

# Echo Investment Capital Group

Condensed interim consolidated financial statements  
as at and for a period of nine months ended September 31, 2009



Kielce, November 13, 2009

**1. Condensed consolidated balance sheet, in thousands PLN, continued**

	balance as at 2009.09.30 end of quarter	balance as at 2008.12.31 end of previous year	balance as at 2008.09.30 end of quarter
<b>Assets</b>			
<b>1. Non-current assets</b>			
1.1. Intangible fixed assets	948	1 002	477
1.2. Tangible fixed assets	18 137	19 899	26 613
1.3. Non-current receivables	42	58	52
1.4. Investment property	2 761 729	2 481 014	1 961 846
1.5. Investment property under construction	655 435	711 555	624 291
1.6. Investments in associated companies	23 487	24 119	371
1.7. Loans granted	12	13	42
1.8. Derivative financial instruments	-	1 287	-
1.9. Deferred income tax assets	-	-	-
	<b>3 459 790</b>	<b>3 238 947</b>	<b>2 613 692</b>
<b>2. Current assets</b>			
2.1. Inventories	431 193	486 655	524 103
2.2. Deferred income tax receivables	3 438	3 478	1 964
2.3. Other tax receivables	22 647	46 944	28 485
2.4. Trade receivables and other receivables	82 569	56 679	13 328
2.5. Loans granted	108	638	544
2.6. Derivative financial instruments	60	357	38 078
2.7. Cash and cash equivalents	195 677	321 793	455 443
	<b>735 692</b>	<b>916 544</b>	<b>1 061 945</b>
<b>Assets total</b>	<b>4 195 482</b>	<b>4 155 491</b>	<b>3 675 637</b>

## 1. Condensed consolidated balance sheet, in thousands PLN, continued

	balance as at 2009.09.30 end of quarter	balance as at 2008.12.31 end of previous year	balance as at 2008.09.30 end of quarter
<b>Liabilities</b>			
<b>1. Equity</b>			
1.1. Equity attributable to equity holders of the parent	1 720 284	1 640 600	1 589 719
1.1.1. Issued capital	21 000	21 000	21 000
1.1.2. Supplementary capital	1 597 501	1 493 280	1 493 280
1.1.3. Accumulated profit (loss)	93 171	112 750	82 803
1.1.4. Foreign exchange gains/losses arising from conversion of foreign companies' data	8 612	13 570	(7 364)
1.2. Minority interest in equity	(8)	(8)	(8)
	<b>1 720 276</b>	<b>1 640 592</b>	<b>1 589 711</b>
<b>2. Non-current liabilities</b>			
2.1. Borrowings	1 611 503	1 589 154	1 377 983
2.2. Derivative financial instruments	14 923	174 123	-
2.3. Deposits received	39 464	37 871	33 188
2.4. Leases	34 158	34 235	34 316
2.5. Provision for deferred income tax	247 720	233 040	221 854
	<b>1 947 768</b>	<b>2 068 423</b>	<b>1 667 341</b>
<b>3. Current liabilities</b>			
3.1. Borrowings	178 622	125 010	140 365
3.2. Derivative financial instruments	222 507	65 833	5 559
3.3. Deferred income tax liabilities	4 902	256	1 726
3.4. Other tax liabilities	7 724	13 199	6 700
3.5. Trade liabilities and other liabilities	38 187	112 528	63 323
3.6. Advances received	59 476	111 390	191 003
3.7. Provisions for liabilities	16 020	18 260	9 909
	<b>527 438</b>	<b>446 476</b>	<b>418 585</b>
<b>Liabilities total</b>	<b>4 195 482</b>	<b>4 155 491</b>	<b>3 675 637</b>
Book value (in thousands PLN)	1 720 284	1 640 600	1 589 719
Number of shares	420 000 000	420 000 000	420 000 000
Book value per share (in PLN)	4,10	3,91	3,79
Diluted number of shares	420 000 000	420 000 000	420 000 000
Diluted book value per share (in PLN)	4,10	3,91	3,79

OFF-BALANCE ITEMS in thousands PLN	balance as at 2009.09.30 end of quarter	balance as at 2008.12.31 end of previous year	balance as at 2008.09.30 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	23 123	22 870	22 423

## 2. Condensed consolidated income statement, in thousands PLN

	3rd quarter, period from 2009.07.01 to 2009.09.30	3 quarters, period from 2009.01.01 to 2009.09.30	3rd quarter, period from 2008.07.01 to 2008.09.30	3 quarters, period from 2008.01.01 to 2008.09.30
Operating incomes	98 172	328 570	96 061	273 065
Operating expenses	(35 454)	(123 283)	(36 579)	(115 709)
<b>Sales profit (loss) before tax, interest and expenses</b>	<b>62 718</b>	<b>205 287</b>	<b>59 482</b>	<b>157 356</b>
Profit (loss) on sales of property	-	-	-	-
Revaluation of properties	(143 576)	40 549	33 336	2 284
Costs of sales	(3 327)	(11 895)	(5 518)	(15 985)
Administrative costs	(9 102)	(22 852)	(13 540)	(36 142)
Other operating incomes (expenses)	(1 569)	6 045	(2 936)	15 229
<b>Earnings before tax and finance incomes/expenses</b>	<b>(94 856)</b>	<b>217 134</b>	<b>70 824</b>	<b>122 742</b>
Finance income	13 714	31 239	4 265	33 829
Finance costs	39 383	(125 460)	(37 169)	(82 403)
Foreign exchange gains (losses)	64 344	(12 622)	(13 481)	21 418
Revaluation of goodwill of subsidiaries	21	-	26	2
<b>Profit (loss) before tax</b>	<b>22 606</b>	<b>110 291</b>	<b>24 465</b>	<b>95 588</b>
Income tax	(9 094)	(25 649)	(6 783)	(21 324)
<b>Net profit (loss)</b>	<b>13 512</b>	<b>84 642</b>	<b>17 682</b>	<b>74 264</b>
Profit (loss) attributable to holders of non-controlling interest in equity	-	-	-	(10)
Profit (loss) attributable to equity holders of the parent	13 512	84 642	17 682	74 274
Net profit (loss) (annualized)		114 589		307 168
Weighted average number of ordinary shares		420 000 000		420 000 000
Earnings per ordinary share, annualized (in PLN)		0,27		0,37
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted earnings per ordinary share (in PLN)		0,27		0,37

