project implementation and sales. Recommencement of project development depends on the Company's assessment of the situation on the housing market.

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 1,600 square meters) (1st stage). The estate was designed by Arpa Pracownia Autorska design studio of Poznań. Anticipated completion date of the 1st stage of this investment falls in the 1st half of 2013.

The Krakow market

A 2.5-storey building with an area of 535 square meters will be built in Krakow, Kilińskiego Street (8 apartments). The building was designed by Oleksy&Polaczek design studio. The launch of this investment is anticipated in the 1st half of 2010.

In the first half of 2010, the Company is going to commence a housing investment at Korzeniowskiego Street, Krakow, Wola Justowska district. This building, designed by The Blok office, will have an area of about 2,000 sq. m. (10 apartments).

In the 4th quarter of 2008, the Company continued preparation for development of a housing and commercial establishment to be erected in Krakow, Krasickiego Street (area for sale exceeds 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 1st half of 2010 and completion date in the 2nd half of 2011.

The Company intends to develop residential buildings on its land situated in Krakow, Tyniecka Street. Area for sale will be about 5,300 sq. m (54 apartments). The launch of this investment project is anticipated in the 2nd half of 2010 and completion in the 1st half of 2012.

The Company intends to develop a residential building on its land situated in Krakow, Bronowicka Street, with an approximate area for sale of 3,400 sq. m. The establishment designed by Studio S Michał Szymanowski designing firm of Krakow will contain about 45 apartments. The launch of this investment project is anticipated in the 2nd half of 2010 and completion in the 2nd half of 2011.

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 2010.

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 sq. m.

The Łódź 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 45,000 sq. m (700 apartments). The anticipated project commencement date will be in the 1st half of 2010, and completion date – in the 2nd half of 2015.

The Company is also going to develop residential buildings with 310 apartments on its real estate in Lodz, Wodna Street (approx. 20,000 square meters of area for sale). The launch of this investment project is anticipated in the 1st half of 2011 and completion in the 2nd half of 2015.

The Wrocław market

The Company intends to execute a housing project in Wrocław, on a property 7.4 thousand square meters in size, located at Jednosci 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 14,000 sq. m. Design works were commenced. Commencement of execution is scheduled for 2010.

A housing project will be developed on the Company's property in Wrocław, Grota Roweckiego Street, about 3 hectares in size, with usable area of approximately 20 thousand square meters, including almost 19 thousand square meters to be allocated to apartments (over 300 apartments) and about 1 thousand square meters for service outlets. The anticipated realization commencement date will be the 2nd half of 2010, and completion date will fall in the 2nd half of 2015.

Foreign markets

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 building has been designed by Mofo Architekci Sp. z o.o. architectural design firm of Krakow. A preliminary building permit has been obtained for the center. The rentable area of this shopping and entertainment project shall be about 80,000 sq. m. Commercialization of the project is currently in progress, and the commencement of development is envisaged as soon as appropriate lease ratio is achieved and relevant external financing is secured.

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 sq. m. The park has been designed by Mofo Architekci Sp. z o.o. architectural design firm of Krakow. Further plans include location of the Zuglo District Mayor's Office in the complex. A preliminary building permit has been obtained for erection of the office complex.

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 with its registered seat in Bucharest, Romania (the Company) 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 develop a modern shopping & entertainment center in Brasov, Romania, Stadionului Street, with gross leasable area of ca. 50,000 sq. m. In the 2nd half of 2008, the Company obtained a building permit for construction of the KORONA shopping and entertainment center. Design of the mall was developed by a Polish design studio IMB Asymetria and by a Romanian architectural firm Dico si Tiganas. Commercialization of the project has been started by Echo's experts in close cooperation with a Romanian representative of Jones Lang LaSalle. Commencement of development is envisaged as soon as appropriate lease ratio is achieved and relevant external financing is secured.

4.2. Structure of revenues

Echo Investment S.A. Capital Group generates revenues from lease of its commercial areas, sales of apartments, development of buildings and provision of property management services. Earnings structure is as follows:

- letting of space in shopping centers and shopping/entertainment centers:

Revenues from lease services are generated through letting of areas in shopping centers and shopping/entertainment centers. Consolidated revenues earned on this basis as at the end of 2008 constituted 49,25% of net sales income.

- sales of residential space:

The primary source of revenues in this segment is the sale of apartments and, to a lesser extent, sales of commercial areas (shopping areas, offices and other premises situated within multifunctional housing projects). Revenues earned on this account constituted approx. 39,87% of all consolidated income 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 earned from this source and from development of investments as at the end of December 2008 constituted approx. 7,59% of net sales income.

- real estate trade:

The characteristics of Echo Investment S.A. Capital Group's operations somehow enforces owning certain real property resources, which are then allocated to specific projects. Income generated in this area of the Capital Group's operations constitutes about 1,53% of total income on sales.

- other incomes:

This range of operations is related to providing legal, accounting and consulting services to companies. The income generated in this area constitutes about 1,75% of total net income on sales.

Structure of net sales revenues (in millions PLN) earned by Echo Investment S.A. Capital Group during the years 2008-2007:

Specification	01.01.2008 - 31.12.2008	01.01.2007 - 31.12.2007
Letting of space in shopping centers and shopping/entertainment centers	215,8	216,8
Sale and lease of residential areas	174,7	32,0
Development and letting of areas in office and hotel facilities	33,3	117,0
Property trade	6,7	0,3
Other incomes	7,7	7,6
Net income from sales of products total	438,2	373,7

5. Changes in the sales market, divided into domestic and foreign, and changes in sources of supply of materials for production, specifying dependency on one or several clients or suppliers, and if the share of a single client or supplier reaches at least 10% of income from sales total - specifying the name of such supplier or client, his share in sales or purchases and his formal relationships with Echo Investment Capital Group.

Sales markets

All projects executed by Echo Investment Capital Group in 2008 were located on the Polish market only. The companies forming the Capital Group realized their investments in the markets of the following cities: Warsaw, Kraków, Poznań, Łódź, Szczecin, and Kielce.

Changes in sources of supply

With regard to purchase of services provided by Echo Investment Capital Group companies, the dominant share measured as the proportion between purchases and income from sales total is held by companies partnering Echo Investment Capital Group in the range of execution of specific developer projects. In 2008, the value of trade with one party exceeded the 10% threshold of the value of the Capital Group's income. This party is not related to Echo Investment Capital Group.

Largest vendors of Echo Investment Capital Group in 2008:

Contract party	Value of turnover (in millions PLN)	% in net sales income
Modzelewski & Rodek Sp. z o.o.	225,6	51,48%
Fakt Budownictwo Sp. z o.o.	25,9	5,93%
PPHU RO.SA. - BUD	16,8	3,83%

Changes among buyers

The clients of Echo Investment S.A. and of the subsidiaries include lessees of commercial space and buyers of investment development services.

In 2008, trade with no client exceeded 10% of consolidated net income from sales.

Largest buyers of Echo Investment Capital Group in 2008:

Buyer	Value of turnover (in millions PLN)	% of net sales revenues
Carrefour Polska Sp. z o.o.	25,7	5,87%
Polkomtel S.A.	16,2	3,69%
NOMI S.A.	15,6	3,56%

6. Significant contracts for Echo Investment Capital Group's business operations, including contracts made between shareholders, known to Echo Investment Capital Group companies, and insurance contracts, partnering agreements or cooperation agreements made during the year 2008.

6.1. Contracts significant for the economic activity of Echo Investment Capital Group

The unique quality of the operations of Echo Investment Capital Group is based on execution of investments through subsidiaries. Echo Investment S.A. individually executes housing projects and provides general contractor and project management services to subsidiaries and third party investors. The Capital Group companies operate under the commercial law and have been established for the purpose of realization and carrying out operations within the given project.

Credit agreements

On January 17, 2008 the Issuer's subsidiary "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. ['Echo - Galaxy Limited Liability Company' Limited Partnership] with its registered seat in Kielce received the Annex executed by correspondence on December 21, 2007, amending the credit agreement of April 25, 2001 (communicated by the Issuer in current report no. 34/2001 on April 26, 2001 - the Credit Agreement) between the Issuer's subsidiaries: "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp. k. ['Echo - Galaxy Limited Liability Company' Limited Partnership] with its

registered seat in Kielce (the Original Borrower), "Projekt Echo - 60" Sp. z o.o. ["Project Echo - 60" 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 aforementioned Annex was signed in respect of signing an agreement of transfer of an enterprise between the Issuer's subsidiaries: „Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce, formerly operating under corporate name "Szczecin - Projekt Echo - 32 Spółka z ograniczoną odpowiedzialnością" Sp. k. („the Seller"), and „Projekt Echo - 60" Sp. z o.o. with its registered seat in Kielce („the Buyer"). The aforementioned agreement was reported by the Issuer in current report no. 86/2007 on December 1, 2007. Under the aforementioned annex, "Projekt - Echo 60" 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.

On March 7, 2008, an agreement for overdraft in current account up to the amount of PLN 20 million for the purposes of financing current activities of Echo Investment S.A. was executed between Echo Investment S.A. with its registered seat in Kielce (the Borrower) and Bank Handlowy S.A. with its registered seat in Warsaw (the Lender). Interest shall be charged on this credit facility based on 1M WIBOR plus margin. Due date for repayment of this facility is March 6, 2009.

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.

On July 07, 2008, the Company received an annex (Annex) to the revolving credit facility agreement of March 25, 2003 (Agreement) executed by correspondence on June 27, 2008 between Echo Investment SA with its registered seat in Kielce (the Borrower) and Bank Polska Kasa Opieki S.A. with its registered seat in Warsaw (the Lender), acting as a successor of Bank BPH SA of Krakow.

Under the executed annex, the amount of credit has been changed to PLN 40 million. The amounts utilized and not repaid under the operating advance in current account agreement of July 15, 1999, as amended, between Echo Investment SA as the Borrower and Bank Polska Kasa Opieki SA as the Lender, will be applied to the aforementioned credit, which the Issuer communicated in the current report no. 41/99 on July 15, 1999. As on the effective date of the said Annex, the operating advance in current account agreement of July 15, 1999, as amended, was terminated.

The Borrower may use the aforementioned credit amount as an overdraft facility or in the form of bank guarantees. The ultimate debt repayment date for the credit facility with interest, and the deadline for issuance of guarantees is September 30, 2009. All other provisions of the Agreement shall remain unchanged.

The value of agreements and annexes executed during the last 12 months between the Issuer or the Issuer's subsidiaries and Bank Polska Kasa Opieki SA or the Bank's subsidiaries was PLN 54.92 million

(including EUR 3.38 million, equivalent to PLN 11.40 million according to average rate of exchange of the National Bank of Poland as on the effective date of the said Annex).

On September 09, 2008, the Company received Annex 6, dated September 02, 2008, to the revolving credit facility agreement of March 07, 2002 (Agreement) executed by correspondence on September 02, 2008 between Echo Investment SA with its registered seat in Kielce (the Borrower) and Bank Polska Kasa Opieki S.A. with its registered seat in Warsaw (the Lender).

Under the aforementioned Annex, the duration of credit debt repayment was extended from June 30, 2009 to September 30, 2010. In addition, both parties agreed that the Borrower shall voluntarily submit to execution title incorporating claims under the above Agreement, up to the amount of PLN 135 million. Other provisions of the Agreement have remained unchanged. The value of the Borrower's obligations incurred with the loan may not exceed PLN 90 million. The agreement has been considered significant on the basis of issuer's equity criteria.

Property trade

In the 1st half of 2008, Echo Capital Group acquired a property in Poznań, Duszna Street, with a total area of ca. 1600 sq. m, for a net price of PLN 4.85 million.

During the 1st half 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.

On October 28, 2008, a contract of sale of a property in Koszalin, Zwycięstwa Street, was executed between the following subsidiaries of the Issuer: "Echo - Property Poznań 1" Sp. z o.o. (the Seller) and "Ultra Marina" Sp. z o.o. (the Buyer). The sale price was 5.75 million PLN.

On November 25, 2008 Echo Investment S.A. (the Buyer) and TBS Nasz Dom Sp. z o.o. signed a conditional contract of purchase of freehold right to undeveloped property situated in Poznań, Katowicka Street. The value of contract is PLN 3,162,900. The effective date of the final agreement is January 09, 2009.

Shopping centers and shopping/entertainment centers

On January 11, 2008 Echo Investment SA published a current report that contained confidential information within the meaning of Article 60 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005, which was communicated to the public with delay under Article 57 of the Quotations Act, i.e.:

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

The object of contract is acquisition by the Buyer of 1,250 shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company), which constitute 100% of all shares in the said Company.

The value of the Company's share capital is PLN 1,250,000 and is divided into 1,250 shares with a par value of PLN 1,000 each. Shares shall carry one vote at the general meeting of shareholders each. Under the provisions of the preliminary agreement, the parties agreed to enter into the promised contract not later than on August 31, 2008. Acquisition price of the shares shall be not more than PLN 14.2 million.

The agreement was made under a condition precedent. The Buyer shall acquire the shares in Ultra

Marina Sp. z o.o. provided that the Company formerly obtains the right of perpetual usufruct of developed land properties located in Koszalin with an area of 3.314 hectares and the Company is registered as the perpetual lessee of these properties in relevant land and mortgage registers.

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

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

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

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

Acquisition price of the shares was PLN 11,770,455. The acquired shares were financed with the Buyer's own funds. The Buyer intends to consider the acquired assets as long-term capital investment. The acquired assets have been considered significant assets on the basis of the criteria of significant value for financial assets.

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

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

- preliminary agreement of sales of shares under a condition precedent, and
 - executed annex to the preliminary contract of sale of shares,
- confidential within the meaning of the provision of Article 60 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005, which were communicated to the public with delay under Article 57 of the Act on Quotations.

On January 14, 2008 Echo Investment SA (the Buyer) signed a contract of sale of shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company) with Mr. Wiesław Prusiecki as the Seller. Under the aforementioned contract, the Buyer acquires 100% of shares in the Company's initial capital. Nominal value of the Company's share capital is PLN 1,250,000 and is divided into 1,250 shares with a par value of PLN 1,000 each. One share carries one vote at the Company's general meeting of shareholders. Acquisition price of the shares was PLN 11,770,455. Ultra Marina Sp. z o.o. is going to carry out development activity in Koszalin. Echo Investment Capital Group intends to develop a shopping and entertainment center on its immovable property located in Koszalin, exceeding 3 hectares in size. Rentable area of the contemplated mall will be about 35 thousand square meters. The anticipated completion date for the establishment is 2011.

On February 4, 2008, a contract for design works (architectural concept) on extension of the Pasaż Grunwaldzki shopping and entertainment center in Wrocław was signed between the Issuer's subsidiary „Projekt Echo - 66” Sp. z o.o. [‘Project Echo - 66’ Limited Liability Company] with its registered seat in Kielce and Open Architekci architectural design firm of Warsaw. The contract value is PLN 38,000 net.

On February 7, 2008, Echo Investment S.A. signed a contract for design works on extension of Galeria Echo in Kielce with Detan Sp. z o.o. of Kielce. The fee shall be a lump sum fee of PLN 3.88 million.

On March 26, 2008, the Issuer's subsidiary called Echo Investment Project 1 Srl (the Subsidiary) paid the last installment of the price for immovable property situated in Brasov, Stadionului Street, Romania, with an area of 4.0 hectares (the Property).

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.

The source of assets purchase financing shall be the funds obtained by the Subsidiary on the basis of a loan agreement dated September 26, 2007, communicated by the Issuer in the current report no. 62/2007 dated September 27, 2007.

Purchase of land in Brasov is in accordance with the assumed strategy, whereunder Echo Investment SA is expanding its range of operations on the real estate markets of Central and East European countries. An advanced shopping and entertainment center shall be built on the purchased land, total area in excess of 140,000 sq. m.

On April 3, 2008, agency agreement concerning lease of areas in the shopping center of Brasov and provision of advisory services was executed between the Issuer's subsidiary called Echo Investment Projekt 1 SRL with its registered seat in Bucharest, Romania, and Jones Lang La Salle Services SRL of Bucharest.

On April 17, 2008 a contract was signed between Echo Investment S.A. and Broadway Malyan Polska Architekci i Projektanci Sp. z o.o. architectural design studio for performance of design works involved in the architectural concept of a shopping and entertainment center in Koszalin. The value of contract is EUR 59,000.

On July 22, 2008, a contract was executed between a subsidiary Echo - Galeria Kielce Sp. z o.o. and Przedsiębiorstwo Elementów Budowlanych FABET S.A. with its registered seat in Kielce for prefabrication of reinforced concrete components and delivery of the same to the construction site of the facility - Galeria Echo multiple-storey car park in Kielce. The contract value is PLN 22,785,000 net.

On July 22, 2008, an investment preparation contract was executed between Echo Investment SA and the Issuer's subsidiary "Ultra Marina" Sp. z o.o., including consulting, managing, legal, designing, engineering and other services necessary for obtaining a building permit for a shopping and entertainment center facility in Koszalin. The fee according to contract may not exceed 10 million PLN net.

On July 22, 2008, an investment preparation contract was executed between Echo Investment SA and the Issuer's subsidiary "Echo - Veneda" Sp. z o.o., including consulting, managing, legal, designing, engineering and other services necessary for obtaining a building permit for a shopping and entertainment center facility in Łomża. The fee according to contract may not exceed 5 million PLN net.

On September 04, 2008 Echo Investment SA and Eiffage Budownictwo MITEX S.A. with its registered seat in Warsaw signed a contract for general development of a multiple-storey car park in Kielce, Świętokrzyska Street. The value of contract is PLN 32,363,000.00 net. The development completion date is May 15, 2009.