### 3. Condensed statement of changes in consolidated equity, in thousands PLN

	Issued capital	Supplementary capital	Retained earnings	Foreign exchange differences on translation	Equity attributable to equity holders of parent	Non-controlling interest in equity	Total shareholders' equity
<b>For 3 quarters (current year), period from 2009.01.01 to 2009.09.30</b>							
<b>Balance as at the beginning of period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>1 493 280</b>	<b>112 750</b>	<b>13 570</b>	<b>1 640 600</b>	<b>(8)</b>	<b>1 640 592</b>
Distribution of profit/loss carried forward	-	104 221	(104 221)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	84 642	(4 958)	79 684	-	79 684
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>1 597 501</b>	<b>93 171</b>	<b>8 612</b>	<b>1 720 284</b>	<b>(8)</b>	<b>1 720 276</b>
<b>For the previous year, period from 2008.01.01 to 2008.12.31</b>							
<b>Balance as at the beginning of period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>1 174 241</b>	<b>327 568</b>	<b>(3 744)</b>	<b>1 519 065</b>	<b>19</b>	<b>1 519 084</b>
Distribution of profit/loss carried forward	-	319 039	(319 039)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	(17)	(17)
Net profit (loss) of the current period	-	-	104 221	17 314	121 535	(10)	121 525
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>1 493 280</b>	<b>112 750</b>	<b>13 570</b>	<b>1 640 600</b>	<b>(8)</b>	<b>1 640 592</b>
<b>For 3 quarters (previous year), period from 2008.0.01 to 2008.09.30</b>							
<b>Balance as at the beginning of period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>1 174 241</b>	<b>327 568</b>	<b>(3 744)</b>	<b>1 519 065</b>	<b>19</b>	<b>1 519 084</b>
Distribution of profit/loss carried forward	-	319 039	(319 039)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	(17)	(17)
Net profit (loss) of the current period	-	-	74 274	(3 620)	70 654	(10)	70 644
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>1 493 280</b>	<b>82 803</b>	<b>(7 364)</b>	<b>1 589 719</b>	<b>(8)</b>	<b>1 589 711</b>

## 4. Condensed consolidated cash flow statement, in thousands PLN

Cash Flow Statement	3 quarters, period from 2009.01.01 to 2009.09.30	3 quarters, period from 2008.01.01 to 2008.09.30
<b>A. Cash flows on operating activities – indirect method</b>		
<b>I. Net profit (loss)</b>	<b>84 642</b>	<b>74 264</b>
<b>II. Adjustments total</b>		
1. Share of net (profit) loss of associates	26	25
2. Depreciation of fixed assets	3 229	3 807
3. Revaluation of goodwill	-	(2)
4. Foreign exchange (gains) losses	12 622	(20 922)
5. Interest and shares in profits (dividends)	76 343	23 473
6. Current income tax	25 649	21 324
7. Income tax paid	(6 283)	(23 732)
8. (Profit) loss on investment activities	(19 618)	13 944
9. Change in provisions	(2 239)	13 915
10. Change in inventories	56 310	(83 834)
11. Change in receivables	(1 576)	3 010
12. Change in current liabilities, except for borrowings	(66 710)	(79 597)
13. Change in accruals	-	4 927
14. Other adjustments	-	33 581
	<b>77 753</b>	<b>(90 081)</b>
<b>III. Net cash flows from operating activity (I+/-II)</b>	<b>162 395</b>	<b>(15 817)</b>
<b>B. Cash flows on investing activities</b>		
<b>I. Incomes</b>		
1. Sales of intangible and tangible fixed assets	275	915
2. Sales of investments in property and intangible assets	-	-
3. From financial assets	5 221	143 448
4. Other incomes from investments	-	214
	<b>5 496</b>	<b>144 577</b>
<b>II. Expenditures</b>		
1. Acquisition of intangible and tangible fixed assets	(1 923)	(87 552)
2. Investments in property and in intangible assets	(247 240)	(18 322)
3. On financial assets	(25 745)	(146 813)
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditures	-	(2 379)
	<b>(274 908)</b>	<b>(255 066)</b>
<b>III. Net cash flows on investing activity (I-II)</b>	<b>(269 412)</b>	<b>(110 489)</b>
<b>C. Cash flows on financing activities</b>		
<b>I. Incomes</b>		
1. Net income from issue of stocks (issue of shares) and other equity instruments, additional payments to capital	-	-
2. Borrowings	151 743	370 275
3. Issue of debt securities	100 474	-
4. Other financial incomes	-	-
	<b>252 217</b>	<b>370 275</b>