On September 16, 2008, a contract was made between the subsidiary Echo - Galeria Kielce Sp. z o.o. with its registered seat in Kielce, and Open Architekci design studio, for design works including interior designs, facade designs and exterior development designs related to extension of the Galeria Echo shopping and entertainment center in Kielce. The contract value was about 1.68 million PLN.

On September 30, 2008, a contract was executed between Echo Investment SA and Mąka Sojka Architekci design studio for drafting an architectural and structural concept for a scheduled shopping center establishment in Łomża. The value of contract is 630 thousand PLN.

On November 06, 2008 an annex was signed to the Project Management and General Contracting Agreement dated December 30, 2005 between the Issuer's subsidiary „Projekt Echo - 62” Sp. z o.o. [‘Project Echo - 62’ Limited Liability Company] with its registered seat in Kielce and Echo Investment SA. Under the said annex, in consideration of the need to carry out certain additional works at the Pasaż Grunwaldzki shopping and entertainment center in Wrocław, the parties agreed that development cannot be finished later than June 30, 2009.

On November 18, 2008 an agreement for managing the process of letting the areas in Galeria Echo shopping and entertainment center in Kielce, which is in the process of extension, was signed between the Issuer's subsidiary “Echo - Galeria Kielce” Sp. z o.o. (the Subsidiary) and Echo Investment SA. The parties to the said contract agreed that Echo Investment SA should organize the process of letting areas in the facility for the Subsidiary, wherefore Echo Investment SA shall receive a fee equivalent to 10% of yearly incomes derived from lease contracts executed in the course of commercialization.

On November 18, 2008 a financial agency agreement was signed between the Issuer's subsidiary “Echo - Galeria Kielce” Sp. z o.o. (the Subsidiary) and Echo Investment SA. The parties to the agreement have agreed that Echo Investment SA shall act as agent and provider of consulting services in the process of obtaining funds for financing development of the Galeria Echo shopping & entertainment center building in Kielce.

The subsidiary agreed to pay a commission fee to Echo Investment SA, based on a specified percentage of the total of financing installments disbursed by the financing organization under and during the term of the Financing Contract. The contract was made for a period of 12 months.

On November 28, 2008, an agreement was made between Echo Investment SA and the Issuer's subsidiary Echo-Project-Management Kft with its registered seat in Budapest whereunder the subsidiary shall provide consulting and legal services and carry out engineering works regarding the scheduled MUNDO shopping & entertainment center project in Budapest. The fee amounts to about 28.5 million HUF which, as at the effective date of the agreement, according to the average rate of exchange of the National Bank of Poland, is an equivalent of ca. PLN 413 thousand.

On December 04, 2008 the Issuer's subsidiary „Echo - Galeria Kielce” Sp. z o.o. with its registered seat in Kielce (the Landlord) and LPP S.A. with its registered seat in Gdańsk and a subsidiary of LPP S.A. called LPP Tex S.A. with its registered seat in Gdynia (the Tenants) signed contracts of lease of over 2,000 square meters of space in the Galeria Echo shopping and entertainment center in Kielce where the Tenants intend to operate their outlets: Reserved, Home&You, and Esotiq. The contracts were made for a period of 10 years. The combined value of the above contracts is about 20.5 million PLN. The total value of contracts executed by Echo Investment SA Capital Group with LPP S.A. and its subsidiaries during the last 12 months was about 42.5 million PLN.

On December 08, 2008 the Issuer's subsidiary „Echo - Galeria Kielce” Sp. z o.o. with its registered seat in Kielce (the Landlord) and H&M Hennes & Mauritz Sp. z o.o. with its registered seat in Warsaw (the Tenant) signed contracts of lease of commercial premises in the extended Galeria Echo shopping and entertainment center in Kielce, with the area exceeding 1700 square meters, where the Tenant intends to operate

On December 29, 2008 the Issuer's subsidiary „Echo Investment - Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. with its registered seat in Kielce (the Landlord) and LPP S.A. with its registered seat in Gdańsk signed contracts of lease of over 1,600 square meters of space in the Pabianice shopping center where the Tenant intends to operate the following outlets: Reserved, Cropp Town and Esotiq. The contracts were made for a period of 10 years. The combined value of the above contracts is about

16.46 million PLN. The total value of contracts executed by Echo Investment SA Capital Group with LPP S.A. and its subsidiaries during the last 12 months was about 42.5 million PLN.

Offices and Hotels

On January 2, 2008, the Issuer received a lease agreement dated December 31, 2007 (the Contract) signed by correspondence between the Issuer's subsidiary „Projekt Echo - 63” Spółka z ograniczoną odpowiedzialnością [‘Project Echo - 63’ Limited Liability Company] with its registered seat in Kielce (the Lessor) and Fortis Bank Polska SA with its registered seat in Krakow (the Lessee). The object of this lease agreement shall be modern office space in a seven-storey class A office building to be erected in Krakow, Lea Street, with an area of ca. 12,000 square meters, with an above-ground and underground parking lot (the Leased Property). The leased property will be delivered before September 30, 2009. The lease agreement was made for a period of 10 years as from effective delivery of the Leased Property for use. Estimated value of net revenues under the provisions of the said agreement for its 10-years life is about 91.6 million PLN (including 19.6 million EUR, an equivalent of 70.3 million PLN, converted according to the average rate of exchange of the National Bank of Poland as of the contract effective date). The lease agreement contains certain provisions allowing the charging of liquidated damages, the aggregated value whereof may exceed 10% of the value of contract. Penalties will be charged on the basis of the monthly lease rent as from January 1, 2010 in respect of delayed delivery of the Leased Property to the Tenant. The contract provides for claiming indemnity in excess of the reserved value of liquidated damages.

On January 03, 2008 the Issuer received a contract for core & shell construction of a development, dated December 20, 2007 (the Contract), signed by correspondence by and between Echo Investment SA with its registered seat in Kielce (the Company) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor). Under the aforementioned Contract, the Contractor agrees and covenants to carry out the works consisting in core & shell construction of the Park Postępu office building complex to be developed in Warsaw at 21 Postępu Street (Object of Contract). The complex shall consist of four seven-storey office buildings with above-ground garage and two-level underground garage. Anticipated usable area shall exceed 33 thousand square meters. Development of the facility shall be completed until January 15, 2009. Contract provisions enable extension of cooperation with General Contracting of the Investment, thus expanding the scope of the object of Contract. The parties to the Contract are going to sign relevant Annexes to the Contract with this respect before January 31, 2008. The Contractor's fee for the performance of the object of Contract shall be a lump sum fee of PLN 64.2 million. The Contract contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000 but not exceeding 10% of the net value of fee for Contract performance. Liquidated damages shall be charged for such events as delay in timely completion of the object of Contract or termination of Contract by the Company or Contractor by one party's default. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages.

On March 19, 2008 an agency agreement concerning lease of areas in Malta Office Park buildings in Poznań was signed between the Issuer's subsidiary called “Malta Office Park” Sp. z o.o. and Knight Frank Sp. z o.o. with its registered seat in Warsaw. The term of agreement expires on December 31, 2009.

On April 4, 2008, a contract was made between Echo Investment S.A. and Savant Polska Sp. z o.o. with its registered seat in Warsaw for managing the investment project of the PARK POSTĘPU office complex in Warsaw at 21 Postępu Street, involving development of the office complex with car park, surroundings, external utilities and road infrastructure. The value of fee for execution works is PLN 1,864,000.

On April 16, 2008 an agreement for project management and 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.

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.

On April 16, 2008 an agreement for project management and 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.

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.

On July 22, 2008, an investment preparation contract was executed between Echo Investment SA and the Issuer's subsidiary "Projekt Echo - 30" Sp. z o.o., including consulting, managing, legal, designing, engineering and other services necessary for obtaining a building permit for an office complex in Katowice, Francuska Street. The fee according to contract may not exceed 16 million PLN net.

On September 01, 2008, a contract for design services on an envisaged group of office buildings in Krakow, Opolska Street, was executed between Echo Investment S.A. and DDJM Biuro Architektoniczne Spółka z ograniczoną odpowiedzialnością i Wspólnicy Sp. k. with its registered seat in Krakow. The value of contract is 8,336,240 PLN net.

On September 08, 2008 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) signed a core and shell construction contract (the Contract). Under the aforementioned Contract, the Contractor agrees and covenants to carry out the works consisting in core and shell construction of an office and commercial establishment located on a real property in Łódź, Piłsudskiego Street (Object of Contract). The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision.

The envisaged usable area of the project shall exceed 28,000 square meters. Development of the Object of Contract should be completed until May 30, 2009.

Contract provisions enable extension of cooperation with Project Management and General Contracting of the Investment, thus expanding the scope of the object of Contract. The Contractor's fee for Contract performance shall be a lump sum fee of PLN 32,938,000 net. The Contract contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000 but not exceeding 10% of the net value of fee for Contract performance. Liquidated damages shall be charged for such events as delay in timely completion of the object of Contract or termination of Contract by the Company or Contractor by one party's default. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages. The agreement has been considered significant on the basis of Issuer's equity criteria.

The aggregate value of contracts made by the Issuer and his subsidiaries with Modzelewski & Rodek Sp. z o.o. during the last 12 months was PLN 225.70 million.

On September 26, 2008, the Issuer's subsidiary "Echo - Park Postępu" Sp. z o.o. (formerly "Projekt Echo - 66" Sp. z o.o.) and Lux Med Sp. z o.o. with its registered seat in Warsaw entered into a conditional contract of lease of more than 2.5 thousand square meters in the Park Postępu office building in Warsaw where Lux Med intends to operate a medical clinic. The period of lease is 8 years. Estimated contract value is about PLN 13.3 million.

On October 08, 2008 an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary "Projekt Echo - 63" Spółka z ograniczoną odpowiedzialnością ["Projekt Echo - 63" Limited Liability Company] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the Project Manager and the General Contractor of Investment).

Under the General Contracting and Project Management Agreement, the Contractor agrees to carry out comprehensive development of an office building with an underground car park and necessary utilities on the land property situated in Krakow, Lea Street (the Office Building, the Investment) until effective completion, meaning handing over of the Office Building to the Investor and users of premises in the Office Building and obtaining all permits from competent authorities as required for opening the Office Building.

Development of the Investment Project will be completed not later than May 31, 2010.

For performance of the said agreement, the Contractor shall receive a fee based on investment budget, to be determined within 3 months of the effective date of the agreement. The Issuer shall publish the ultimate fee amount as soon as it is determined.

On October 16, 2008 the Issuer received Annex no. 1 (the Annex) to the Contract of Lease of December 31, 2007 (the Contract) executed by correspondence between the Issuer's subsidiary "Projekt Echo - 63" Spółka z ograniczoną odpowiedzialnością ["Projekt Echo - 63" Limited Liability Company] with its registered seat in Kielce (the Landlord) and Fortis Bank Polska S.A. with its registered seat in Warsaw (the Project Manager and the General Contractor of Investment).

Under the said Annex, the Parties have decided that the Landlord shall, not later than March 31, 2010, deliver to the Tenant office space in a seven-storey class A office building with leasable area of ca. 11,000 sq. m, which will be built in Krakow, ul. Lea, with an above-ground and underground car park (the Leased Property).

Estimated value of net revenues from lease of the said office space is 92.48 million PLN (including 21.42 million EUR, an equivalent of 72.72 million PLN, converted according to the average rate of exchange of the National Bank of Poland as of the effective date of the Annex).

The Annex contains certain provisions allowing the charging of liquidated damages, the aggregated value whereof may exceed 10% of the value of contract. Penalties will be charged on the basis of the monthly lease rent as from January 03, 2010 in respect of delayed delivery of the Leased Property to the Tenant.

The contract provides for claiming indemnity in excess of the reserved value of liquidated damages.

On November 21, 2008, the Issuer indicated in its current report no. 44/2008 that, as a result of a spelling mistake in the published current report no. 44/2008 dated September 05, 2008 concerning the signing of a conditional Project Management and General Contracting Agreement and a preliminary conditional contract of sale of property with Orbis S.A., the report gives incorrect effective date of the Promised Contract, i.e. "The parties to the contract have agreed to enter into the Promised Contract until December 04, 2008 upon effective fulfillment of the conditions precedent, as specified in the Preliminary Conditional Contract of Sale.

The correct wording is: "The parties to the contract have agreed to enter into the Promised Contract until December 31, 2008 upon effective fulfillment of the conditions precedent, as specified in the Preliminary Conditional Contract of Sale.

On December 04, 2008 the Issuer's subsidiary "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce (the Seller) forwarded a quotation (Quotation) concerning amendment of the preliminary conditional contract of sale (the Contract) to Orbis SA with its registered seat in Warsaw (the Buyer), and the Buyer accepted the said quotation.

The Parties agreed on the basis of their respective statements that the Seller and the Buyer should enter into the Promised Agreement until February 28, 2009, provided that the conditions enumerated in Current Report no. 44/2008 of September 05, 2008 are fulfilled until January 22, 2009, including:

- achievement of positive results of completed due diligence and technical audit,
- signing by the Seller or by the General Contractor of the Investment of relevant agreements with owners of neighboring properties that are required for executing the investment, and
- submission of a certificate confirming no tax arrears.

On December 05, 2008, the Issuer's subsidiary "Echo - Park Postępu" Sp. z o.o. (formerly "Projekt Echo - 66" Sp. z o.o.) and Lux Med Sp. z o.o. with its registered seat in Warsaw entered into a conditional contract of lease of more than 3.8 thousand square meters of office space in the Park Postępu office building in Warsaw. The period of lease is 90 months. The contract value was about PLN 26 million.

On December 18, 2008 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) signed a zero state construction contract (the Contract).

Under the aforementioned Contract, the Contractor agrees and covenants to carry out the works consisting in raw state construction of an office establishment located on a real property in Krakow, Lea Street (Object of Contract), including performance of earth works, raw state construction with necessary systems. The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision. Development of the Object of Contract should be completed until April 30, 2009. The Contractor's fee for Contract performance shall be a lump sum fee of PLN 7.55 million net.

The Contract contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000 but not exceeding 10% of the net value of fee for Contract performance. Liquidated damages shall be charged for such events as delay in timely completion of the Object of Contract or termination of Contract by the Company or Contractor by one party's default. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages.

On December 29, 2008, the Issuer's subsidiary "Echo - Park Postępu" Sp. z o.o. (formerly "Projekt Echo - 66" Sp. z o.o.) (the Landlord) and Dent-A-Medical Sp. z o.o. with its registered seat in Wrocław (the Tenant) entered into a conditional contract of lease of office space in a building incorporated within the

Park Postępu office complex in Warsaw. Area to let will exceed 420 square meters. The period of lease is 7 years.

Apartments

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. Kościkiewicz (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 13,470,900 as on the shares acquisition day (according to average rate of exchange published by the National Bank of Poland). Upon acquisition of the aforementioned assets, Echo Investment SA now holds 95% share in the Company's initial capital, carrying 95 votes at the general meeting of shareholders.

On March 12, 2008, a contract was executed between Echo Investment S.A. and MFA Biuro Architektoniczne Włodzimierz Tracz with its registered seat in Kielce for execution of design works for the residential & commercial development in Łódź, Górniczna and Okopowa Streets. The fee shall be a lump sum fee of PLN 4.2 million.

On April 29, 2008, a contract was executed between Echo Investment S.A. and StoMM Architektura Maciej Stoczkiewicz with its registered seat in Warsaw for execution of design works for an estate of detached houses at Wóycickiego and Dankowicka Streets - "Osiedle Młociny" in Warsaw. The value of contract is PLN 530,000.

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.

On July 14, 2008, a contract was executed between Echo Investment S.A. and Autorska Pracownia Architektury - Kuryłowicz & Associates - Wrocław Sp. z o.o. with its registered seat in Wrocław for execution of design works on a housing & commercial development complex with an underground car park in Wrocław, Jedności Narodowej Street. The contract value is PLN 1.98 million net.

Other contracts

On March 04, 2008 the Issuer received a decision of the District Court in Krakow, 7th Economic Department of Pledge Registry on the making of an entry in the Pledge Registry on February 25, 2008 concerning a pledge on shares of the Issuer's subsidiary Projekt - Echo 60 Sp. z o.o. (Project - Echo 60 Limited Liability Company) with its registered seat in Kielce (the Subsidiary).

Pledge was established on 7,651,001 shares of the subsidiary, which is owned by the Issuer's subsidiary called Echo - Galaxy Sp. z o.o. Sp.k. (Echo - Galaxy Limited Liability Company, Limited Partnership) with its registered seat in Kielce.

The encumbered shares constitute 99.99% of the Subsidiary's initial capital, with nominal value of PLN 382,550,050, carrying 7,651,001 vote at the meeting of shareholders. The book value of the shares whereon the registered pledge was established in the books of accounts of Echo - Galaxy spółka z ograniczoną odpowiedzialnością Sp. k. is PLN 382,550,058. Echo - Galaxy spółka z ograniczoną odpowiedzialnością Sp. k. intends to consider these shares as a long-term equity investment.

Establishment of a registered pledge on shares of the Issuer's subsidiary was effected in regard of:

- signing an agreement of transfer of ownership of an enterprise between the Issuer's subsidiaries: Echo - Galaxy spółka z ograniczoną odpowiedzialnością Sp. k. (the Seller) and Projekt Echo - 60 Sp. z o.o.

(the Buyer). The aforementioned agreement was reported by the Issuer in current report no. 86/2007 on December 1, 2007.

- signing an Annex amending a credit facility agreement dated April 25, 2001 between Echo - Galaxy spółka z ograniczoną odpowiedzialnością Sp. k. (the Original Borrower), Projekt Echo - 60 Sp. z o.o. (the New Borrower), and Bank Eurohypo AG with its registered seat in Eschborn, Germany (the Lender), whereunder Projekt Echo - 60 Sp. z o.o. has become the new borrower, which the Issuer communicated in its current report no. 8/2008 on January 18, 2008.

The pledge established on these shares constitutes a collateral in favor of Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of obligations under a credit facility agreement, which the Issuer reported in the current report no. 34/2001 on April 26, 2001. The pledge on the shares has been established on the basis of an agreement of registered pledge on shares, made on January 24, 2008 between Echo Galaxy spółka z ograniczoną odpowiedzialnością Sp. k. (the Pledger) and Eurohypo AG Bank (the Pledgee). The value of receivables secured by the said registered pledge is EUR 100 million (according to the average exchange rate of the National Bank of Poland as on the date of making the registered pledge, the said amount is an equivalent of PLN 356.3 million).

On March 25, 2008 the District Court, 7th Department of the National Court Register, registered a pledge in the Pledge Registry on 999 shares of the Issuer's subsidiary "Projekt Echo - 60" Sp. z o.o. with its registered seat in Kielce, owned by Echo Investment S.A., corresponding to 0,01% share in the share capital of "Projekt Echo - 60" Sp. z o.o., with a total par value of PLN 49,950. The said pledge is a collateral of the credit facility granted to "Projekt Echo - 60" Sp. z o.o. by EUROHYPO AG Bank of Eschborn, Germany. The value of receivables secured by the said registered pledge is EUR 100 million.

On September 17, 2008 the Issuer received a decision of the District Court in Cracow, 7th Economic Department of Pledge Registry on the making of an entry in the Pledge Registry on September 02, 2008 concerning a pledge on shares of the Issuer's subsidiary "Projekt - Echo 62" Sp. z o.o. ('Project - Echo 62' Limited Liability Company) with its registered seat in Kielce (the Subsidiary). Pledge was established on 7,731,000 shares of the subsidiary, which is owned by the Issuer's subsidiary called "Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp.k. ('Echo - Grunwaldzki Arcade Limited Liability Company' Limited Partnership) with its registered seat in Kielce. The encumbered shares constitute 99.99% of the Subsidiary's initial capital, with nominal value of PLN 386,550,000, carrying 7,731,000 vote at the meeting of shareholders.

The pledge established on these shares constitute a collateral in favor of Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of obligations under a credit facility agreement, which the Issuer reported in the current report no. 15/2006 on March 10, 2006. The pledge on the shares has been established on the basis of an agreement of registered pledge on shares, made on August 11, 2008 between "Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp. k. (the Pledger) and Eurohypo AG Bank with its registered seat in Eschborn, Germany (the Pledgee). The value of receivables secured by the said registered pledge is EUR 150 million (according to the average exchange rate of the National Bank of Poland as on the date of making the registered pledge, the said amount is an equivalent of PLN 503.3 million). The book value of the shares whereon the registered pledge was established in the books of accounts of the Issuer's subsidiary "Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp. k. is PLN 386,550,000. „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością” Sp. k. intends to consider these shares as a long-term capital investment.

Establishment of a registered pledge on shares of the Issuer's subsidiary was effected in regard 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. („the Seller”) and „Projekt Echo - 62” Sp. z o.o. („the Buyer”). The aforementioned agreement was reported by the Issuer in current report no. 87/2007 on December 1, 2007.
- signing an Annex amending a credit facility agreement between the Issuer's subsidiary „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością” Sp. k. (the Original Borrower), Projekt Echo - 62 Sp. z o.o. (the New Borrower), and Bank Eurohypo AG with its registered seat in Eschborn, Germany (the Lender), whereunder „Projekt Echo - 62” Sp. z o.o. has become a new borrower, which the Issuer communicated in its current report no. 23/2008 on May 12, 2008.

No relationships occur between the Issuer or members of the Issuer's management and supervisory bodies and the party, for which the pledge was established or members of this party's management bodies.

On October 02, 2008 the District Court in Krakow, 7th Department of Pledge Registry, registered a pledge in the Pledge Registry on 999 shares in the share capital of the Issuer's subsidiary "Projekt Echo - 61" Sp. z o.o., owned by Echo Investment S.A., and on 1 share owned by the Issuer's subsidiary "Projekt - Echo 17" Sp. z o.o. Par value of one share is PLN 50. The shares on which pledge was established constitute 0.06% of share capital of "Projekt Echo - 61" Sp. z o.o. The pledges on shares serve as a collateral of debts owed by "Projekt Echo - 61" Sp. z o.o. to EUROHYPO AG Bank with its registered seat in Eschborn (Germany) under a credit facility granted thereto in the amount of EUR 11 million (equivalent of PLN 37,427,500 as at the effective date of establishing the registered pledge according to the average rate of exchange of the National Bank of Poland). The maximum value of collateral is 8,873,596 (according to the average exchange rate of the National Bank of Poland as at the date of making the registered pledge, the said amount is an equivalent of PLN 30,192,410.39).

On October 31, 2008 an agreement of transfer of ownership of an enterprise was executed between the Issuer's subsidiaries: "Projekt Naramowice" Spółka z ograniczoną odpowiedzialnością [Project Naramowice' Limited Liability Company] with its registered seat in Kielce („the Seller”) and "Projekt Naramowice Poznań" Spółka z ograniczoną odpowiedzialnością [Project Naramowice Poznań' Limited Liability Company] with its registered seat in Kielce (formerly "Projekt Echo - 64" Spółka z ograniczoną odpowiedzialnością [Project Echo - 64' Limited Liability Company] („the Buyer”).

The object of this agreement is the enterprise of "Projekt Naramowice" Sp. z o.o. with its registered seat in Kielce, incorporating a group of tangible and intangible assets designated for carrying out business activity, specifically including:

- an employer enterprise within the meaning of Article 231 of the Labor Code,
- freehold of properties situated in Poznan, Naramowice cadastral district, including:
 - a) a plot of land with an area of 12,971 sq. m, with multiple-dwelling buildings erected thereon,
 - b) undeveloped plots of land with a total area of 428,527 square meters
 - c) 3/18 share in a service establishment – a multiple-space garage situated in a building in Poznan, Rubiez Street,
- all rights and obligations arising from contracts signed.

The value of goodwill as specified in the agreement of transfer of ownership of the enterprise is 156.93 million PLN and the registration value of the transferred enterprise as given in the accounting books of the Issuer's subsidiary "Projekt Naramowice" Sp. z o.o., according to acquisition and production costs, is 10.74 million PLN (as at June 30, 2008).

The aforementioned enterprise forms a non-cash contribution for covering newly established 3,138,600 shares in the initial capital of "Projekt Naramowice Poznań" Spółka z ograniczoną odpowiedzialnością with a total par value of PLN 156,930,000. These shares form 99.97% of the Company's initial capital, carrying 3,138,600 votes at the general meeting of shareholders.

The assets mentioned above used to be exploited before transfer in developer operations. „Projekt Naramowice Poznań" Spółka z ograniczoną odpowiedzialnością intends to continue utilizing these assets in the existing manner.

The Issuer's managers also perform managerial functions in the buying company and the company - seller of assets with significant value.

Echo Investment S.A. holds 1000 shares in the initial capital of „Projekt Naramowice Poznań" Spółka z ograniczoną odpowiedzialnością with its registered seat in Kielce, corresponding to 100% of share capital that carries 1000 votes at the general meeting of shareholders.

See also: clause 4.1. Operating segments

6.2. Contracts made between shareholders

Echo Investment S.A. does not know about any contracts made between shareholders during the year 2008.

6.3. Insurance contracts

Range of coverage	Underwriter	Insurance amount [in thousands PLN]
property insurance - buildings	PTU S.A., TU Compensa S.A., STU Ergo Hestia S.A., Generali TU S.A., TU Allianz Polska S.A.	1 329 868
property insurance - equipment	PTU S.A., TU Compensa S.A., STU Ergo Hestia S.A., Generali TU S.A., TU Allianz Polska S.A.	10 972
third party liability insurance	TU Compensa S.A., PTU S.A., STU Ergo Hestia S.A., PZU S.A.	67 105
construction and assembly risk insurance policies	TU Compensa S.A., Generali TU S.A., PTU S.A.	1 086 200
insurance against loss of profit	TU Allianz Polska S.A., PTU S.A., Generali TU S.A., TU Compensa S.A.	188 699
other insurance policies	PZU S.A.	1 095
TOTAL		2.683.939

6.4. Partnering or cooperation agreements

Echo Investment Capital Group did not conclude any significant partnering or cooperation agreements during 2008.

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

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

I. The Capital Group was expanded with 3 new subsidiaries:

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. Nominal value of the Subsidiary's share capital is PLN 1,250,000 and is divided into 1,250 shares with a par 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,

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 June 27, 2008, Echo Investment SA with its registered seat in Kielce and the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. with its registered seat in Kielce (the Buyer) acquired shares in the initial capital of Wlementor Holdings Limited of Nicosia (the Subsidiary) from CCY Services Limited of Nicosia (the Seller).

The object of contract consists in 2,000 shares in the Subsidiary's initial capital, forming 100% of the initial capital, with nominal value of USD 2,000 (an equivalent of PLN 4,273.20 according to the average rate of exchange of the National Bank of Poland as on the effective date of acquisition of financial assets). The purchase price of the shares is EUR 3,600 (according to the average exchange rate of the National Bank of Poland as on the effective date of acquisition, the said amount is an equivalent of PLN 12,129.84). Acquisition of assets was financed with own funds of the Issuer and of "Projekt - Echo 17" Sp. z o.o.

With acquisition of the aforementioned assets, the Subsidiary's ownership structure is as follows:

- Echo Investment S.A. holds 99.95% shares in the Subsidiary's share capital, carrying 1,999 votes at the general meeting of shareholders,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. holds 0.05% share in the Subsidiary's share capital, carrying 1 vote at the general meeting of shareholders. The Issuer and the "Projekt Echo - 17" Sp. z o.o. subsidiary intend to consider the acquired shares as long-term equity investment.

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. Mr. M. Bieniek and D. Kościkiewicz (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. [Projekt 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.

On July 11, 2008 the Issuer received a confirmation whereunder on July 02, 2008, the Regional State Registration in Kiev registered changes in the amount and structure of initial capital of the Issuer's subsidiary "Echo Investment Ukraine" Limited Liability Company with its registered seat in Kiev (the Subsidiary). The Subsidiary's initial capital was raised to UAH 1,480,156 (an equivalent of PLN 680,131.68 according to the average rate of exchange of the National Bank of Poland as on the effective date of these changes in initial capital). The increased initial capital carries 91.2% votes at the company's general meeting of shareholders.

As on the registration date, the Subsidiary's ownership structure has changed and is now as follows:

- Echo Investment S.A. with its registered seat in Kielce has taken up the increased capital and now holds 99.9997% share in the Subsidiary's initial capital, with a total value of UAH 1,480,151.80 (equivalent of PLN 680,129.75 as on the effective date of altering the initial capital, according to the average rate of exchange of the National Bank of Poland);
- Mr. Andriy Smetana holds 0.0003 % share in the Subsidiary's initial capital, with a total value of UAH 4.20 (an equivalent of PLN 1.93 according to the average rate of exchange of the National Bank of Poland as on the day of registration of the changes in initial capital).

On August 04, 2008 the Issuer received a confirmation whereunder on August 01, 2008 the Registration Court in Bucharest, Romania, registered changes in the value and structure of share capital of the Issuer's subsidiary "Echo Investment Project 1" S.R.L. with its registered seat in Bucharest (the Subsidiary). The Subsidiary's initial capital was increased to RON 26,004,000 (an equivalent of PLN

23,783,258.40 as on the effective date of changes to the initial capital according to the average rate of exchange of the National Bank of Poland) and is divided into 2,600,400 shares with par value of RON 10 each (equivalent of PLN 9.15 as on the effective date of changes to the initial capital according to the average rate of exchange of the NBP).

As on the registration date, Echo Investment SA took up the entire increased initial capital of the Subsidiary, constituting 99.9% of the current value of initial capital. As a consequence, Echo Investment SA now holds 100% of the initial capital, carrying the same proportion of votes at the general meeting of shareholders of the Subsidiary.

On September 18, 2008, the Issuer received a decision whereunder on September 16, 2008 the Registration Court in Budapest recorded change in the value of initial capital of the Issuer's subsidiary „Echo Investment Hungary Ingtatlanhasznosito” Kft. with its registered seat in Budapest (the Subsidiary).

The Subsidiary's initial capital was increased by HUF 1,587,000,000 (an equivalent of PLN 22,086,279.00 as on the effective date of registration of change to the share capital according to the average rate of exchange of the National Bank of Poland) and it currently equals HUF 1,590,000,000 (equivalent of PLN 22,128,030.00 as on the effective date of registration of changes to the share capital according to the average rate of exchange of the NBP).

As on the registration date, Echo Investment SA took up the entire increased initial capital of the Subsidiary, constituting 99.8% of the current value of initial capital. As a consequence, Echo Investment SA now holds 100% of the initial capital, carrying the same proportion of votes at the general meeting of shareholders of the Subsidiary. Change in the Subsidiary's share capital was registered as a consequence of non-cash contributions made by Echo Investment S.A. with its registered seat in Kielce in the form of conversion of previously granted loans. Registration value of assets provided as non-cash contributions and their actual value to the Subsidiary as at the contribution date, i.e. as at August 07, 2008, is PLN 22,533,011.50.

On October 28, 2008, the Issuer received a decision whereunder on October 07, 2008 the Registration Court in Budapest recorded change in the value of initial capital of the Issuer's subsidiary „Echo-Project-Management-Ingtatlanhasznosito” Kft. with its registered seat in Budapest (the Subsidiary).

The Subsidiary's initial capital was increased by HUF 35,400,000 (an equivalent of PLN 489,228 as on the effective date of registration of change to the share capital according to the average rate of exchange of the National Bank of Poland) and it currently equals HUF 88,400,000 (equivalent of PLN 1,221,688 as on the effective date of registration of changes to the share capital according to the average rate of exchange of the NBP).

As on the registration date, Echo Investment SA took up the entire increased initial capital of the Subsidiary, constituting 40.04% of the current value of initial capital. As a consequence, Echo Investment SA now holds 100% of the initial capital and the same proportion of votes at the general meeting of shareholders of the Subsidiary. The shares thus taken up shall be financed with Echo Investment SA's own funds.

The increased share capital of the Subsidiary has been considered significant on the basis of major financial assets criteria.

On October 31, 2008 an agreement of transfer of ownership of an enterprise was executed between the Issuer's subsidiaries: „Projekt Naramowice” Spółka z ograniczoną odpowiedzialnością [‘Project Naramowice’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Naramowice Poznań” Spółka z ograniczoną odpowiedzialnością [‘Project Naramowice Poznań’ Limited Liability Company] with its registered seat in Kielce (formerly „Projekt Echo - 64” Spółka z ograniczoną odpowiedzialnością [‘Project Echo - 64’ Limited Liability Company] („the Buyer”).

The object of this agreement is the enterprise of „Projekt Naramowice” Sp. z o.o. with its registered seat in Kielce, incorporating a group of tangible and intangible assets designated for carrying out business activity,

- specifically
- including:
- an employer enterprise within the meaning of Article 231 of the Labor Code,
 - freehold of properties situated in Poznań, Naramowice cadastral district, including:
 - a) a plot of land with an area of 12,971 sq. m, with multiple-dwelling buildings erected thereon,

b) undeveloped plots of land with a total area of 428,527 square meters

c) 3/18 share in a service establishment – a multiple-space garage situated in a building in Poznań, Rubież Street,

- all rights and obligations arising from contracts signed.

The value of goodwill as specified in the agreement of transfer of ownership of the enterprise is 156.93 million PLN and the registration value of the transferred enterprise as given in the accounting books of the Issuer's subsidiary "Projekt Naramowice" Sp. z o.o., according to acquisition and production costs, is 10.74 million PLN (as at June 30, 2008).

The aforementioned enterprise forms a non-cash contribution for covering newly established 3,138,600 shares in the initial capital of "Projekt Naramowice Poznań" Spółka z ograniczoną odpowiedzialnością with a total par value of PLN 156,930,000. These shares form 99.97% of the Company's initial capital, carrying 3,138,600 votes at the general meeting of shareholders.

The assets mentioned above used to be exploited before transfer in developer operations. „Projekt Naramowice Poznań” Spółka z ograniczoną odpowiedzialnością intends to continue utilizing these assets in the existing manner.

The Issuer's managers also perform managerial functions in the buying company and the company - seller of assets with significant value.

The aforementioned assets have been considered significant on the basis of financial assets of significant value and the Issuer's equity criteria.

Echo Investment S.A. holds 1000 shares in the initial capital of „Projekt Naramowice Poznań” Spółka z ograniczoną odpowiedzialnością with its registered seat in Kielce, corresponding to 100% of share capital that carries 1000 votes at the general meeting of shareholders.

On December 10, 2008, the Issuer received a decision whereunder on November 12, 2008 the Registration Court in Budapest recorded change in the value of initial capital of the Issuer's subsidiary „Echo-Building Ingatlanhasznosító” Kft. with its registered seat in Budapest (the Subsidiary).

The Subsidiary's initial capital was increased by HUF 57,000,000 (an equivalent of PLN 793,440 as on the effective date of registration of change to the share capital according to the average rate of exchange of the National Bank of Poland) and it currently equals HUF 60,000,000 (equivalent of PLN 835,200 as on the effective date of registration of changes to the share capital according to the average rate of exchange of the NBP).

As on the registration date, Echo Investment SA took up the entire increased initial capital of the Subsidiary, constituting 95.00% of the current value of initial capital. As a consequence, Echo Investment SA now holds 100% of the initial capital and the same proportion of votes at the general meeting of shareholders of the Subsidiary. The shares thus taken up shall be financed with Echo Investment SA's own funds.

The increased share capital of the Subsidiary has been considered significant on the basis of major financial assets criteria.

See also: clause 22 of this Report.