**4. Condensed consolidated cash flow statement, in thousands PLN, continued**

<b>Cash flow statement, continued</b>	<b>3 quarters, period from 2009.01.01 to 2009.09.30</b>	<b>3 quarters, period from 2008.01.01 to 2008.09.30</b>
<b>II. Expenditures</b>		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Profit distribution expenses other than payments to owners	-	-
4. Repayments of loans and credits	(90 134)	(115 265)
5. Redemption of debt securities	(105 000)	-
6. Other financial liabilities	-	-
7. Payments of liabilities under financial lease contracts	(77)	-
8. Interest	(71 006)	(67 315)
9. Other financial expenses	-	-
	<b>(266 217)</b>	<b>(182 580)</b>
<b>III. Net cash flows on financing activity (I-II)</b>	<b>(14 000)</b>	<b>187 695</b>
<b>D. Net cash flows total (A.III+/-B.III+/-C.III)</b>	<b>(121 017)</b>	<b>61 389</b>
<b>E. Cash balance change, including:</b>	<b>(126 116)</b>	<b>61 397</b>
- change in cash balance through foreign exchange differences	(5 099)	8
<b>F. Cash as at the beginning of period</b>	<b>321 793</b>	<b>394 046</b>
<b>G. Cash as at the end of period (F+/-D), including:</b>	<b>195 677</b>	<b>455 443</b>
- with limited disposability	8 759	-

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

Echo Investment S.A. (Echo Investment Joint Stock Company, hereinafter "the Company"), formerly incorporated and operating under the business name "Echo Press" Sp. z o.o., was registered in Kielce on July 23, 1992. The registered office of the Company is located in Kielce at Al. Solidarności 36.

Echo Investment Capital Group's (hereinafter 'the Capital Group') operations can be divided into 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.

As at September 30, 2009 and September 30, 2008, the Capital Group's headcount was 304 and 371 employees, respectively.

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

The statements are presented for the nine months' period ended September 30, 2009, with comparable data referring to the nine months' period ended September 30, 2008. The statements are prepared in thousands Polish zlotys (PLN), according to the International Financial Reporting Standards as approved by the European Commission.

Shares of Echo Investment S.A. (the parent) have been quoted on the Warsaw Stock Exchange since 1996. Volume of shares of Echo Investment SA: 420,000,000 ordinary bearer shares.



## 5.2 Principles applied during preparation of the quarterly report

The consolidated statements of Echo Investment Capital Group present consolidated financial data for the period of 9 months ended September 30, 2009, comparable data for the period of 9 months ended September 30, 2008, and comparable data for the period of 12 months ended December 31, 2008 (in respect of the balance sheet and statement of changes in equity). 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 parent 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 translation 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 principle, to the exception of investment property carried at fair value and financial instruments valued according to IAS 39. The statements have been drawn up under the assumption of continued business activity in foreseeable future, considering non-existence of any circumstances that might indicate any threat for continuation of operations.

The Company's Management Board applied its best knowledge regarding implementation of standards and interpretations, methods and principles of valuating specific items of the condensed consolidated financial statements.

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 2009. The guidelines thus applied have not affected these financial statements to any significant extent. The Group has implemented the following interpretations:

### Revised IAS 1 Presentation of Financial Statements

The revised IAS 1 was published by the International Accounting Standards Board on 6 September 2007 and applies to annual periods beginning on or after 1 January 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.

### 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 14 February 2008 and apply to annual periods beginning on or after 1 January 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.

### 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. Application of the revised Standard did not affect the presented comparable results of the Group.

### 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 22 May 2008 and apply to annual periods beginning on or after 1 January 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.

### Revised IFRS 2 – Share-based Payment

The revised IFRS 2 was published by the International Accounting Standards Board on 17 January 2008 and applies to annual periods beginning on or after 1 January 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.

### 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.

#### **New IFRS 8 Operating Segments**

IFRS 8 was issued by the International Accounting Standards Board on 30 November 2006 and applies to annual periods beginning on or after 1 January 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.

#### **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.

#### **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.

#### **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.

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:

#### **Revised IAS 27 Consolidated and Separate Financial Statements**

The revised IAS 27 was published by the International Accounting Standards Board on 10 January 2008 and applies to annual periods beginning on or after 1 July 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. The Group intends to apply the revised IAS 27 as from January 1, 2010. Application of these standards shall not have any significant impact on the Group's financial result.

#### **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 31 July 2008 and apply to annual periods beginning on or after 1 July 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. The Group intends to apply the revised IAS 39 as from January 1, 2010. Application of these standards shall not affect the Group's financial result.

### Corrections to IFRS 2009

On 16 April 2009, the International Accounting Standards Board published the IFRS Corrections, amending 12 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 2010. The Group intends to implement the revised standards as from 1 January 2010. Application of these standards shall not affect the Group's financial result.

### Revised IFRS 3 Business Combinations

The revised IAS 3 was published by the International Accounting Standards Board on 10 January 2008 and applies prospectively to business combinations with acquisition dates on or after 1 July 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 January 1, 2010. Application of these standards shall not have any significant impact on the Group's financial result.

### 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 2010. Application of these standards shall not have any significant impact on the Group's financial result.

### 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 1, 2010. Application of these standards shall not affect the Group's financial result.

### 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 1, 2010. Application of these standards shall not affect the Group's financial result.

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

Echo Investment Capital Group did not change its accounting principles during the 3rd quarter of 2009. Details of the accounting policy are presented in the semi-annual report for the 1st half of 2009.