III. Opening of liquidation procedure of the Issuer's subsidiaries

On September 04, 2008 a motion was lodged with the District Court in Kielce, 10th Economic Department of the National Court Register, for opening of a winding-up procedure of the Issuer's subsidiary "Projekt Echo - 23" Sp. z o.o. with its registered seat in Kielce (the Company). Resolution on dissolving the Company upon effective liquidation was passed by the Extraordinary General Meeting of Shareholders, with the function of Company liquidator delegated to Mr. Robert Oskard.

Steps were taken for the purpose of dissolving the Company as a consequence of that Company not being involved in developer or investment activities and no plans exist as to using this Company in the future for project development. Its continued existence is not economically reasonable, and its liquidation will not affect the financial results of Echo Investment S.A. or the Group.

On September 25, 2008, motions were lodged with the District Court in Kielce, 10th Economic Department of the National Court Register, for opening of liquidation procedures of the following subsidiaries of the Issuer:

- Projekt Echo - 83 Sp. z o.o. [Project Echo – 83 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 84 Sp. z o.o. [Project Echo – 84 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 85 Sp. z o.o. [Project Echo – 85 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 86 Sp. z o.o. [Project Echo – 86 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 87 Sp. z o.o. [Project Echo – 87 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 88 Sp. z o.o. [Project Echo – 88 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 89 Sp. z o.o. [Project Echo – 89 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 90 Sp. z o.o. [Project Echo – 90 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 91 Sp. z o.o. [Project Echo – 91 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo – 92 Sp. z o.o. [Project Echo – 92 Limited Liability Company] with its registered seat in Kielce.

Resolutions on dissolving the subsidiaries enumerated above upon effective liquidation were passed by the Extraordinary General Meetings of Shareholders of the above subsidiaries, with the functions of liquidators delegated to representatives of their respective Management Boards, namely to Mr. Piotr Gromniak and to Mr. Artur Langner.

Steps were taken for the purpose of dissolving the subsidiaries as a consequence of those subsidiaries not being involved in developer or investment activities and no plans exist as to using these companies in the future for project development. Their continued existence is not economically reasonable, and their liquidation will not affect the financial results of Echo Investment S.A. or the Group.

On December 03, 2008, motions were lodged with the District Court in Kielce, 10th Economic Department of the National Court Register, for opening of liquidation procedures of the following subsidiaries of the Issuer:

- Projekt Echo - 71 Sp. z o.o. [Project Echo – 71 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 72 Sp. z o.o. [Project Echo – 72 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 73 Sp. z o.o. [Project Echo – 73 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 74 Sp. z o.o. [Project Echo – 74 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 75 Sp. z o.o. [Project Echo – 75 Limited Liability Company], having its registered seat in Kielce,

- Projekt Echo - 76 Sp. z o.o. [Project Echo - 76 Limited Liability Company] with its registered seat in Kielce.

Resolutions on dissolving the subsidiaries enumerated above upon effective liquidation were passed by the Extraordinary General Meetings of Shareholders of the above subsidiaries, with the functions of liquidators delegated to representatives of their respective Management Boards, namely to Mr. Piotr Gromniak and to Mr. Artur Langner.

Steps were taken for the purpose of dissolving the subsidiaries as a consequence of those subsidiaries not being involved in developer or investment activities and no plans exist as to using these companies in the future for project development. Their continued existence is not economically reasonable, and their liquidation will not affect the financial results of Echo Investment S.A. or the Group.

IV. Names of the following subsidiaries were changed:

- the name of "Projekt Echo - 60" Sp. z o.o. ['Project Echo - 60' Limited Liability Company], having its registered seat in Kielce, changed into "Echo - Galaxy Szczecin" Sp. z o.o. ['Echo - Galaxy Szczecin' Limited Liability Company], having its registered seat in Szczecin,
- the name of "Echo Centrum - Ślichowice" Sp. z o.o. ['Echo Center - Ślichowice' Limited Liability Company], having its registered seat in Kielce, changed into "Projekt Echo - 28" Sp. z o.o. ['Project Echo - 28' Limited Liability Company], having its registered seat in Kielce,
- the name of "Galeria Echo - Kielce" Sp. z o.o. ['Echo Gallery - Kielce' Limited Liability Company], having its registered seat in Kielce, changed into "Projekt Echo - 93" Sp. z o.o. ['Project Echo - 93' Limited Liability Company], having its registered seat in Kielce,
- the name of "Wygłędów" Sp. z o.o. ['Wygłędów' Limited Liability Company], having its registered seat in Kielce, changed into "Echo Aurus" Sp. z o.o. ['Echo Aurus' Limited Liability Company], having its registered seat in Kielce,
- the name of "Projekt Echo - 81" Spółka z o.o. ['Project Echo - 81' Limited Liability Company], having its registered seat in Kielce, changed into "Echo - Metropolis" Spółka z o.o. ['Echo - Metropolis' Limited Liability Company], having its registered seat in Kielce,
- the name of "Projekt Echo - 64" Spółka z o.o. ['Project Echo - 64' Limited Liability Company], having its registered seat in Kielce, changed into "Projekt Naramowice Poznan" Spółka z ograniczoną odpowiedzialnością ['Project Naramowice Poznan' Limited Liability Company], having its registered seat in Kielce,
- the name of "Projekt Echo - 66" Spółka z o.o. ['Project Echo - 66' Limited Liability Company], having its registered seat in Kielce, changed into "Echo Park Postępu" Spółka z o.o. ['Echo Park Postępu' Limited Liability Company], having its registered seat in Kielce,
- the name of "Wlementor Holdings" Limited, having its registered seat in Nicosia, changed into „EI Project Cyp - 1" Limited, with its registered seat in Nicosia;
- the name of "Echo Investment - Centrum Handlowo-Usługowo - Rozrywkowe Gliwice" Spółka z ograniczoną odpowiedzialnością ['Echo Investment - Gliwice Shopping , Service & Entertainment Center' Limited Liability Company] with its registered seat in Kielce changed into „Echo - Property Poznań 2" Spółka z ograniczoną odpowiedzialnością ['Echo - Property Poznań 2' Limited Liability Company] with its registered seat in Kielce.

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

- „Echo Investment Spółka Akcyjna - Oddział Kraków" ('Echo Investment Joint Stock Company - Krakow Branch'),
- „Echo Investment Spółka Akcyjna - Oddział Warszawa" ('Echo Investment Joint Stock Company - Warsaw Branch'),
- „Echo Investment Spółka Akcyjna - Oddział Szczecin" ('Echo Investment Joint Stock Company - Szczecin Branch'),

7.2. Investments in shares of public companies

On account of securities, Echo Investment Capital Group companies did not make any investments in shares of companies quoted on the stock exchange during the year 2008.

7.3. Equity investments made outside the Issuer's Capital Group

See sub-clause 7.1. of this Report.

8. Significant transactions executed by the issuer or his subsidiary with affiliated companies on different terms than arm's length transactions, specifying the amounts and character of such transactions.

8.1. Transactions with companies from Echo Investment Capital Group

Neither the Issuer nor his subsidiaries entered into any transactions with affiliated companies on different terms than arm's length transactions in 2008.

8.2. Transactions with managers or supervisors of Echo Investment S.A.

No transactions occurred in 2008 between Echo Investment S.A. and its managing or supervising persons, other than arm's length transactions.

9. Information about credits taken and contracts of loan, specifying their due dates, and surety / guarantee contracts

9.1. Credit agreements of the dominant company

Echo Investment S.A.'s liabilities on account of credits taken as at the end of 2008 are presented in the table below:

Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used as at 2008-12-31 [in thousands PLN]	Interest rate type and value	Final repayment date
Bank Handlowy w Warszawie S.A	Advance on current account	PLN	20.000	19.957	1M WIBOR + margin	06.03.2009
BZ WBK SA	Advance on current account	PLN	20.000	18.425	1M WIBOR + margin	31.05.2009
Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used as at 2008-12-31 [in thousands PLN]	Interest rate type and value	Final repayment date
PeKaO SA	Working capital facility	PLN	90.000	0	1M WIBOR + margin	30.09.2010
PKO BP SA	Advance on current account	PLN	20.000	0	1M WIBOR + margin	20.08.2009

PKO BP SA	Working capital facility	PLN	40.000	0	1M WIBOR + margin	20.08.2009
PeKaO S.A.	Advance on current account	PLN	40.000	0	1M WIBOR + margin	30.09.2009
TOTAL			230.000	38 382		

The following credit agreements have expired:

1. Agreement concerning credit advance in current account, executed between Echo Investment S.A. and ING Bank Śląski S.A., in the amount of PLN 30 million. The final repayment date was September 5, 2008.

2. Agreement concerning credit advance in current account, executed between Echo Investment S.A. and Fortis Bank S.A., in the amount of PLN 20 million. Due date for repayment of this facility was November 29, 2008.

9.2. Credit agreements of subsidiaries

Echo Investment Capital Group's obligations on account of credits taken as at the end of 2008 are presented in the table below:

Company raising the loan	Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands]	Credit used [in thousands] as at 2008-12-31*	Interest rate type and value	Final repayment date
Echo - Centrum Bełchatów Sp. z o.o.	Pekao S.A.	Long-term credit	EUR	4 962	672	1M LIBOR	2010-04-30
Projekt Echo - 61 Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	11 100	2 827	3M EURIBOR	2010-07-15
Projekt Echo - 56 Sp. z o.o.	Pekao S.A.	Long-term credit	EUR	9 101	1 568	1M EURIBOR	2010-08-31
Echo - Centrum Przemysł Sp. z o.o.	ING Bank Śląski SA	Long-term credit	EUR	4 230	1 096	1M EURIBOR	2012-06-30
Echo Galeria Kielce Sp. z o.o.	Kredyt Bank SA	Long-term credit	EUR	18 000	10 939	1M EURIBOR	2013-10-31
Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o.	Pekao S.A.	Long-term credit	EUR	36 300	27 333	1M EURIBOR	2014-02-28
Athina Park Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR USD	13 840 8 200	12 332 7 333	1M EURIBOR 1M LIBOR	2014-09-30

Company raising the loan	Bank name	Type of obligation	Credit currency	Credit amount according to contract [thousands]	Credit used [in thousands] as at 2008-12-31*	Interest rate type and value	Final repayment date
WAN 11 Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	32 100**	28 349**	1M EURIBOR	2016-01-29
Echo - Galaxy Sp. z o.o. Sp. k.	EUROHYPO AG	Long-term credit	EUR	100 000	96 520	EURIBOR 1M / EURIBOR 3M	2022-06-30
Projekt Echo 62 Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	100 000	99 073	1M EURIBOR	2022-09-30

*Credit used given in nominal value; ** 100% of debt arising from credit agreement.

9.3. Loan agreements

9.3.1. Loans taken

Echo Investment Capital Group did not take out any loans in 2008.

9.3.2. Loans granted

Echo Investment S.A.'s receivables on account of loans granted as at the end of 2008 are presented in the table below:

Person/Organization	Outstanding loan amount [in thousands PLN]	Final repayment date
Wan Invest Sp. z o.o.	30	31.12.2009
Individuals	550	-

9.4. Debt instruments contracts

Apart from own funds, loans and credit facilities, current operations of the Capital Group are also financed through issuance of debt 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 in respect of the Bonds Issuance Program with BRE Bank in 2004 and BPH S.A. Bank in 2003 (currently Pekao SA Bank as BPH SA Bank's legal successor), Echo Investment S.A. has certain liabilities under issued debenture bonds. Maximum total par 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 (currently Pekao SA Bank as BPH SA Bank's legal successor).

The balance of these liabilities as at the end of 2008 is presented in the table below:

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

9.5. Surety agreements

I. No changes have occurred in contingent liabilities concerning sureties granted since the end of the last financial year.

Sureties granted as at December 31, 2008 are presented in the table below:

Surety in favor of	Value (in thousands)	Expiry date	On account of
Natural person	PLN 18,807	until December 31, 2010	surety for the obligations of a subsidiary "Projekt - Echo 39" Sp. z o.o. ['Project - Echo 39' Limited Liability Company] for purchase of the right of perpetual usufruct of immovable property situated in Kalisz.
Projekt - Echo 49 Sp. z o.o.	PLN 4,032	until July 4, 2010	Surety for liabilities concerning remediation of damage regarding Projekt - Echo 49 Sp. z o.o. [Project - Echo 49 Limited Liability Company]

II. The value of sureties in force as obtained with regard to project development as at December 31, 2008 is PLN 52.47 million.

9.6. Guarantee agreements

I. As at December 31, 2008 Echo Investment SA did not grant any bank guarantees.

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.

On October 18, 2008 a bank guarantee granted by PKO BP SA Bank in favor of PKP SA with its registered seat in Warsaw on January 17, 2008 as a collateral for repayment of consulting costs, up to the amount of PLN 1.5 million, expired.

II. Value of guarantees obtained, valid as at December 31, 2008:

- guarantees received on the basis of lease contracts: 8.67 million EUR and 59.89 thousand USD,
- guarantees received on the basis of project development contracts: 75.38 million PLN.

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

The dominant company - Echo Investment S.A. did not issue any securities (shares) in 2008.

11. Clarification of differences between financial results disclosed in the annual report and previously published forecasts for 2008

Neither Echo Investment S.A. Capital Group nor the dominant company – Echo Investment S.A. published any prognoses of financial results for the year 2008.

12. Evaluation of financial resources management at Echo Investment Capital Group, with special consideration of debt repayment capacity

Management of financial resources of Echo Investment Capital Group in 2008, in relation to the investment process in progress of erection of commercial facilities and apartments was mainly focused on obtaining sources of financing for realized projects, bridge financing (until the point of obtaining financing by subsidiaries) and maintaining safe liquidity ratios and assumed financing structure.

During the recent years, Echo Investment S.A. Capital Group has been increasingly emphasizing the increase of portfolio of commercial surfaces, which according to the Management Board should ensure stable revenues and cash flows and Echo Investment Capital Group's independency on cyclical phases in the economy and construction industry.

According to the Management Board, Echo Investment Capital Group's property and financial condition at the end of 2008 indicates the Capital Group's stable financial standing.

All profitability indicators of the Capital Group's operations in 2008, except for the operating margin ratio, are significantly higher than those of the same period in the previous year. This was primarily influenced by the presented negative valuation of financial instruments related to negative impact of EUR/PLN exchange differences in 2008. In addition, such a significant difference in the values of ratios is due to first valuation of the opened Pasaż Grunwaldzki project in 2007, which had a major impact on the result earned in this period.

Yield ratios during the years 2008-2007 are presented in the table below:

Yield ratios	2008	2007
Operating profit margin ratio <i>operating profit / net sales income</i>	153,3%	110,3%
Net balance profit margin ratio <i>net profit / net sales income</i>	23,8%	86,8%
Return on assets (ROA) <i>net profit / assets total</i>	2,5%	9,4%
Return on equity (ROE) <i>net profit / equity</i>	6,4%	21,4%

The rotation of key items of assets and liabilities in Echo Investment Capital Group is due to the unique qualities of performed operations. They are related to the relatively long cycle of execution of the specific investment projects and the value and volume increase of the 'portfolio' of executed investments. The value of inventories in 2008, including: acquired ownership rights and perpetual usufruct of land, together with all building expenses and costs pertaining to executed developer projects designated for sale, decreased in comparison to 2007. The inventories and liabilities cycles became shorter and current receivables cycle became longer.

Movements of key assets and liabilities during the years 2008-2007 are presented in the table below:

Activity indicators	2008	2007
Inventories cycle in days (average balance of inventories * 365 / net sales revenues)	405	481
Current receivables cycle, days (balance of current receivables * 365 / net sales income)	89	61
Current trade liabilities cycle, days (balance of current trade liabilities * 365 / net sales income)	94	143

Liquidity ratios are maintained on safe levels. This was primarily affected by the Management's policy related to financing of executed investments. Echo Investment S.A. Capital Group's reliability in the financial market keeps increasing, which is confirmed by the diversified structure of banks financing the operations of the entire group. The cash balance, which decreased in comparison with the preceding year, also affected the drop in ratio values.

Liquidity ratios of Echo Investment S.A. Capital Group during the years 2008-2007 are presented in the table below:

Liquidity ratios	2008	2007
Current ratio current assets / current liabilities	2,06	2,49
Quick ratio (current assets - inventories) / current liabilities	0,96	1,24
Cash ratio cash / current liabilities	0,72	1,00

With appropriate financing structure, the values of presented ratios are safe for the operations and confirm Echo Investment S.A. Capital Group's credibility in the financial market. The balance of the Group's debt in 2008 grew slightly in comparison to the previous year.

Assets coverage and debt ratios of Echo Investment S.A. Capital Group during the years 2008-2007 are presented in the table below:

Debt ratios	2008	2007
Equity to assets ratio equity / assets total	38,6%	44,1%
Equity to fixed assets ratio equity / fixed assets	49,2%	61,7%
Overall debt ratio liabilities total / assets total	61,4%	55,9%
Debt to equity ratio liabilities total / equity	158,9%	126,7%

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

Within the Capital Group, Echo Investment S.A. and its subsidiaries are fully capable of financing the currently executed investment projects. While executing projects in all areas of activity, Echo Investment S.A. Capital Group intends to finance these projects using funds from equity capitals, bank loans, issue of debt securities. The dominant company focuses its efforts on achieving a situation when programs of issue of debt securities are guaranteed and their aging period is longer than one year.

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

14. Assessment of factors and events affecting the financial results earned in 2008

The following factor had a major impact on the bottom line of 2008:

- posting of incomes earned under final agreements of sale of the following housing projects:
 - in Warsaw, Inflancka Street (stage II and stage III), and Zwycięzców Street (stage II),
 - in Poznań – the Naramowice housing estate (stage III), and
 - land plots with designs of houses, consisted in the Bilcza II housing estate near Kielce;
- regular revenues earned from letting of office and commercial space,
- fair value appraisal of the completed and handed over Malta Office Park project (1st stage) in Poznań;
- quarterly revaluation of Echo Investment Capital Group's real estates, accounting for such changes as those arising out of EUR/USD foreign exchange gains/losses, net sales value, and changes in yield rates arising out of expert appraisals,
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedge instruments for foreign currencies.