## 5.4 Composition 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 September 30, 2009, Echo Investment Capital Group consists of 87 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,
- „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 - Galeria Kielce' 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], having its registered seat in Kielce
- "Echo - Oxygen" Sp. z o.o. ['Echo - Oxygen' Limited Liability Company], having its registered seat in Kielce (formerly "Projekt Echo - 65" Spółka z o.o. ['Project Echo - 65' Limited Liability Company], having its registered seat in Kielce)
- "Echo - Park Postępu" Spółka z o.o. ['Echo - Park Postępu' Limited Liability Company], having its registered seat in Kielce
- "Echo - Pasaż Grunwaldzki" Spółka z o.o. ['Echo - Pasaż Grunwaldzki' Limited Liability Company], having its registered seat in Kielce
- "Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Spółka komandytowa ['Echo - Pasaż Grunwaldzki Limited Liability Company' Limited Partnership], having its registered seat in Kielce
- "Echo - Project Management Ingatlanhasznosító" Kft., having its registered seat in Budapest
- „Echo - Project 1" LLC, having its registered seat in Kiev
- „Echo - Project 2" LLC, having its registered seat in Kiev
- "Echo - Property Poznań 1" Spółka z ograniczoną odpowiedzialnością ['Echo - Property Poznan 1' Limited Liability Company], having its registered seat in Kielce
- „Echo - Property Poznań 2" Spółka z ograniczoną odpowiedzialnością ['Echo - Property Poznan 2' 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 1" S.R.L., having its registered seat in Bucharest
- "Echo Investment Project Management" 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
- "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 - 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 - 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 - 89" Spółka z o.o. ['Project Echo - 89' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 93" Spółka z o.o. ['Project Echo - 93' Limited Liability Company], having its registered seat in Kielce
- "Projekt Naramowice" Spółka z o.o. ['Project Naramowice' Limited Liability Company], having its registered seat in Kielce
- "Projekt Naramowice Poznań" Spółka z o.o. ['Project Naramowice Poznań' Limited Liability Company], having its registered seat in Kielce
- "SPV-1" Sp. z o.o. [SPV-1' Limited Liability Company]
- "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 equity 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 parent company holds 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries.

In subsidiaries with non-controlling interests held by minority shareholders, Echo Investment is the holder of the following respective shares:

- "WAN 11" Sp. z o.o. ['WAN 11' Limited Liability Company] - 50% of basic equity 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 equity 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 equity of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.;
- "Zakłady Ogrodnicze Naramowice" Sp. z o.o., holding 99.8% of basic equity of "Projekt Naramowice" Sp. z o.o.;
- "Echo - Kielce 1" Sp. z o.o., holding:
  - 99.97% of basic equity of "Echo - Galeria Kielce" Sp. z o.o.;
  - 100% of basic equity of "Princess Boryszewska" Sp. z o.o.



- "Projekt Echo - 37" Sp. z o.o., holding 0.001% of basic equity of "Echo - SPV 6" Sp. z o.o.;
- "Echo - Pasaż Grunwaldzki" Sp. z o.o., holding 1% share in "Echo - Pasaż Grunwaldzki Sp. z o.o." Spółka komandytowa;
- "Echo - Arena" Sp. z o.o., holding 1% share in "Echo - Arena Sp. z o.o." Spółka komandytowa;
- "Echo - Galaxy" Sp. z o.o., holding 1% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- "Echo - Galaxy Szczecin" Sp. z o.o., holding 1% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- „Projekt Echo - 93” Sp. z o.o., holding 0.01% of basic equity of „Echo - Galeria Kielce” Sp. z o.o.;
- "Projekt Echo - 41" Sp. z o.o., holding 1% share in "Projekt Echo - 41 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 42" Sp. z o.o., holding 1% share in "Projekt Echo - 42 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 43" Sp. z o.o., holding 0.01% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 45" Sp. z o.o., holding 1% share in "Projekt Echo - 45 Sp. z o.o." Spółka komandytowa;
- "Echo - Centrum Bankowości i Finansów Łódź" Spółka z o.o., holding 47.98% of basic equity of "Projekt Echo - 53" Sp. z o.o.;
- "Echo - Centrum Biznesu Łódź" Spółka z o.o., holding 51.96% of basic equity of "Projekt Echo - 53" Sp. z o.o.;
- "Echo - Centrum Tarnów" Sp. z o.o., holding 99.93% of basic equity of "Projekt Echo - 61" Sp. z o.o.;
- „Echo - Centrum Jelenia Góra” Sp. z o.o., holding 99.93% of basic equity of „Projekt Echo - 56” Sp. z o.o.;
- "Echo - Galaxy Sp. z o.o." Sp. k., holding 99.99% of basic equity of "Echo - Galaxy Szczecin" Sp. z o.o.;
- "Echo - Pasaż Grunwaldzki Sp. z o.o." Sp. k., holding 99.99% of basic equity of „Projekt Echo - 62” Sp. z o.o.;
- "Echo - Centrum Poznań" Sp. z o.o., holding 99,87% of basic equity 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:
  - 100% of basic equity of "Echo – Projekt 1" LLC
  - 99.99% of basic equity of "Echo – Projekt 2" LLC
- „Echo – Projekt 1” LLC, holding 0.01% of basic equity of „Echo – Projekt 2” LLC;
- "Echo Investment Project 1” SRL, holding 0.007% of basic equity of "Echo Investment Project Management” SRL;
- “Projekt Naramowice” Sp. z o.o., holding 99.97% of basic equity of "Projekt Naramowice Poznań” Sp. z o.o.;
- "Projekt Echo - 17” Sp. z o.o., holding the following respective interests in basic equity of:
  - 1.00% of equity of "Echo Aurus” Sp. z o.o. with its registered seat in Kielce;
  - 1.00% of equity of "Projekt Echo - 37” Sp. z o.o.;
  - 1.00% of equity of "Projekt Echo - 39” Sp. z o.o.;
  - 1.00% of equity of "Echo ACC” Sp. z o.o.;
  - 1.00% of equity of "Projekt Echo - 30” Sp. z o.o.;
  - 1.00% of equity of "Echo - Galaxy” Sp. z o.o.;
  - 1.00% of equity of "Echo – Pasaż Grunwaldzki” Sp. z o.o.;
  - 1.00% of equity of "Est On Property Management” Sp. z o.o.;
  - 1.00% of equity of "Projekt Echo - 41” Sp. z o.o.;
  - 1.00% of equity of "Projekt Echo - 42” Sp. z o.o.;
  - 1.00% of equity of "Projekt Echo - 43” Sp. z o.o.;
  - 1.00% of equity of "Projekt Echo - 44” Sp. z o.o.;
  - 1.00% of equity of "Projekt Echo - 45” Sp. z o.o.;
  - 1.00% of equity of "Projekt Echo - 93” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 46” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 47” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 55” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 57” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 58” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 59” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 67” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 68” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 69” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 70” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 71” Sp. z o.o. in liquidation;
  - 0.1% of equity of "Projekt Echo - 77” Sp. z o.o.;
  - 0.1% of equity of "Projekt Echo - 89” Sp. z o.o. in liquidation;
  - 0.05% of equity of "Echo - Arena” Sp. z o.o.;
  - 0.05% of equity of "EI Project Cyp - 1” Limited;
  - 0.03% of equity of “Malta Office Park” Sp. z o.o.;
  - 0.03% of equity of "Echo - SPV 6” Sp. z o.o.;
  - 0.02% of equity of "Echo – Centrum Biznesu Łódź” Sp. z o.o.;
  - 0.02% of equity of "Projekt Naramowice” Sp. z o.o.;
  - 0.008% of equity of “Athina Park” Sp. z o.o.;
  - 0.007% of equity of "Echo - Centrum Veneda” Sp. z o.o.;
  - 0.006% of equity of "Echo - Centrum Bełchatów” Sp. z o.o.;
  - 0.006% of equity of "Echo - Centrum Rzeszów” Sp. z o.o.;
  - 0.005% of equity of „Echo – Property Poznań 1” Sp. z o.o.;
  - 0.004% of equity of "MDP” Sp. z o.o.;
  - 0.004% of equity of "Echo - Centrum Tarnów” Sp. z o.o.;
  - 0.002% of equity of "Echo Investment – Centrum Handlowe Piotrków Trybunalski” Sp. z o.o.;
  - 0.002% of equity of „Echo – Kielce 1” Sp. z o.o.;
  - 0.001% of equity of "Echo – Galaxy Szczecin” Sp. z o.o.;
  - 0.001% of equity of "Echo – Oxygen” Sp. z o.o. with its registered seat in Kielce (formerly “Projekt Echo - 65” Spółka z o.o. [‘Project Echo - 65’ Limited Liability Company], having its registered seat in Kielce)
  - 0.001% of equity of "Echo Park Postępu” Spółka z o.o. with its registered seat in Kielce;
  - 0.001% of equity of "Echo - Metropolis” Spółka z o.o. with its registered seat in Kielce;
  - 0.001% of equity of "Projekt Echo - 53” Sp. z o.o.;
  - 0.001% of equity of "Projekt Echo - 54” Sp. z o.o.;
  - 0.001% of equity of "Projekt Echo - 56” Sp. z o.o.;
  - 0.001% of equity of "Projekt Echo - 61” Sp. z o.o.;
  - 0.001% of equity of "Projekt Echo - 62” Sp. z o.o.;
  - 0.001% of equity of "Projekt Echo - 63” Sp. z o.o.;

The remaining interests in the above mentioned companies are held by ‘Echo Investment’ S.A.

### 5.5 Explanations concerning seasonal or cyclical quality of Echo Investment Capital Group's activity during the presented period

Echo Investment Capital Group's activities cover several segments of property market. The available portfolio of assets for lease, systematic development and sales of residential projects and property management services guarantee comparable levels of income during each consecutive quarter to a significant extent. However, revenues from general contracting and project management services, property trade, other minor ranges of activities may be seasonal or cyclical in nature. The Management Board cannot preclude certain other incidental events that can affect the results earned in a given period.

### 5.6 Issue, redemption and repayment of debt securities and equity instruments

Apart from own funds, loans and facilities, daily operations of the Capital Group are also financed through issuance of debenture bonds. The parent 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 for Bonds Issue Program with BRE Bank in 2004, Echo Investment S.A. has certain liabilities due to issued debt securities. Outstanding balances of these liabilities as at the submission date of these statements are presented in the table below:

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

Under the agreement signed with BRE Bank SA, Echo Investment is entitled to issue bonds up to the amount of 600 million PLN.

### 5.7 Dividend paid (or declared), total and per share, divided into ordinary shares and preference shares

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

On May 12, 2009 the Management Board of the Company presented to the Supervisory Board of Echo Investment SA a proposal concerning allocation of net profit disclosed in the Company's financial statements for the year ended on December 31, 2008.

The Management Board of the Company proposed that the net profit for 2008 and net earnings carried forward from the preceding years be excluded from distribution to shareholders and allocated to supplementary capital of Echo Investment SA in its entirety for purposes of financing daily operations of the Company. The Supervisory Board of Echo Investment SA issued a positive opinion on the Management Board's proposal.

On May 28, 2008, pursuant to Resolution no. 6 on distribution of profit, the Ordinary General Meeting of Shareholders of Echo Investment SA decided to exclude the net profit earned by Echo Investment SA during the financial year 2008 from distribution among shareholders and to allocate the said profit in its entirety to supplementary capital for financing the Company's current operations.