As a security against foreign exchange risks on the currency futures market, Echo Capital Group opened a position in derivatives hedging the EUR/PLN exchange rate in 2008. With the open positions on the currency market, Echo Investment Capital Group is duly hedged for the part of cash flows allocated to 2009 (133.5 million EUR, including 78.3 million in the 1st half of 2009) and 2010 (229 million EUR, including 110.5 million in the 1st half of 2010). The transactions executed on the basis of contracts signed with banks were not speculative in nature and were effected within the scope of the applicable hedging policy to secure future levels of cash flows on operating activity and currency conversion of EUR-denominated credit facility tranches. On the basis of data received from banks, balance sheet valuation of open items on derivatives as at December 31, 2008 is as follows: forwards – PLN226.3m, currency options – PLN12.3m. These transactions were executed at the average forward/strike rate of 3.5649. Valuation of hedging instruments is presented under revenues/liabilities of the balance sheet, and changes in valuation of hedging instruments are carried as financial incomes/expenses of the income statement.

Valuation of main financial instruments existing at Echo Investment Capital Group as at the end of 2008 are presented in Note 12 to the consolidated financial statements.

Maturity dates of open hedging items:

Financial instrument	Currency	Type	Balance sheet value as at 2008-12-31 (million PLN)	Nominal (million EUR)	1st half of 2009 nominal (million EUR)	2nd half of 2009 nominal (million EUR)	1st half of 2010 nominal (million EUR)	2nd half of 2010 nominal (million EUR)
Forward	EUR/PLN		- 226,3	344,5	75,5	51,0	99,5	118,5
Options	EUR/PLN	call	- 13,5	18,0	2,8	4,2	11,0	0,0
	EUR/PLN	put	1,2	21,0	4,0	6,0	11,0	0,0

15. Description of external and internal factors significant for the development of Echo Investment Capital Group. Description of development perspectives for the Capital Group's economic activity.

15.1. Description of external and internal factors significant for the development of Echo

Investment Capital Group

Key external factors affecting the development of the Capital Group include:

Positive factors:

- maintained investment activity of Polish and foreign business entities and resulting demand for services provided by Capital Group companies,
- lower proportion of office and shop floor per 1000 inhabitants in Poland than in Western Europe,
- shortage of residential areas,
- Poland's accession to the European structures.

Negative factors:

- unclear legal status of numerous real properties, which is due to such issues as reprivatization or lack of precise spatial development plans in many towns and communes,
- time-consuming court and administrative proceedings related to legal status regulation and acquisition of rights to real property,
- market entry of large international investment & developer companies,
- legislation causing major difficulties in construction of large-size establishments; protests by local merchants' organizations, limiting the potential for investing in construction of malls,
- decreasing rate of economic growth, deteriorated economic situation in Poland and in other countries where Echo Group operates,
- variability of foreign exchange rates (EUR and USD),
- variability of interest rates,
- uncertainty about key assumptions of the fiscal and monetary policies in Poland.

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

Positive factors:

- clear and precise development strategy,
- stable structure of shareholders of the dominant company – Echo Investment S.A., with clear and consistent owners' policy towards the company,
- well-defined product group,
- recognized position of the capital group in the developer market and high reliability, acknowledged by Echo Investment S.A.'s presence in the Stock Exchange and obtained Developer's Certificate,
- active partnership cooperation with largest banks in terms of financing current activities and specific projects,
- good cooperation with stable and recognized partners,
- organizational structure accounting for the existence of profit centers, which are responsible for the specific segments of activity of Echo Investment S.A. Capital Group,
- regulated legal status (no court actions threatening Echo Capital Group).

Negative factors:

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

15.2. Development perspectives for economic activities of Echo Investment S.A. and the Capital Group.

With regard to noticeable signs of global economic crisis, the Management Board of Echo Investment SA has reviewed its investment plans in order to adjust them to economic forecasts for the upcoming year. Echo Investment Capital Group's activities are going to focus on optimizing developer processes within specific investment projects. The Company is carefully monitoring the developments on the real estate

market, and decisions concerning implementation of specific projects are taken on a case-by-case basis, according to current analyses. In order to minimize the risk of adverse market variations, the Company adapts its project implementation schedules to actual market situation and does not preclude staging of envisaged investments.

The Management Board of the Company has undertaken certain restructuring activities and cost optimizations, including overall corporate costs, through taking such steps as adapting employment to envisaged involvement in project implementation and activities on the property market.

During the next year, Group companies' activities will focus on preparation, development and commercialization of office and shopping projects for lease, as well as on preparing new projects.

Execution of envisaged housing projects shall depend on supply & demand considerations, including the purchasing power, credit availability, levels of salaries, market prices of apartments, etc.

Realization of hotels strongly depends on the situation in the tourist industry and on hotel chains' willingness to undertake new investments. The current activities of Echo Investment S.A. in this sector focus on the Polish market where the Company collaborates with international hotel chain operators.

The Management Board of the Company intends to develop its business operations on foreign markets, in Central and Eastern Europe. At present, a comprehensive shopping, service and office center in Budapest, Hungary, and a shopping & entertainment center in Brasov, Romania, are being developed. Echo Investment Group is also monitoring the situation on the Ukrainian market.

16. Changes in the basic principles of managing the issuer's enterprise and its Capital Group.

No significant changes in the basic rules of management took place during the year 2008. The development of the organization enforces improving management procedures applied both by Echo Investment S.A. and by other Capital Group companies.

17. Changes in the composition of managing and supervisory bodies of Echo Investment S.A. during 2008. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.

17.1. The Management Board

The composition of the Management Board changed in 2008.

With reference to approval by the Ordinary General Meeting of Shareholders of the Company of the financial statements for the final year of the Management Board's term of office and expiry of its members' terms, on May 28, 2008 the Supervisory Board of the Company, acting in pursuance of Article 368 paragraph 4 of the Code of Commercial Partnerships and Companies, and paragraph 13 clause 1 sub-clause a) of the Company Articles, appointed Mr. Piotr Gromniak and Mr. Artur Langner as Members of the Management Board for the 3rd joint 3-year term of office.

In addition, on June 27, 2008 the Supervisory Board, acting pursuant to paragraph 14 article 1 of the Company Articles, appointed Mr. Piotr Gromniak President of the Board and Mr. Artur Langner Vice-President of the Board.

The composition of the Management Board of Echo Investment SA is the following:

Piotr Gromniak, President of the Management Board
Artur Langner, Vice-President of the Management Board

17.2. The Supervisory Board

Composition of the Supervisory Board of Echo Investment SA did not change in 2008.
The present members of the Supervisory Board are as follows:

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

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

17.3.1. Rules of appointing and dismissing members of managing bodies

These principles are regulated by the Polish Code of Commercial Partnerships and Companies, and by Company Articles of Echo Investment S.A. The Management Board as a whole and the individual members thereof shall be appointed and suspended by the Supervisory Board, who shall elect the President of the Management Board and the Vice-President of the Management Board.

The term of office of the first Management Board shall last two years and the terms of office of the subsequent Management Boards shall last three years, where management board members shall be appointed for a common term of office, which shall not preclude the right to early dismissal of each of the Management Board members. The terms of office of the Management Board members shall elapse on the day of a General Meeting of Shareholders that is held for the purpose of approving of a financial

statement for the final year of the term of the Management Board. The Management Board or its individual members can be

dismissed by the Supervisory Board before expiry of their terms of office, including specifically upon written request of shareholders representing at least 1/3 of the share capital or if the Ordinary General Meeting of Shareholders passes a resolution on refusal to grant a vote of acceptance to the Management Board on account of performance of its duties during the completed financial year.

17.3.2. Authorizations of members of managing bodies

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

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

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

As at December 31, 2008 there are no outstanding loans, guarantees or sureties granted by the issuer to managing or supervisory bodies members or to relatives of these persons.

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

As at December 31, 2008, no agreements exist between the issuer and members of managing bodies that would stipulate compensation.

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

20.1 Remuneration paid to members of managing bodies

Managers of Echo Investment S.A. received the following remuneration at Echo Investment S.A. and for exercising their functions in the bodies of wholly and partially owned subsidiaries and associated companies in 2008, respectively:

- Jarosław Grodzki received compensation from Echo Investment S.A. in the total amount of PLN 707 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Mr. Piotr Gromniak received compensation from Echo Investment S.A. in the total amount of PLN 639 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and associated companies;
- Mr. Artur Langner received compensation from Echo Investment S.A. in the total amount of PLN 611 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and associated companies;

Other persons involved in management of wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) received a total compensation of PLN 297 thousand for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies.

20.2 Remuneration paid to members of supervisory bodies

Supervisors of Echo Investment SA received the following compensation from Echo Investment S.A. on account of their supervisory functions for the Company during 2008:

- Wojciech Ciesielski received compensation from Echo Investment S.A. in the total amount of PLN 84 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 60 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Mariusz Waniółka received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Robert Oskard received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Karol Żbikowski received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Tomasz Kalwat received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,

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

21. Total number and nominal value of all shares of the issuer and shares in the issuer's Capital Group companies held by managing and supervising persons

Shares of Echo Investment S.A. have been quoted on the Warsaw Stock Exchange since March 1996. As at December 31, 2008, 420,000,000 shares of the Company are available for stock trade. Nominal value of

one share is PLN 0.05. All shares carry the same privileges. Each share carries one vote at the General Meeting of Shareholders of the Company.

Information about issues of Echo Investment's shares:

Series	Number of shares	Par 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			

On December 19, 2008, the Extraordinary General Meeting of Shareholders of Echo Investment SA passed a Resolution no. 3 on authorizing the Management Board of Echo Investment S.A. to buy the Company's own shares for the purpose of redemption and/or as stipulated in Article 362 paragraph 1 sub-clause 8 of the Code of Commercial Partnerships and Companies. Under the said resolution, the Management Board of the Company has been authorized to:

1. Acquire the Company's own shares listed on the primary market of the Warsaw Stock Exchange, i.e. official public market, for the purpose of their redemption. The Company shall acquire fully paid up shares for the purpose of redemption according to the following terms:

- (a) the overall number of shares acquired for the purpose of redemption shall not exceed 210,000,000 (two hundred and ten million) shares with face value of 5 (five) grosz each;
- (b) the total minimum value of payment for the shares thus acquired shall be not less than 100 (one hundred) zlotys, and the total maximum value of payment for the shares thus acquired shall be not more than 420,500,000 (four hundred twenty million five hundred thousand) zlotys;
- (c) at the Management Board's discretion, shares may be acquired via third parties acting on the Company's behalf, brokerage houses, subsidiaries, or persons acting for the benefit of subsidiaries in public trade at the Warsaw Stock Exchange and on OTC markets;
- (d) authorization for the Management Board to acquire own shares for the purpose of redemption shall cover the period from December 20, 2008 to December 19, 2013, however not longer than until the funds designated for such acquisition are exhausted;
- (e) shares may be acquired in block transactions;
- (f) shares may be acquired through public call for the Company's shares;
- (g) upon the Management Board's decision, acquisition of own shares may be financed with the amount that, according to Article 348 paragraph 1 of the Code of Commercial Partnerships and Companies, can be designated for allocation, whereby the Management Board of the Company is entitled to decide on using other sources of financing own shares acquisition for the purpose of redemption.

II. Acquisition of shares under Article 362 § 1 sub-clause 8 of the Code of Commercial Partnerships and Companies on the following terms:

- (a) the total face value of shares thus acquired shall not exceed 20% of the value of the Company's share capital, i.e. 84,000,000 (eighty-four million) shares with face value of 5 (five) grosz each, inclusive of face value of the remaining own shares that will not have been sold by the Company;
- (b) the total minimum value of payment for the shares thus acquired shall be not less than 100 (one hundred) zlotys, and the total maximum value of payment for the shares thus acquired shall be not more than 420,500,000 (four hundred twenty million five hundred thousand) zlotys, including share purchase costs;
- (c) at the Management Board's discretion, shares may be acquired via third parties acting on the Company's behalf, brokerage houses, subsidiaries, or persons acting for the benefit of subsidiaries in public trade at the Warsaw Stock Exchange and on OTC markets;
- (d) the Management Board's authority to acquire own shares under Article 362 § 1 sub-clause 8 of the Code of Commercial Partnerships and Companies shall cover the period from December 20, 2008 to December 19, 2013, however not longer than until the funds designated for such acquisition are exhausted;

- (e) shares may be acquired in block transactions;
- (f) shares may be acquired through public call for the Company's shares;
- (g) the purpose of such acquisition of own shares shall be determined through a resolution of the Management Board, and specifically own shares thus acquired by the Company may be designated for further resale.

Echo Investment Spółka Akcyjna with its registered seat in Kielce, acting pursuant to Article 348 § 1, with reference to Article 396 paragraph 4 and paragraph 5 of the Code of Commercial Partnerships and Companies, and paragraph 19 of the Company Articles, hereby decides as follows:

- (a) to establish a reserve capital in the amount of 420,500,000 (four hundred twenty million five hundred thousand) zlotys, designated for implementing the purposes mentioned in this resolution;
- (b) the reserve capital shall be established through transferring the amount of PLN 420,500,000 (four hundred twenty million five hundred thousand) from the Company's supplementary capital in compliance with the requirements of Article 348 §1 of the Code of Commercial Partnerships and Companies, whereby the Company's supplementary capital shall be decreased from PLN 437,943,000 (four hundred thirty-seven million nine hundred forty-three thousand) to PLN 17,443,000 (seventeen million four hundred forty-three thousand).

The Management Board may, while acting for the benefit of the Company and upon consulting the Supervisory Board, terminate such acquisition of shares before December 19, 2013 or before exhausting all funds designated for their acquisition, or give up their acquisition in whole or in part.

The terms and conditions of own shares acquisition will be in accordance with the Commission Regulation (EC) no. 2273/2003 of December 22, 2003.

21.1. Shares of Echo Investment S.A. held by supervising persons

Shares of Echo Investment S.A. held by supervising persons as at December, 2008 are illustrated in the table below:

Supervising person	Balance as at 2008-12-31 [pcs.]	Par value of one share	Par value total	Percentage of share capital
Wojciech Ciesielski, Chairman of the Supervisory Board,	1.440.000	PLN 0.05	PLN 72,000	0,34%
Andrzej Majcher, Deputy Chairman of the Supervisory Board	100.800	PLN 0.05	PLN 5,040	0,02%
Mariusz Waniółka, Member of the Supervisory Board	did not hold any shares	PLN 0.05	-	-
Robert Oskard, Member of the Supervisory Board,	did not hold any shares	PLN 0.05	-	-
Karol Zbikowski, Member of the Supervisory Board	did not hold any shares	PLN 0.05	-	-
Tomasz Kalwat, Member of the Supervisory Board	14.860	PLN 0.05	PLN 743	0,004%

21.2. Shares of Echo Investment S.A held by managing persons

Shares of Echo Investment S.A. held by managing persons as at December, 2008 are illustrated in the table below:

Managing person	Balance as at 2008-12-31 [pcs.]	Par value of one share	Par value total	Percentage of share capital
Jarosław Grodzki, President of the Management Board*	did not hold any shares*	PLN 0.05	-	-

Piotr Gromniak, President of the Management Board**	did not hold any shares	PLN 0.05	-	-
Artur Langner, Vice-President of the Management Board**	did not hold any shares	PLN 0.05	-	-

* Mr. Jarosław Grodzki was holding the position of Board President at the Company until May 28, 2008. As on that date, he did not hold any shares of Echo Investment SA.

** With reference to approval by the Ordinary General Meeting of Shareholders of the Company of the financial statements for the final year of the Management Board's term of office and expiry of its members' terms, on May 28, 2008 the Supervisory Board of the Company, acting in pursuance of Article 368 paragraph 4 of the Code of Commercial Partnerships and Companies, and paragraph 13 clause 1 sub-clause a) of the Company Articles, appointed Mr. Piotr Gromniak and Mr. Artur Langner as Members of the Management Board for the 3rd joint 3-year term of office. In addition, on June 27, 2008 the Supervisory Board, acting pursuant to paragraph 14 article 1 of the Company Articles, appointed Mr. Piotr Gromniak President of the Board and Mr. Artur Langner Vice-President of the Board.

22. Shareholders of Echo Investment S.A. holding at least 5% of the total number of votes at the general meeting of shareholders, directly or indirectly through subsidiaries, as at December 31, 2008.

The following shareholders, directly or indirectly through subsidiaries, held at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as at December 31, 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 the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	169 916 580	40,46%	169 916 580	40,46%
OFE ING*	41 070 350	9,78%	41 070 350	9,78%
OFE PZU Złota Jesień*	41 066 860	9,78%	41 066 860	9,78%
Commercial Union OFE*	37.812.146	9,00%	37.812.146	9,00%
Pioneer Pekao Investment Management S.A.	21 035 115	5,01%	21 035 115	5,01%

* Balance according to annual structure of investment portfolios of the OFEs (Open Pension Funds) as at December 31, 2008

On December 12, 2008 the Issuer received a notice wherein Pioneer Pekao Investment Management S.A. with its registered seat in Warsaw (PPIM), acting in compliance with Article 87 clause 1 sub-clause 3 letter b of the Act of July 29, 2005 on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies (Journal of Laws No. 184 item 1539) communicated an increase of total engagement to 5.01% of the total number of votes at the general meeting of shareholders of Echo Investment SA in respect of financial instruments in the portfolios that PPIM manages through performing contracted brokers' financial instrument portfolio management services.