### 5.8 Events after the date of the condensed quarterly financial statements which were not included in the statements and could significantly affect future financial results of Echo Investment Capital Group

On October 6, 2009 a credit agreement (the Agreement) was signed by between the Issuer's subsidiaries "Echo - Galeria Kielce" Sp. z o.o. with its registered office in Kielce (the Borrower), "Projekt Echo - 62" Sp. z o.o. with its registered office in Kielce (the Guarantor), and Eurohypo AG Bank with its registered seat in Eschborn, Germany (the Bank, the Lender). Under the said Agreement, the Lender lends to the Borrower 100 million EUR (which, according to the average rate of exchange of the National Bank of Poland as at the effective date of contract, is an equivalent of PLN 417.8 million). The credit facility will be disbursed in two installments until March 31, 2012 inclusive. Interest rate shall be based on annual EURIBOR rate plus margin. The ultimate due date for repayment of this credit facility shall be March 31, 2020. The funds obtained under the Agreement will be allocated to financing the costs of extension of the Galeria Echo shopping & entertainment center in Kielce at the crossing of al. Solidarności and ul. Świętokrzyska (the Center). The total gross leasable area of the extended Center will be approx. 67,000 square meters, with ca. 2,200 parking spaces. The following collaterals are provided as a guarantee of repayment of all amounts due to the Lender under the credit agreement:

- capped mortgage established by the Borrower on real estate situated in Kielce at Świętokrzyska Street, with a total area of ca. 5.7951 hectares,
- registered pledges on shares in the Borrower's issued capital, owned by subsidiaries of Echo Investment SA: "Echo Kielce - 1" Sp. z o.o. and "Projekt Echo - 93" Sp. z o.o.,
- assignment of receivables due to the Borrower under lease contracts and insurance policy,
- lien on the Borrower's bank accounts,
- capped mortgage established by the Guarantor on real estate situated in Wrocław, Grunwaldzki Square, with a total area of approx. 3.4758 hectares, which shall expire not later than March 31, 2012,



- registered pledge on shares in the Guarantor's issued capital, owned by subsidiaries of Echo Investment SA: "Echo – Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością" Sp.k. and "Projekt Echo – 17" Sp. z o.o., which shall expire not later than March 31, 2012,
- lien on Guarantor Borrower's bank accounts, expiring not later than March 31, 2012,
- surety by Echo Investment SA, effective during the period from utilization of the first installment of loan until effective date of decision concerning registration of pledges,
- the Borrower's statement of submission to enforcement proceedings.

At the same time, as a security against foreign exchange risk and interest rate risk, the Borrower shall enter into hedging contracts with the Bank whereunder swap, forward swap or derivatives transactions will be executed for all or part of outstanding installments.

On October 8, 2009, a General Contracting Agreement was made for development of a Project (the Agreement) between Echo Investment S.A. and Eiffage Budownictwo Mitex S.A. with its registered seat in Warsaw (the Contractor).

Under the said Agreement, the Contractor agreed to carry out works consisting in general performance of extension of Galeria Echo shopping & entertainment center (the Center), with external facilities and site development, on a property situated in Kielce at the intersection of Świętokrzyska and Aleja Solidarności Streets (the Project), including:

- dismantling and modernization of a part of the existing Mall,
- general contractor's works on extension of the Project,
- obtaining necessary acceptances by competent authorities,
- obtaining a valid occupancy permit for the Project,

The total gross leasable area of the extended Center will be approx. 67,000 sq. m.

Project development should be completed until May 9, 2011.

The Contractor's fee for Project development shall be a lump sum fee of PLN 161.3 million net.

The Agreement 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 development of the Project. Liquidated damages shall be charged for such events as non-performance or inadequate performance of works involved in development of the Project, including delay in timely completion or termination of Agreement by Echo Investment S.A. or Contractor by the other 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 October 16, 2009, in the course of fulfilling the obligation mentioned in Article 57 (3) of the Act on Offering and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies, of July 29, 2005 (Journal of Laws no. 184 item 1539, as amended), the Management Board of Echo Investment S.A. 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 July 28, 2008, a preliminary agreement under conditions precedent (the Preliminary Agreement) was made between a subsidiary of Echo Investment SA - Wlementor Holdings Limited, with its registered office in Nicosia, Cyprus, currently operating under the business name EI Project Cyp-1 Limited (the Subsidiary, or the Buyer), and Janisola Investments Limited, with its registered office in Limassol, Cyprus (the Seller).

The object of the Preliminary Agreement was the acquisition by the Buyer of 100% shares in the issued capital of Budivelnuy Soyuz "Monolit" LLC with its registered seat in Kiev, Ukraine (Monolit), with a nominal value of UAH 52,000 (being an equivalent of PLN 25,261.60 as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland), carrying 100% of votes at the general meeting of shareholders.

The following prerequisites applied as conditions precedent of final contract of acquisition of shares in Monolit:

- acquisition by Monolit of freehold of a real property situated in Kiev, with the area of approximately 43,000 square meters (the Property),
- positive results obtained by the Buyer in legal, financial and technical due diligence of Monolit and of the Property. The Parties to the Preliminary Agreement have agreed that the final share purchase contract will be executed upon effective fulfillment of the aforementioned conditions, until March 31, 2009 at the latest.

The aforementioned prerequisites were conditions precedent.