Before the aforementioned increase of share, Pioneer Pekao Investment management S.A.'s clients held 20,812,889 shares of Echo Investment S.A. on their accounts covered by the management agreement, forming 4.96% of the Issuer's share capital. These shares carried 20,812,889 votes, constituting 4,96% of the total number of votes at the Issuer's general meeting of shareholders.

On December 10, 2008 there were 21,035,115 shares of Echo Investment SA on all Pioneer Pekao Investment Management SA customers' securities accounts, forming 5.01% of the Issuer's share capital.

These shares carried 21,035,115 votes, constituting 5.01% of the total number of votes at the Issuer's general meeting of shareholders.

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

On December 24, 2008 the Issuer received a notice dated December 24, 2008, whereunder Magellan Pro-Equity Fund I S.A., acting pursuant to Article 69 clause 2 sub-clause 1) of the Act of July 29, 2005 on Public Quotation and Conditions of Introduction of Financial Instruments to Organized Trade, and on Public Companies, hereby informs that on December 23, 2008 Magellan Pro-Equity Fund I S.A. received a decision of the District Court in Kielce, 10th Economic Department of the National Court Register, on registration as on December 23, 2008 of a merger of Magellan Pro-Equity Fund I S.A. and Columbus Pro-Equity Fund II Sp. z o.o., as a consequence whereof Magellan Pro-Equity Fund I S.A. took over the assets of Columbus Pro-Equity Fund II Sp. z o.o. Both the aforementioned companies are subsidiaries wholly owned by Mr. Michał Sołowow. The above mentioned incident has led to an increase in the voting rights held by Magellan Pro-Equity Fund I S.A. in the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.

As at the effective date of this report, Magellan Pro-Equity Fund I S.A. holds 141,409,680 shares of Echo Investment S.A., corresponding to 33.67% of the share capital and carrying 141,409,680 votes at the General Meeting of Shareholders, i.e. 33.67% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Before December 23, 2008, Magellan Pro-Equity Fund I S.A. held 104,329,680 shares of Echo Investment S.A., corresponding to 24.84% of the share capital and carrying 104,329,680 votes at the General Meeting of Shareholders, i.e. 24.84% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

On December 30, 2008 the Issuer received a notice dated December 30, 2008, whereunder Mr. Michał Sołowow, acting pursuant to Article 69 clause 2 sub-clause 2) of the Act of July 29, 2005 on Public Quotation and Conditions of Introduction of Financial Instruments to Organized Trade, and on Public Companies, hereby informs that his balance of voting rights at the General Meeting of Shareholders of Echo Investment SA has been increased by at least 1% of the total number of votes after the entry made on December 29, 2008 in the securities account as a result of acquisition of shares of Echo Investment SA.

As at the effective date of this report, Mr. Michał Sołowow holds:

- directly: 16,591,450 shares of Echo Investment SA, corresponding to 3.95% of the share capital and carrying 16,591,450 votes at the General Meeting of Shareholders, i.e. 3.95% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA,
- indirectly 153,325,130 shares of Echo Investment SA, corresponding to 36.51% of the share capital and carrying 153,325,130 votes at the General Meeting of Shareholders, i.e. 36.51% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Directly and indirectly, Mr. Michał Sołowow holds a total of 169,916,580 shares of Echo Investment SA, corresponding to 40.46% of the share capital and carrying 169,916,580 votes at the General Meeting of Shareholders, i.e. 40.46% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

According to the last report dated February 15, 2007, Mr. Michał Sołowow held a total of 164,809,630 shares of Echo Investment SA, corresponding to 39.24% of the share capital and carrying 164,809,630 votes at the General Meeting of Shareholders, i.e. 39.24% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

As at February 15, 2007, Mr. Michał Sołowow was holding:

- directly: 11,855,680 shares of Echo Investment SA, corresponding to 2.82% of the share capital and carrying 11,855,680 votes at the General Meeting of Shareholders, i.e. 2.82% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA,

- indirectly 152,953,950 shares of Echo Investment SA, corresponding to 36.42% of the share capital and carrying 152,953,950 votes at the General Meeting of Shareholders, i.e. 36.42% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

23. Information about a system of control of matching shares programs

No matching share program is functioning in the company.

24. Contract with certified auditor of financial statements for audit or review of the financial statements or consolidated financial statements

On August 5, 2008, the Issuer's Supervisory Board, acting pursuant to paragraph 13 clause 1 letter b of the Company Articles, and paragraph 2 clause 1) chapter IV of the Regulations of the Supervisory Board of the Company, in accordance with valid laws and professional standards, selected a company certified to audit financial statements.

The company authorized to audit the Company's financial statements is PricewaterhouseCoopers Sp. z o.o. of Warsaw, ul. Armii Ludowej 14, registered on the list of certified auditors of financial statements maintained by the National Board of Chartered Accountants with registration number 144 (Chartered Accountant), who has signed a contract for audit and review of the financial statements of Echo Investment in 2008.

Echo Investment S.A. had not previously hired the Chartered Accountant to audit or review its financial statements. PricewaterhouseCoopers Sp. z o.o. had been providing consulting services for the Issuer.

The financial statements of the Company and of Echo Capital Group for 2007 were audited by BDO Numerica Sp. z o.o. audit firm of Warsaw, ul. Postępu 12, National Board of Chartered Accountants' registry number 523 (former name BDO Polska Sp. z o.o.).

The fee paid or payable to the certified auditor of financial statements of the Issuer and Echo Investment Capital Group for the financial year is:

1. payable for audit of separate and consolidated annual statements for 2008: PLN 160,000; fee paid for audit of the same statements for 2007: PLN 120,250.
2. for other certification services, including the fee payable for review of separate and consolidated financial statements for 2008: PLN 95,000, and fee paid for review of separate and consolidated financial statements for 2007: PLN 99,850.
3. for tax consulting services, including PLN 0 paid in 2008, and PLN 0 in 2007.
4. for other services, including PLN 25,000 paid or payable for 2008, and PLN 13,304.25 in 2007.

Kielce, April 30, 2009

_____ Piotr Gromniak President of the Management Board	_____ Artur Langner Vice-President of the Management Board
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STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. hereby declares that, to the best of its knowledge, the annual consolidated financial statements and comparative information have been prepared in accordance with valid accounting principles and they fairly, transparently and accurately present the Company's asset and financial condition and its financial result, and the annual management report contains a true presentation of the development, achievement and standing of the issuer's Capital Group, including a description of basic risks and threats.

The Management Board of Echo Investment SA further represents that PricewaterhouseCoopers Sp. z o.o. of Warsaw, which audited the annual consolidated financial statements, was selected in accordance with valid laws, and that both the firm and the chartered accountants carrying out the audit fulfilled the criteria for issuing an impartial and independent audit report, according to valid provisions of national legislation.

Kielce, April 30, 2009

_____ Piotr Gromniak President of the Management Board	_____ Artur Langner Vice-President of the Management Board
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STATEMENT
of the Management Board of Echo Investment S.A.
ON APPLICATION
OF CORPORATE GOVERNANCE PRINCIPLES

April 30, 2009

1. Collection of corporate governance principles applicable to the issuer, location where the collection can be accessed by the general public.

Echo Investment S.A. (the Issuer) is under the obligation stipulated in paragraph 29 clause 5 of the Regulations of the Warsaw Stock Exchange, enacted under Resolution no. 13/1170/2007 of the Supervisory Board of the Warsaw Stock Exchange of July 4, 2007 and amended by way of subsequent Resolution no. 18/1176/2007 of October 23, 2007 and no. 20/1178/2007 of October 26, 2007, to the extent of application of corporate governance principles contained in "Good Practices of Public Companies Quoted at the Warsaw Stock Exchange".

A collection of the aforementioned principles is available at the Warsaw Stock Exchange website at and on the Issuer's website, investor relations section: http://www.echo.com.pl/rok_2008.php.

2. Scope of the issuer's deviation from the provisions of corporate governance principles collection, indication of the provisions not followed, and explanation of reasons for deviation.

GOOD PRACTICES FOLLOWED BY MANAGEMENT BOARDS OF PUBLIC COMPANIES

Principle 1.

"The company should maintain a corporate website and publish the following data:

4) notice of the time and venue of a general meeting, agenda, draft resolutions with justifications, other available materials relating to the company's general meetings of shareholders, at least 14 days before the specified date of meeting".

This principle was not followed in 2008 in the part concerning 14-day term for publication of materials related to general meetings of shareholders on the corporate website. The company publishes notice of time and venue of each general meeting, the agenda, draft resolutions with justifications, and other available materials related to general meetings of shareholders on its corporate website within such times as stipulated in the regulations of the Minister of Finance of October 19, 2005 on Current and Periodical Reports Submitted by Issuers of Securities as applicable in 2008 (presently: Regulation of the Minister of Finance of February 19, 2009 on current and periodical information published by issuers of securities and principles of recognizing as equivalent information required by non-Member State legislations). The deadlines set out in the aforementioned Regulations are satisfactory for anyone willing to acquaint themselves with the respective materials.

Principle 1.

"The company should maintain a corporate website and publish the following data:

6) Annual reports on the activity of the supervisory board, accounting for the works of its committees, including evaluation of supervisory board's work, internal controlling system and significant company risk management system as submitted by the supervisory board".

This principle was not applied in 2008 in the part regarding reports on the committees' works and evaluation of the internal controlling system and significant company risk management system. No committees have been established within the Supervisory Board's operations. As there is no internal controlling system or a significant corporate risk management system in the Supervisory Board's range of competence, the Supervisory Board has not presented an assessment of such systems in the annual report of the supervisory board.

Principle 1.

"The company should maintain a corporate website and publish the following data:

7) Shareholders' inquiries concerning issues put on the agenda, raised before and during the general meeting, with responses given".

This principle was not followed in 2008. The Company did not maintain a detailed record of General Meetings of Shareholders that would include all statements and inquiries. The chairperson of the given General Meeting of Shareholders decides about including particular issues in minutes, acting in pursuance of the law, according to importance of the given issue and on the basis of shareholders' reasonable demands. Participants of the General Meeting of Shareholders, in compliance with the Code of Commercial Partnerships and Companies and the Regulations of the General Meeting of Shareholders, may lodge written statements further attached to minutes of meetings. The Company concedes that such rules ensure sufficient transparency of general meetings.

Principle 1.

"The company should maintain a corporate website and publish the following data:

11) Information obtained by the management board on the basis of a supervisory board member's statement on a supervisory board member's affiliation to the shareholder holding a stake of not less than 5% of the total number of votes at the general meeting of the company".

The above principle was not followed by the Management Board of Echo Investment SA in 2008 because the Management Board of the Company did not receive any such representations from members of the Supervisory Board.

Principle 3.

"Before the company executes a significant contract with an affiliated entity, the management board shall request the supervisory board's approval of such transaction/contract. The above obligation shall not apply to typical transactions executed at arm's length in the range of the company's operating activities with a subsidiary where the company holds a majority capital share. For purposes of this collection of principles, definition of an affiliated company shall apply within the meaning of the Regulation of the Minister of Finance as of October 19, 2005, on current and periodical information published by issuers of securities."

This principle was not followed in 2008. In the opinion of the Management Board of the Company, the regulations contained in valid provisions of the law, in combination with the Articles and Regulations of the Supervisory Board of the Company concerning transactions/contracts made with affiliated organizations, are sufficient. Moreover, the Supervisory Board's range of competence includes continuous monitoring of the Company's operations, including decisions concerning all significant contracts of the Company, in application of such contracts' value criteria as specified in the Company Articles.

Principle 5.

"Draft resolutions of the general meeting should be justified, except for technical and formal resolutions and typical resolutions enacted in the course of proceeding by the general meeting. In consideration of the foregoing, the Management Board should present the justification or request such justification from the party requesting that the given issue be put on the agenda of the general meeting."

The above principle was not followed in 2008. The obligation of justifying resolutions of the General Meeting of Shareholders introduced by way of the above principle arises potential claims of the justification being inappropriate, too short or otherwise unsatisfactory to a shareholder. In order to minimize the risks related to non-application of the above principle, the Management Board of the Company is going to present justifications of draft resolutions before and during the General Meeting of Shareholders to all the shareholders of the Company that are interested.

GOOD PRACTICES FOLLOWED BY SUPERVISORY BOARD MEMBERS

Principle 1.

"Apart from activities stipulated by valid laws, the supervisory board should:

1) prepare and present to the ordinary general meeting of shareholders a yearly concise evaluation report on the condition of the company, including assessment of the internal controlling system and the important company risk management system."

This principle was not applied in 2008 in the part concerning evaluation of systems. As there is no internal controlling system or a significant corporate risk management system, the Supervisory Board is not going to present an assessment of such systems to the ordinary general meeting of shareholders.

Principle 2.

"Each supervisory board member should communicate to the management board of the company the scope of their affiliation to a shareholder holding a stake of not less than 5% of the total number of votes at the general meeting. The above obligation refers to economic, family and other relationships that might affect the supervisory board member's opinion on the issue being resolved by the board."

The above principle was not applied by the Supervisory Board of Echo Investment SA in 2008. The above principle is redundant in the context of exclusion of a Supervisory Board member from participation in the Board's decisions in case conflicting interests occur. The only criterion appropriate and sufficient in view of valid laws is the criterion of purpose and intended and actual consequence of the actions of a Supervisory Board member. Such criterion is the acting for the benefit of the Company and the shareholders and responsibility for any possible actions to the detriment of the Company or the shareholders.

Principle 6.

"At least two members of the supervisory board should fulfill the criteria of independence on the company and entities in significant affiliation to the company. Regarding the supervisory board members' independence criteria, Appendix I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board should apply. Notwithstanding the provisions of sub-clause b) of the aforementioned Appendix, a person employed by the company, its subsidiary or associated company cannot be considered compliant with the independence criteria mentioned in the Appendix. Another type of affiliation to shareholder precluding the supervisory board member's independence attribute within the meaning of this principle is a true and significant relationship with a shareholder entitled to execute 5% or more of the total number of votes at the general meeting of shareholders."

The above principle was not applied by the Supervisory Board of Echo Investment SA in 2008. In accordance with valid laws, Supervisory Board members are appointed at the sovereign discretion by the General Meeting of Shareholders of the Company. In view of the foregoing, no grounds exist for restricting the Meeting's freedom in electing members of the Supervisory Board of the Company. In addition, the "independence" criterion does not properly determine the positions and criteria that should be followed by a Supervisory Board member in taking their decisions in the course of performing their functions. For the very reason of the Board member being appointed and possibly recalled by shareholders and the essence of their function of representing the shareholders, this criterion is unrealistic and unclear. In the opinion of the Company, "independence" of members of the Company's bodies should mean their opportunity and necessity to act within the limits of valid laws and for the Company's interests, such independence being fully respected by the Company.

Principle 7.

"At least one audit committee should operate within the supervisory board. At least one member of such committee should be independent on the company or entities remaining significantly affiliated to the company, competent in accounting and finance. In those companies where the supervisory board comprises the minimum number of members required by law, duties of this committee may be executed by the supervisory board."

The above principle was not followed in 2008 because no committees are present within the Supervisory Board structures. The Company is of the opinion that appointment of committees within the Supervisory Board would be unjustified. Regarding all issues in such committees' ranges of competence, the Supervisory Board of the Company acts and takes decisions jointly. The Supervisory Board is composed of members having relevant knowledge and competence in this respect.

Principle 8.

"Regarding the tasks and functioning of committees operating within the supervisory board, Appendix I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors (...) should apply."

The above principle was not followed in 2008 by the Supervisory Board of Echo Investment SA because principle no. 7 of Part III "Good practices applied by supervisory board members" does not apply. No committees exist within the Supervisory Board.

Principle 9.

"Effecting by the company of a contract/transaction with an affiliated company complying with the conditions mentioned in Section II clause 3 shall require the supervisory board's approval."

The above principle was not followed in 2008. The regulations contained in valid provisions of the law, in combination with the Articles and Regulations of the Supervisory Board of the Company concerning transactions/contracts made with affiliated organizations, are sufficient. The Supervisory Board's range of competence includes continuous monitoring of the Company's operations, including decisions concerning all significant contracts of the Company, in application of such contracts' value criteria as specified in the Company Articles.

The Corporate Governance Principles contained in the document entitled "Good Practices in Public Companies Quoted at the Warsaw Stock Exchange", which have been accepted by the Company and which the Company was ready to follow, were duly complied with by the Company in 2008.

3. Description of the main features of internal controlling and risk management systems applied at the issuer's enterprise with respect to the process of preparing financial statements and consolidated financial statements.

The Management Board of the Company is responsible for the internal controlling system at the Company and for efficient operation of that system in the process of preparing periodical financial statements and reports, which are developed and published in accordance with the Regulation of the Minister of Finance as of October 19, 2005, on current and periodical information published by issuers of securities (Journal of Laws of 2005 no. 209 item 1744).

The following are classified as important aspects of the internal controlling and risk management systems applied by the Company, which guarantee proper efficiency of the financial reporting process:

- determined structures, ranges of competence and assignment of tasks during preparation of financial statements,
- determined ranges of competence and scope of financial reporting,
- regular evaluation of the Company's activity on the basis of financial reports,
- verification of the Company's financial statements by an independent chartered accountant,
- making estimations of key importance for the financial statements,
- analysis, process controlling and risk management process.

The persons responsible for preparing financial statements, periodical financial reports and daily management reports of the Company belong to a highly qualified team of the Financial Division, headed by the Financial Director, the Managing Director, and the Management Board of the Company. The Company's financial statements are prepared by a team of Financial Division employees, supported by persons in charge of reporting and reports control issues. The entire process is supervised by medium level management of the Financial Division. The complete financial statements are reviewed by the Company's Financial Director before submission to an independent auditor.

According to valid laws, the Company has its financial statements reviewed or audited accordingly by an independent chartered accountant with recognized high qualifications.