The purchase price of 100% shares in Monolit's issued capital was determined as the equivalent of USD 1,000 per 1 square meter of the Property (an equivalent of PLN 2,268.80 per sq. m as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland) less 1 million USD (an equivalent of PLN 2,268,800 as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland). The Seller was entitled to additional compensation in the event of acquisition of freehold of the Property by Monolit for a price lower than UAH 2,000 per sq. m of the Property (an equivalent of PLN 971.60 per square meter as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland).

Under the Preliminary Agreement, the Buyer advanced the amount of 8 million USD to the Seller (an equivalent of PLN 18,150,400 as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland).

The Preliminary Agreement contained certain provisions that allowed charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000, which corresponds to the amount of PLN 641,600 as at the effective date of the Preliminary Agreement according to the average rate of exchange of the National Bank of Poland, and 10% of the Preliminary Agreement value. In the event of failure to sign the final Agreement by the Seller's default, the Buyer was entitled to demand payment of liquidated damages in the amount of 10 million USD (an equivalent of PLN 22,688,000 as at the effective date of the Preliminary Agreement, according to the average rate of exchange published by the National Bank of Poland). In the event of failure to sign the final Agreement by the Buyer's default, the Seller was entitled to retain the advance payment and to demand payment of liquidated damages in the amount of 2 million USD (an equivalent of PLN 4,537,600 as at the effective date of the Preliminary Agreement, according to the average rate of exchange published by the National Bank of Poland).

The Preliminary Agreement has been considered significant on the basis of Echo Investment SA's equity criteria.

2. On October 23, 2008, considering unsatisfactory results of financial calculations of the contemplated investment, resulting from extraordinary deterioration of global economic situation, the Buyer terminated the Preliminary Agreement by way of a notice served upon the Seller, and the Agreement was therefore terminated as a consequence of the Buyer's notice to that effect.

Termination of the Preliminary Agreement did not have any negative financial consequences for the Subsidiary.

As a result of termination of the Preliminary Agreement, the parties launched a negotiation process leading to execution of a share transfer contract in Monolit on new terms and conditions. Due to the circumstances and confidential nature of negotiations between the parties to the Preliminary Agreement, the Management Board of Echo Investment SA concluded that public communication of information concerning signing and termination of the Preliminary Agreement could unfavorably affect further advancement and outcome of negotiations, leading as a consequence to infringement of the issuer's reasonable interest.

3. On October 15, 2009 a contract of acquisition of shares in "YEVROBUDGARANT" LLC with its registered office in Kiev, Ukraine (YBG) (the Contract) was signed between a subsidiary of Echo Investment SA - EI Project Cyp-1 Limited with its registered office in Nicosia, Cyprus (the Subsidiary, or the Buyer) and Janisola Investments Limited with its registered office in Limassol, Cyprus (the Seller).

The object of the aforementioned Contract is acquisition by the Buyer of 99% shares in the issued capital of YBG, with a nominal value of UAH 62,370 (being an equivalent of PLN 21,810.79 as at the effective date of Contract, according to the average rate of exchange of the National Bank of Poland), carrying 99% of votes at the general meeting of shareholders.

The remaining 1% of shares in YBG, with a nominal value of UAH 630 (being an equivalent of PLN 220.31 as at the effective date of Contract, according to the average rate of exchange of the National Bank of Poland), carrying 1% of votes at the general meeting of shareholders, were acquired by a subsidiary of Echo Investment SA - Echo Investment Ukraine LLC with its registered office in Kiev, Ukraine.

YBG is a holder of 100% shares in Monolit. As at the effective date of Contract, Monolit has been granted the right to purchase from the Municipality of Kiev freehold of the Property and the right to enter into a contract of lease of the Property, which shall remain in force until the effective date of transfer of freehold title to the Property to Monolit. Freehold title to the Property shall entitle Monolit to develop an office park on the Property.

Acquisition price of shares in YBG is 26 million USD (an equivalent of PLN 72,995,000 as at the effective date of Contract according to the average rate of exchange published by the National Bank of Poland), which shall be reduced by the USD equivalent of the price for purchase of Property freehold by Monolit and the equivalent of any possible unfulfilled obligations of YBG and Monolit. The amount of 8 million USD (an equivalent of 22.46 million PLN as at the effective date of Contract according to the average rate of exchange published by the National Bank of Poland), paid by the Buyer previously under the Preliminary Agreement, will be advanced to the price of shares in YBG.

Echo Investment SA granted a corporate warranty of payment of the price for shares in YBG up to the amount of 13 million USD (which, according to the average rate of exchange of the National Bank of Poland as at the effective date of Contract, is an equivalent of PLN 36,497,500). At the same time, YBG established a lien on shares in Monolit in favor of the Seller, effective until payment by the Buyer of the entire price for YBG shares.

The acquired assets were financed with the Buyer's and Echo Investment Ukraine LLC's own funds. These companies intend to treat the acquired assets as long-term financial investment.

The Contract does not contain any provisions that would allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000, which corresponds to the amount of PLN 839,160 as at the effective date of the Contract according to the average rate of exchange of the National Bank of Poland, or 10% of the Contract value.

Purchase of shares in the issued capital of YBG - 100% shareholder in Monolit, which is the owner of real property in Kiev, is in accordance with the adopted strategy, whereunder Echo Investment S.A. is expanding its range of operations on real estate markets in Central and Eastern Europe countries. Development of a group of office buildings is envisaged on the purchased land, with gross leasable area of approximately 100,000 sq. m.