The Company's financial and accounting system provides a source of data for the financial statements and periodical reports, as well as monthly management and operating reports used in the Company. When all the predetermined book closing processes are completed at the end of each consecutive month, detailed financial and operating management reports are developed. These are analyzed in detail by middle and senior management of individual units of organization of the Accounting Department and afterwards by the Budgeting and Forecasting Department. In respect of completed reporting periods, the Company's financial results are studied in detail in comparison to budgetary assumptions and forecasts developed during the month preceding the reporting period under consideration. Because of certain trade specific qualities of the industry, not only particular cost groups are analyzed, but also individual investment projects, separately and against the background of the entire segment.

Any deviations found are properly clarified and any possible errors are corrected on a regular basis in the Company's ledgers, in accordance with the applied accounting policy.

The key activity for the Company, reducing its exposure to market risk, is the proper assessment of potential investments along with control over running investments on the basis of investment models and decision-making procedures developed by the Company, the compliance wherewith is under special scrutiny of the Project Analysis and Controlling Department and the Financial Director of the Company.

The Company updates its mid-term plan every year. A detailed operating budget and financial budget is also created every year, including in particular:

- a budget for construction projects,
- a budget for operation & maintenance projects,
- a budget related to overheads,
- financial statements forecast.

This process, based on formal principles existing within the Company and led by the Management Board, involves middle and senior management of the Company. The annual budget prepared for the consecutive year is approved by the Management Board of the Company.

The above mentioned budgets and forecasts are regularly controlled and any deviations from plan are duly monitored.

During the year, the Management Board of the Company analyzes the current financial results and compares them with the budget using management reporting system applied by the Company, which is based on the Company's accounting policy (the International Financial Reporting Standards), accounting for the format and detail of financial data presented in the Company's and the Group's periodical financial statements.

The Company applies consistent accounting principles in presenting the financial data in financial reports, periodical financial reports and management reports.

Risk management takes place in the Company through identification and assessment of risk areas for all sectors of the Company's and the Group's activity, involving defining of activities necessary for reducing or eliminating that risk.

4. Indication of shareholders holding significant stakes of Echo Investment S.A.'s shares, whether directly or indirectly, including the number of shares held by these shareholders, their percentages in the share capital, number of votes carried by such shares, and percentages of these votes in overall number of votes at the general meeting of shareholders.

The following shareholders, directly or indirectly through subsidiaries, held at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as at December 31, 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 the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	169 916 580	40,46%	169 916 580	40,46%
OFE ING*	41 070 350	9,78%	41 070 350	9,78%
OFE PZU Złota Jesień*	41 066 860	9,78%	41 066 860	9,78%
Commercial Union OFE*	37.812.146	9,00%	37.812.146	9,00%
Pioneer Pekao Investment Management S.A.	21 035 115	5,01%	21 035 115	5,01%

* Balance according to annual structure of investment portfolios of the OFEs (Open Pension Funds) as at December 31, 2008

5. Holders of any securities carrying special controlling privileges, including a description of such privileges.

Securities issued by Echo Investment S.A. do not carry any special controlling privileges for the holders.

6. Specification of any restrictions as to exercise of voting rights, such as limitation on exercising voting rights by holders of a specific percentage or number of votes, time limitations applicable to exercising the voting rights, or regulations whereunder equity rights involved in securities are distinguished from holding securities, with the company's cooperation.

Echo Investment S.A. does not know of any limitations as to exercising of voting rights by holders of the Issuer's securities.

7. Specification of any restrictions concerning assignment of ownership rights to the issuer's securities.

Echo Investment S.A. does not know of any limitations as to transferring of ownership rights to the Issuer's securities.

8. Rules of appointing and dismissing managing and supervising persons. Ranges of authority, specifically including the right to take decisions on issue or redemption of shares.

8.1. Rules of appointing and dismissing members of managing bodies

These principles are regulated by the Polish Code of Commercial Partnerships and Companies, and by Company Articles of Echo Investment S.A. The Management Board as a whole and the individual members thereof shall be appointed and suspended by the Supervisory Board, who shall elect the President of the Management Board and the Vice-President of the Management Board.

The term of office of the first Management Board shall last two years and the terms of office of the subsequent Management Boards shall last three years, where management board members shall be appointed for a common term of office, which shall not preclude the right to early dismissal of each of the Management Board members. The terms of office of the Management Board members shall elapse on the day of a General Meeting of Shareholders that is held for the purpose of approving of a financial statement for the final year of the term of the Management Board. The Management Board or its individual members can be

dismissed by the Supervisory Board before expiry of their terms of office, including specifically upon written request of shareholders representing at least 1/3 of the share capital or if the Ordinary General Meeting of Shareholders passes a resolution on refusal to grant a vote of acceptance to the Management Board on account of performance of its duties during the completed financial year.

8.2. Authorizations of members of managing bodies

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

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

9. Rules of amending the Company Articles or the Company Deed of the Issuer.

The rules of amending the Company Articles or Company are regulated by the provisions of the Polish Code of Commercial Partnerships and Companies.

An amendment to the company articles shall require a resolution of a general meeting of shareholders of Echo Investment S.A. and registration at the National Court Register (KRS). The Management Board of the Company shall notify such change to the registration court within not more than three months of enacting the relevant resolution by the general meeting of shareholders, with due consideration of Article 431 paragraph 4 and Article 455 paragraph 5.

Together with entry of amendment of Company Articles, any change of Company data notified to the registration court shall also be recorded at the National Court Register.

The general meeting of shareholders shall authorize the Supervisory Board to put together the uniform text of amended company articles or to make such other editorial changes as may be defined in the resolution of a general meeting.

10. Functioning of the general meeting of shareholders, substantial range of authority of the general meeting, description of shareholders' rights and methods of exercising these rights, with special considerations of rules arising from the regulations of the general meeting.

The General Meeting of Shareholder (the General Meeting) is the ultimate body of the Company, competent in adopting most important resolutions on the form and operation of the Company, acting pursuant to the Act of September 15, 2000 – Code of Commercial Partnerships and Companies (Journal of Laws 2000 No. 94 item 1037, as amended), the Company Articles, and Regulations of General Meetings of Shareholders of Echo Investment SA, which were enacted by the Ordinary General Meeting of Shareholders of the Company on May 30, 2006.

The General Meeting may be ordinary or extraordinary. The General Meeting of Shareholders operates in a manner and according to principles set out in the Code of Commercial Partnerships and Companies and in the provisions of the Company Articles and Regulations of the General Meeting of Shareholders of Echo Investment SA.

An Ordinary Meeting of Shareholders shall be convened by the Management Board of the Company, not later than 6 (six) months after the end of each financial year. An Extraordinary General Meeting is convened by the Management Board at its own initiative or upon written request of the Supervisory Board, or upon written request of shareholders representing at least 10% (ten percent) of the share capital. A Meeting should be convened by the Management Board within two weeks following the date of submission of a motion by the Supervisory Board or by shareholders, for a date set out in the motion, or if meeting such deadline encounters major obstacles, at the closest possible date enabling settlement of issues on the agenda by the General Meeting.

An Extraordinary General Meeting can be convened by the Supervisory Board in the following cases:

- the Management Board failed to convene an Ordinary Meeting of Shareholders within six months after the end of each financial year,
- the Management Board failed to convene an Extraordinary General Meeting of Shareholders within two weeks of the date of a motion being lodged by the Supervisory Board or by the shareholders, on such date as specified in the motion.

The demand to convene a General Meeting and to put certain issues on the agenda, filed by authorized entities mentioned above, should be justified. Such demand should also include draft resolutions proposed for passing by the General Meeting.

General Meetings of Shareholders of Echo Investment SA are held at the registered seat of the Company or in any other place in the territory of the Republic of Poland, as indicated in the announcement of a General Meeting. General Meeting shall be held at such time as specified in the announcement published in Monitor Sądowy, in compliance with valid legislation. A General Meeting shall be called by means of an announcement made no later than three weeks before the date of the General Meeting. The announcement shall state the date, time and venue of the General Meeting and a detailed agenda.

Draft resolutions proposed for passing by the General Meeting, as well as other important materials are presented to the shareholders (if this is required by the Company Articles or commonly applied laws, with justification and opinion of the Supervisory Board) before the General Meeting, at a time and place

convenient for becoming familiar with and evaluation of such materials. Draft resolutions should be formulated briefly and clearly.

The agenda of the General Meeting is determined by the body convening the Meeting. If the General Meeting is convened by the Management Board, the Board shall determine the agenda in collaboration with the Supervisory Board. The Supervisory Board and the shareholders representing at least 10% (ten percent) of the initial capital may demand that certain issues be put on the next Meeting of Shareholders' agenda. A request to this effect shall be submitted in writing to the Management Board no later than one month before the proposed date of general meeting. The Meeting of Shareholders may only adopt legally effective resolutions on matters included in the agenda, unless the entire share capital is represented at the general meeting and none of those present have objected to adopting the resolution. The following may still be passed: a motion on calling an extraordinary general meeting and motions on the order of proceedings may be adopted even if not included in the agenda.

A General Meeting can be attended by any shareholder conforming to the requirements stipulated in Article 406 paragraph 3 of the Code of Commercial Partnerships and Companies. A General Meeting is composed of shareholders who arrived to the meeting and participate therein. A shareholder may participate in the General Meeting and exercise his or her voting right personally or by statutory representatives or proxies. Power of attorney should be granted in writing under pain of invalidity by authorized persons according to a copy of a relevant register (not older than 3 months following the Meeting date, the original copy whereof is enclosed to the power of attorney) or, in case of natural persons, in accordance with the provisions of the Civil Code, and enclosed to the Minutes of the meeting. It is implied that a written document confirming the power to represent a shareholder at a General Meeting conforms to the valid laws and does not require any further permits, unless its authenticity or validity arises justified doubts of the Management Board of the company (when entering into the attendance list) or of the chairperson of the General Meeting.

Shareholders of the company shall participate in the General Meeting if, at least one week before the General Meeting, they put down with the company registered certificates of deposit issued by a subject operating the securities account pursuant to provisions of the Act on Trade of Financial Instruments.

A list of shareholders entitled to participate in the General Meeting, signed by the Management Board, stating the forenames and surnames or names (business names) of the entitled persons, their place of residence (seat), number of shares and the number of votes carried by those shall be laid out in the head office of the Company for at least three working days prior to the General Meeting. Natural persons may state their address for service of process in lieu of the place of residence. Each shareholder or his proxy may study the list of authorized persons and demand issue of a copy of such list and copies of motions on issues covered by the agenda, against return of costs of preparing such documents.

The Management Board shall present the persons invited to the General Meeting. The Management Board shall invite chartered accountants to the General Meeting if the meeting is dedicated to financial issues of the Company. Members of the Supervisory Board, Management Board members and the company's chartered accountant should, within their respective ranges of competence and in a field required for settlement of issues discussed by the General Meeting, provide the participants of the meeting with explanations and information concerning the Company, in consideration of the fact that the Company executes its communication obligations in accordance with valid acts of law and information may not be dissolved otherwise than according to such provisions.

A General Meeting shall be opened by the Chairperson or Deputy Chairperson of the Supervisory Board, a Management Board Member, or another person indicated by the Chairperson of the Supervisory Board, or, if the foregoing persons are absent, the shareholder present at the General Meeting representing the largest part of the Company's share capital. A Management Board Member's or Supervisory Board Member's absence at the General Meeting needs to be justified if not resulting from the necessity to handle the Company's business. The person authorized to open the General Meeting shall first hold an election of a Chairperson of the Meeting among persons with a right to vote, refraining from any other substantial or formal decisions. He or she may take decisions on the order of proceedings or announce a ballot for this purpose.

The Chairperson of the General Meeting shall ensure efficient proceeding with the meeting and respect to the rights and interests of all shareholders. The chairman should counteract, in particular, the abuse of rights by the participants of the assembly and should guarantee that the rights of minority shareholders are respected. Without good reasons, the Chairperson should not quit his post and may not delay signing the minutes of the General Meeting without justification.

A General Meeting convened by shareholders pursuant to a court ruling shall be opened by a person appointed by the court as Chairperson of the Meeting. This person shall chair the Meeting.

The Chairperson shall be elected in secret ballot. Only one natural person can be elected chairperson of the Meeting, such person being a shareholder or a shareholder's statutory representative or proxy. Should this prove necessary and justified by the needs of the Meeting, a Deputy Chairperson or Deputy Chairpersons can be appointed.

The Chairperson of the General Meeting chairs the meeting in a manner ensuring efficient and lawful proceeding and passing resolutions on the agenda. In particular, the Chairperson takes the following actions:

- signs the attendance list immediately after taking up the chair and orders laying out the list for public review,
- states that the General Meeting has been properly convened;
- submits the announced agenda to voting,
- gives the floor to participants of the meeting, members of the Company's bodies and invited guests,
- participates in editing the contents of motions subjected to voting if necessary,
- summons voting, notifies the shareholders of the voting principles and manner of taking resolutions,
- announces voting results,
- makes it possible for persons objecting to the resolutions to present their arguments and brief justification of their objections;
- supervises the work of the secretary's office keeping the attendance list, as well as the work of appointed committees of the Meeting and auxiliary personnel,
- takes decisions on the order of proceedings.
- includes a written statement of any participant of the General Meeting, upon such participant's request
- closes the General Meeting after completion of the agenda.

In certain justified cases, the Chairperson may announce short breaks in the meeting, not forming a delay of the meeting. Such breaks may not be aimed at preventing shareholders from executing their rights.

Immediately after the attendance list has been signed, the Chairperson shall order its exhibition for review by shareholders. The attendance list shall contain a list of participants of the General Meeting, i.e. shareholders, statutory representatives and proxies of shareholders, specifying the number of shares and corresponding votes.

At the request of shareholders holding one-tenth of the initial capital represented at the General Meeting, the list of attendance shall be verified by a commission elected for this purpose, composed of no less than three members. The persons making the request are entitled to elect one commission member. An interested shareholder may appeal against the decision of such committee to the General Meeting. Each person authorized to attend the General Meeting should sign the attendance list, while statutory representatives and proxies of authorized shareholders should submit original written copies of their powers of attorney. The attendance list is available for review throughout the entire Meeting.

A shareholder omitted in the list of shareholders should be added to the list if such shareholder has come to the General Meeting and can document his or her right to participate in the meeting. The list should be supplemented accordingly if next shareholders authorized to participate in the Meeting arrive after signing of the list by the Chairperson. If an attendant of the Meeting quits the meeting, or if a shareholder entered in the list is refused his right to participate in the Meeting for reason of implied missing authorization, the list should be corrected accordingly through deleting such a person from the list.

A General Meeting may be held as a valid meeting and take legally effective resolutions regardless of the number of shareholders present or shares represented at the Meeting, save when the Code of Commercial Partnership and Companies or other commonly applied laws state otherwise.

Voting at the General Meeting shall be open. Secret voting shall be ordered on elections and on motions for recalling members of the Company's bodies and liquidators, for proceeding against them, as well as on personal matters. Furthermore, secret voting shall be ordered should at least one shareholder present or represented at the General Meeting so require.

Resolutions at the General Meeting shall be taken by an absolute majority of votes present, unless the provisions of the Code of Commercial Partnerships and Companies or of the Company Articles require a different majority for efficient passing of specific resolutions. Resolutions should be formed so that each authorized participant who does not agree with the clue of the decision forming the subject-matter of a resolution could appeal against such resolution.

Qualified majority, i.e. 3 (three fourth) of all votes, is required for passing resolutions on the following issues:

- 1) change of the Company Articles, including issue of new shares;
- 2) issue of convertible bonds and bonds with pre-emptive right to take up shares;
- 3) redemption of shares;
- 4) reduction of initial capital;
- 5) transfer of the Company's enterprise or an organized part thereof;
- 6) merger with another company;
- 7) dissolution of the Company;
- 8) continuation of the Company despite occurrence of circumstances justifying its dissolution and liquidation; and possibly also on other issues stipulated in absolutely valid rules of law.

A majority of 2/3 (two thirds) of votes is required for resolutions on major changes in the scope of the Company's operations. The said resolution must be taken in the presence of shareholders representing no less than half of the share capital.

Voting at the General Meeting can be held using an electronic vote counting device.

The following issues are included in particular in the exclusive range of competence of the Ordinary General Meeting:

- review and approval of the Company's financial statements for the preceding financial year;
 - review and approval of the Management Board's report on the Company's operations during the preceding financial year;
 - passing a resolution on distribution of profit or coverage of loss for the preceding financial year;
- granting vote of acceptance to the bodies of the Company, confirming the discharge of their duties during the last financial year

The powers of the General Meeting shall also include all other matters thus reserved by the Company Articles, namely the appointment, dismissal and suspension of members of the Supervisory Board and passing resolutions on determining the right and receipt of a dividend, the manner of receiving whereof shall be determined by the Management Board. The General Meeting of Shareholders may decide through a resolution on exclusion of annual profits of the Company from distribution between shareholders and leaving the said profits in the Company for purposes of its current operations. The Ordinary General Meeting of Shareholders shall set out the dividend day through a resolution. The dividend day may not be established later than within three months following the date of passing a resolution by the General Meeting of Shareholders on allocation of profit to distribution between shareholders.

The General Meeting shall be entitled to adopt a resolution on a change of the Company's scope of operation, without necessarily redeeming the shares of such shareholders that do not consent to such change. The said resolution must be taken by a majority of two-thirds of votes in the presence of shareholders representing no less than half of the share capital.

Apart from the foregoing issues, the range of competence of the General Meeting primarily includes all issues reserved thereto by the Code of Commercial Partnerships and Companies, and other valid legal regulations.

A General Meeting, whereof the agenda contains specific issues upon authorizes entities' request or which was convened upon such request may only be cancelled upon the requesting parties' consent. A General Meeting can be canceled without the requesting parties' consent if it encounters extraordinary

obstacles, such as force majeure circumstances, or if it is obviously pointless. In all other cases, a General Meeting can be canceled by the same body that has previously convened it. The manner of cancellation of a General Meeting is the same as the manner of convening such meeting, minimizing negative impact on the Company and the shareholders, no later than three weeks before the originally anticipated date. Change of the date of a General Meeting takes place in the same manner as cancellation thereof, even if the proposed agenda is not altered.

Resolutions of the General Meeting shall be recorded in minutes. Minutes of the General Meeting are drawn up by a notary public in the form of a notarial deed. Failure to fulfill this obligation will absolutely all resolutions.

Minutes of the General Meeting should contain:

- 1) statement of the General Meeting having been properly convened;
- 2) statement of the Meeting's capacity to adopt resolutions;
- 3) contents of resolutions passed by the General Meeting;
- 4) number of votes for each individual resolution;
- 5) recording any presented objections;
- 6) comments on whether the voting was held as an open or secret ballot, or in groups;
- 7) written statements of the participants of the General Meeting, provided that a relevant claim was submitted by a participant of the meeting and refers to significant issues subject to discussion of the General Meeting.

The Company shall bear the expenses for drawing up a notarial protocol. The following documents should be attached to the notarial protocol: documents of convening the General Meeting and proposed agenda, an attendance list signed by participants of the Meeting and by the chairperson, powers of attorney and other documents submitted by the shareholders' representatives. Regardless of the notarial deed, the Chairperson of the General Meeting may order preparation of a full protocol of the General Meeting, recording the progress of the Meeting and comments. The minutes shall be drawn by a minutes secretary appointed by the General Meeting.

Minutes of all General Meetings are included in the record of minutes kept by the Management Board. Each Shareholder, even if not attending the General Meeting, may view the Record of Minutes and demand issue all or part of the minutes against payment.

11. Composition and changes in the composition during the last financial year, description of functioning of the managing bodies, supervisory bodies or administration bodies of the issuer, including any committees operating therewithin.

MANAGEMENT BOARD OF THE COMPANY - MEMBERS IN 2008

As at December 31, 2008 and as on the publication date of the present report, the Management Board of Echo Investment SA was composed of the following Members:

1. Piotr Gromniak, President of the Management Board
2. Artur Langner, Vice-President of the Management Board

The composition of the Management Board changed in 2008. On May 29, 2008, the Supervisory Board of Echo Investment SA, acting pursuant to Article 368 paragraph 4 of the Code of Commercial Partnerships and Companies, and paragraph 13 clause 1 letter a) of the Company Articles, with respect to approval by the Ordinary General Meeting of Shareholders of the Company of the financial statements for the last year of the Management Board's term of office and expiry of the Management Board members' term of office, appointed on May 28, 2008 Mr. Piotr Gromniak and Mr. Artur Langner as new members of the Management Board for the 3rd joint 3-year term of office.

On June 27, 2008 the Supervisory Board, acting pursuant to paragraph 14 article 1 of the Company Articles, passed a resolution on appointment of President and Vice-President of the Management Board

of Echo Investment S.A. Mr. Piotr Gromniak was elected President of the Board and Mr. Artur Langner was elected Vice-President of the Board.

MANAGEMENT BOARD OF THE COMPANY - RULES OF OPERATION IN 2008

The Management Board of Echo Investment SA acts pursuant to the provisions of the Act - Code of Commercial Partnerships and Companies (Journal of Laws No. 94, item 1037, as amended), the Company Articles, the Regulations of the Management Board of Echo Investment SA as approved by way of Resolution of the Supervisory Board of the Company of May 14, 2005, and on the basis of generally applicable "Good Practices in Public Companies 2005".

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

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

Persons that are not shareholders of the Company can be appointed as members of the Management Board of the company.

The Management Board shall represent the Company in front of authorities, offices and third parties, during proceedings in court, state authorities and offices. A Procurator can also be appointed on behalf of the Company in the said range. Statements shall be made in the name of the Company by two members of the Management Board acting jointly, or by one Management Board member acting jointly with the procurator. Members of the Management Board shall perform their functions only in person.

The detailed methods of functioning of the Management Board shall be set out in the Regulations for the Work of the Management Board, adopted by the Management Board and approved by the Supervisory Board.

Should an equal number of votes be cast when passing resolutions of the Management Board, the President of the Management Board shall have the casting vote.

The Management Board shall manage all current issues of the Company, subject to restrictions under the provisions of the Polish Code of Commercial Partnerships and Companies and under these Articles. The powers of the Management Board shall include acquisition or sale of a real property or a share in a real property, or a share in perpetual usufruct, subject to the provisions of Clause 13 section 1 letters d) and e) of the Articles. When executing the rights of the Meeting of Shareholders in subsidiaries, the Management Board shall be obliged to obtain prior consent of the Supervisory Board of the Company, also in case the incurred liability or disposal of right by the subsidiary is supposed to exceed the limits set out in paragraph 13 clause 1 letter d) or letter e) of the Articles whereunder contracting debt by the Company in the amount exceeding 20% of the Company's equity shall require consent of the Supervisory Board.

In making decisions regarding matters of the Company, the Management Board must specifically act within the limits of justified economic risk, upon proper analysis and due consideration of all available information, studies and opinions, which, in the opinion of the Management Board, should be taken into account in view of the Company's interest.

In addition, the Management Board shall submit to the Supervisory Board of the Company motions regarding issues to be discussed by the General Meeting of Shareholders so that the Supervisory Board issues relevant opinions thereon. The Company shall publish information concerning such opinions immediately after receiving the same from the Supervisory Board of the Company.

In communications with the mass media, members of the Management Board may only give such information about the Company that is in the public domain. All announcement for the mass media regarding financial forecasts and strategies of the Company or the Management Board are reserved for the sole competence of the President of the Management Board or the Vice-President of the Management Board. Regarding all other business, all Members of the Management Board or other duly authorized persons may communicate with the media.

Sessions of the Management Board shall be held not less than once every month. These are chaired by the President of the Management Board. If the President is absent, then the meeting shall be chaired by the Vice-President of the Management Board and if both the President and the Vice-President is absent, then the meeting shall be chaired by that Member of the Management Board whose term of office in the Management Board of Echo Investment S.A. is the longest of all Members present. Meetings of the Management Board shall be held at the Company's registered office unless all members of the Management Board consent to the meeting being held at some other location. A meeting of the Management Board can be held as long as all Management Board Members have been notified thereof, and at least two members of the Management Board are present.

Meetings of the Management Board shall be convened by the President of the Management Board or any other member of the Management Board who considers it necessary.

Each Management Board member should be duly notified of the date and venue of meeting and of the agenda, at least 2 days before the envisaged session. The aforementioned notice may be delivered by phone, through the Office of the Management Board of the Company, or by e-mail, by facsimile, or in writing.

Management Board sessions may be held even if not formally convened when all members of the Management Board are present and none of those present have objected to holding the meeting or putting certain matters on the agenda.

It shall be permissible for the Management Board to adopt resolutions under the in-writing procedure or by using means of direct communication over distance, save that the work of the Management Board shall then be headed by the Management Board Member requesting enactment of the given resolution. This method shall not be acceptable if at least one Management Board Member objects thereto.

The Management Board takes decision by way of resolutions. The Management Board shall adopt resolutions by an absolute majority of votes. Should an equal number of votes be cast when passing resolutions of the Management Board, the President of the Management Board shall have the casting vote. If the President of the Management Board is absent, then the Vice-President of the Management Board shall have the casting vote. If both the President and the Vice-President of the Management Board are absent, then the Management Board member with the longest experience in the Management Board of the Company shall have the casting vote.

Management Board meetings shall be recorded in its minutes if and as required. Resolutions of the Management Board are recorded in the minutes as attachments, or contained in the wording of the minutes. Minutes should further include: the agenda, date and venue of the Management Board's meeting, full names of Management Board members present, number of votes cast for individual resolutions. The minutes must be signed by all Management Board members present at the meeting. Any possible different opinions of present members should be attached to minutes. Minutes shall be stored at the Office of the Management Board of the Company.

In 2008, when determining the strategic objectives and daily goals, the Management Board of the Company considered the Company's best interest in compliance with valid laws, also accounting for the interests of other stakeholders, namely the shareholders, partners, clients, employees and creditors of the Company.

While striving to ensure transparency and efficiency of the management system, the Management Board complied with the rules of professional conduct within the limits of justified economic risk, accounting for extensive ranges of available information, studies and opinions.

Salaries of Members of the Management Board were determined by the Supervisory Board on the basis of the responsibility and competence ranges of individual Management Board Members, accounting for the financial results earned by the Company while remaining in reasonable proportion to salaries paid to Management Boards of similar companies operating on the real estate market in Poland.

SUPERVISORY BOARD OF THE COMPANY - MEMBERS IN 2008

As at December 31, 2008 and as on the publication date of the present report, the Supervisory Board of Echo Investment SA was composed of the following Members:

1. Wojciech Ciesielski, Chairman of the Supervisory Board
2. Andrzej Majcher, Deputy Chairman of the Supervisory Board
3. Mariusz Waniółka, Member of the Supervisory Board
4. Robert Oskard, Member of the Supervisory Board,
5. Karol Żbikowski, Member of the Supervisory Board
6. Tomasz Kalwat, Member of the Supervisory Board

The composition of the Supervisory Board of the Company did not change in 2008.

SUPERVISORY BOARD OF THE COMPANY - RULES OF OPERATION IN 2008

The Supervisory Board of Echo Investment SA acts pursuant to the provisions of the Act - Code of Commercial Partnerships and Companies (Journal of Laws No. 94, item 1037, as amended), the Company Articles, the Regulations of the Supervisory Board of Echo Investment SA of June 26, 2003, and in compliance with generally applicable "Good Practices in Public Companies 2005".

The Supervisory Board shall be composed of no less than 5 (five) members appointed and recalled by the General Meeting for a period of three years, whereas the members of the Supervisory Board are appointed for a joint term, which shall not exclude the right to early dismissal of each member of the Supervisory Board. Members of the Supervisory Board can be reelected to the Supervisory Board for consecutive terms of office. The members of the Supervisory Board, the number and the names thereof, shall be individually determined through a resolution of the General Meeting. Unless the General Meeting of Shareholders determines the function of the given Board member at the time of appointment, the Supervisory Board shall elect the Chairperson and Deputy Chairperson of the Supervisory Board from among its members, through secret ballot. Members of the Supervisory Board shall perform their functions only in person.

Members of the Supervisory Board delegated to permanent individual supervision may not, without consent of the Company, involve themselves in a competitive business or participate in a competitive partnership or company, whether as partner in such partnership or as member of a body of such company, nor shall he be involved with another competitive legal person by sitting on its body. This prohibition shall apply equally to having interests in a competitive company, in the event that the Supervisory Board member should hold 10 per cent or more shares in it or have the right of appointing at least one member of the management board.

Members of the Supervisory Board may be recalled by the General Meeting of Shareholders at any time. A Supervisory Board member may resign from his post before expiry of his or her term of office through filing a relevant statement to the Chairperson of the Supervisory Board. Should the Chairperson of the Supervisory Board wish to resign, he or she must file the relevant statement to his or her Deputy. A Board member should not resign from his or her function during a term of office if this could render the functioning of the board impossible, and, in particular, if it could hinder the timely adoption of an important resolution.

The term of office of a Supervisory Board member shall expire no later than on the day on which the General Meeting was convened to approve financial statements of the Company for the last full financial year in which the member served on the Supervisory Board (last year of the Board member's term of office). The term of office shall also expire if the Board member is deceased or dismissed, at the time of such event taking place. If, for reason of expiry of the terms of office of Supervisory Board members, the Board is composed of less than 3 persons, then the Supervisory Board may not pass any legally binding resolutions and the Chairperson of the Board or, if the Chairperson is absent, the Deputy Chairperson shall apply to the Management Board of the Company for immediately convening an Extraordinary General Meeting of Shareholders and including election of Board members in the agenda of the General Meeting.

A Supervisory Board member should most of all bear in mind the interests of the Company.

In communications with the mass media, members of the Supervisory Board may only give such information about the Company that is in the public domain. All official announcements for the mass media in relation to the Company or to the Board are reserved for the Chairperson of the Board or, if the Chairperson is absent, to the Deputy Chairperson of the Board.

The powers of the Supervisory Board shall include continuous supervision over the operations of the Company and other activities under the provisions of the Code of Commercial Partnerships and Companies and other acts of law. The Supervisory Board shall pass resolutions and issue opinions in

matters reserved for its exclusive competence, pursuant to the provisions of the Company Articles and as stipulated by the Articles or other applicable legislation.

The Supervisory Board shall be specifically entitled to:

- assessment of the Company's financial statement for the last financial year,
- assessment of the Company's Management Report and Management Board's suggestions with respect to allocation of profit or coverage of loss,
- submission of written reports on the outcomes of the foregoing activities to the General Meeting of Shareholders,
- issuing opinions on the Management Board's motions to the General Meeting of Shareholders and expressing opinions and resolutions on any other business presented by the Management Board of the Company,
- appointment, dismissal or suspension of the Management Board of the Company as a whole, or individual members thereof,
- election of chartered accountant to audit financial statements of the Company, with whom the Management Board shall sign an appropriate agreement;
- consent to the Management Board entering into an agreement with sub-issuer, as mentioned in Article 433 paragraph 3 of the Code of Commercial Partnerships and Companies,
- giving a consent to incurring liabilities and disposal of rights in the field of issues incorporated in the range of current operations of the Company if the value of such liabilities exceeds 20 % of the Company's equity. In case of doubt on whether a given issue is incorporated in the range of current operations of the Company, the Supervisory Board shall be entitled to provide an interpretation thereof upon the Management Board's request. Such interpretation shall be binding upon the Management Board. The issues related to property trade shall be incorporated in the range of current operations of the Company,
- giving a consent to incurring liabilities and disposal of rights in the field of issues in excess of the range of current operations of the Company if the value of such liabilities exceeds 10% of the Company's equity capitals.

The Supervisory Board shall meet as required and at least three times in a single financial year. Meetings of the Supervisory Board shall be summoned by the Chairperson or his Deputy and shall take place at the registered office of the Company or in another location stipulated by the Chairperson or his Deputy. Meetings of the Supervisory Board shall be convened upon the Chairperson's initiative or upon written request of the Management Board or a member of the Supervisory Board.

Meetings of the Supervisory Board summoned upon request of the Management Board or member of the Supervisory Board must be held within two weeks from the date of request.

Meetings are chaired by the Chairperson or, if absent, the Deputy Chairperson of the Board. If neither the Chairperson of the Board nor his deputy is present at a meeting, then a member of the Board elected by those present shall preside over the meeting. The Chairperson of the Board or his Deputy shall notify the other members of meetings of the Supervisory Board and invite them to the meeting by phone, by facsimile or in writing so that the invitation reaches each member no later than 7 (seven) days before the scheduled date of meeting. In urgent cases, the above deadline may be shortened.

The Supervisory Board can meet without being formally convened if all members of the Board are present and none of the persons present objects to holding a meeting and including specific issues in the agenda. Meetings of the Supervisory Board can be attended by third parties invited by the Chairperson of the Supervisory Board, including Management Board Members, but such invited persons shall not have voting rights.

Board Members take decisions related to exercise of supervisory and controlling rights through resolutions of the Supervisory Board. For Supervisory Board's resolutions to be valid, all members of the Board must be invited to meeting and at least 50% of members must be present at the meeting. The Supervisory Board may adopt resolutions in writing or using direct remote communication means, save that resolutions thus adopted may not relate to election of the Chairperson and Deputy Chairperson of the Supervisory Board, appointment of a Management Board Member, or dismissing and suspending these persons. In such case, members of the Board must be previously notified of the wording of such draft resolutions in order for these resolutions to take effect.

The Supervisory Board shall adopt resolutions by an absolute majority of votes. In the event of an equal number of votes cast when passing resolutions by the Supervisory Board, the Chairperson of the Supervisory Board shall have the casting vote.

Each supervisory board meeting shall be recorded in its minutes. Resolutions of the Management Board are recorded in the minutes as attachments, or contained in the wording of the minutes. Minutes should further include: the agenda, date and venue of the Board's meeting, full names of Board members present, number of votes cast for individual resolutions. The minutes must be signed by all Board members present at the meeting. Any possible different opinions of present members should be attached to minutes. Minutes shall be stored at the Office of the Management Board of the Company.

For purposes of exercising its functions, the Supervisory Board shall be entitled to control the entire range of the Company's operations, particularly:

- demand presentation of documents and other materials related to the Company's operations from the Management Board,
- verify the Company's files and documentation,
- demand reports and explanations from the Management Board and employees,
- revise the balance of the Company's assets.

The Supervisory Board may apply to the General Meeting of Shareholders with motions in respect of all issues constituting the Board's functions and powers. The Supervisory Board shall discharge its duties collectively, but it may assign its members to carry out certain supervisory activities by themselves. The Supervisory Board may appoint committees for managing individual issues.

Secretarial services for the Supervisory Board shall be provided by the secretary's office of the Management Board of the Company. The range of secretarial services comprises, among other tasks: preparation of invitations to meetings of the Board, sending the invitations to individual Board members in compliance with this statute, providing premises for the meeting of the Supervisory Board, taking minutes of meetings, handling of meetings, archiving Supervisory Board's documentation.

No committees exist within the Supervisory Board of Echo Investment SA. Regarding all issues in such committees' ranges of competence, the Supervisory Board of the Company acts and takes decisions jointly. The Supervisory Board is composed of members having relevant knowledge and competence in this respect.

Kielce, April 30, 2009

Signatures of the Management Board of Echo Investment S.A.

 Piotr Gromniak
 President of the Management Board

 Artur Langner
 Vice-President of the Management Board



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