On October 16, 2009, annex 1 (the Annex) to the conditional agreement for general contracting of investment and project management of September 4, 2008 (the General Contracting Agreement) was signed between Orbis S.A. with its registered office in Warsaw (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the General Contractor of Investment and Project Manager, or the Project Manager). According to the provisions of the aforementioned Annex, the General Contracting and Project Management Agreement shall enter into force as at October 16, 2009. Under the General Contracting and Project Management Agreement, the Project Manager shall build a Novotel-class hotel to ACCOR standards, with a net area of approximately 7,200 sq. m, and deliver the same to the Investor in turnkey condition (the Investment). The Investment shall be executed on the real property owned by a subsidiary of Echo Investment SA - "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce. The property is located in Łódź, Piłsudskiego Street. The General Contractor of Investment and Project Manager shall take all legal, administrative and financial steps and actions leading to effective execution of the Investment, including:

- obtaining a building permit decision and an occupancy permit for the completed hotel,
- the competent administrative authority issuing a decision acknowledging effective assignment of the zoning decision to the Investor,
- the Investor (the Buyer) and a subsidiary of Echo Investment SA - "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce (the Seller) entering into the promised contract of sale of perpetual leasehold of property (the Promised Contract).

Execution of the Investment Project should be completed not later than December 12, 2012. This Agreement will be terminated in the event of the Project Manager's failure to obtain a final building permit for the Investment on behalf of the Investor until April 14, 2011 at the latest. In addition, the Investor is entitled to terminate the General Contracting and Project Management Agreement if the Investment is not delivered within the above specified completion deadline, or if the Investment is not executed properly. The net price for development of the Investment is PLN 40.32 million. The General Contracting and Project Management Agreement 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 841,560 as at the effective date of the Annex according to the average rate of exchange of the National Bank of Poland, and possibly in excess of 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.

Liquidated damages shall be charged on such basis as, among others, failure to obtain a building permit, delays in executing the Investment, or termination of the General Contracting and Project Management Agreement.

On October 16, 2009, an annex was signed to the preliminary conditional contract of property sale (the Preliminary Conditional Contract of Sale) between a subsidiary of Echo Investment SA - "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce (the Seller) and Orbis Spółka Akcyjna with its registered seat in Warsaw (the Buyer).

Pursuant to their respective statements made to that effect, the Parties agreed that the Seller and the Buyer would sign the Promised Contract upon fulfillment until December 15, 2010 of the additional condition supplementing the prerequisites enumerated in Current Report no. 44/2008 of September 5, 2008. The additional condition is the Seller being required to submit to the Buyer a final building permit decision issued for the Investment, together with all administrative decisions required for execution of the Investment in regard of engineering utilities, communication system and necessary fire emergency route.

The object of the Preliminary Conditional Contract of Sale is the perpetual usufruct right to immovable property – land plots situated in Łódź at Pilsudskiego Street, with a total area of ca. 1,450 square meters (the Property). The contract value is PLN 5 million net. Furthermore, the Parties to the annexed Preliminary Conditional Contract of Sale decided that in the event of unfeasibility of executing the Investment under the General Contracting and Project Management Agreement, the Buyer might refuse to sign the Promised Contract by accession, and if the Buyer is notified of unfeasibility of executing the Investment after signing the Promised Contract, then the Buyer should be entitled to rescind the Promised Contract and/or demand repurchase of the Property during the period from May 31, 2011 to the date of withdrawal from the Promised Contract.

On October 14, 2009 an Echo Group Company entered into transactions changing maturity of call and put options with a nominal value of EUR 10 million each, from October 14, 2009 to April 12, 2010.

### **5.9 Consequences of changes in the structure of business entity, including consequences of mergers, acquisitions or sales of Capital Group companies, long-term investments, splits, restructuring, or discontinuation of activity.**

1. The Capital Group was expanded with 1 new company:

On April 31, 2009 Echo Investment SA acquired 100% shares in the issued capital of "SPV-1" Sp. z o.o. The value of issued capital is PLN 50,000, divided into 1,000 shares with a par value of PLN 50 each. The purchase price was PLN 50,000.

II. 14 companies were eliminated from the Capital Group:

The following companies were effectively liquidated as at September 30, 2009:

- "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 - 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 - 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.

II. Shareholding structure of issued capital of the following subsidiaries was changed:

The following sales contracts were executed on July 30, 2009:

- Echo Investment SA (the Buyer) and the subsidiary "Projekt Echo - 17" Sp. z o.o. (the Seller) signed a contract of sale of 1 share in the issued capital of "Echo Property Poznań 2" Sp. z o.o. for a price of 500 PLN,
- Echo Investment SA (the Buyer) and the subsidiary "Projekt Echo - 17" Sp. z o.o. (the Seller) signed a contract of sale of 1 share in the issued capital of "Projekt Echo - 34" Sp. z o.o. for a price of 500 PLN,
- Echo Investment SA (the Buyer) and the subsidiary "Projekt Echo - 17" Sp. z o.o. (the Seller) signed a contract of sale of 1 share in the issued capital of "Projekt Echo - 48" Sp. z o.o. for a price of 50 PLN,
- Echo Investment SA (the Buyer) and the subsidiary "Projekt Echo - 17" Sp. z o.o. (the Seller) signed a contract of sale of 1 share in the issued capital of "Projekt Echo - 80" Sp. z o.o. for a price of 50 PLN,
- Echo Investment SA (the Buyer) and the subsidiary "Projekt Echo - 17" Sp. z o.o. (the Seller) signed a contract of sale of 1 share in the issued capital of "Projekt Echo - 28" Sp. z o.o. for a price of 630 PLN.

III. Change of company name:

The name of "Projekt - Echo 65" Spółka z o.o. ['Project - Echo 65' Limited Liability Company], having its registered seat in Kielce, was changed into "Echo - Oxygen" sp. z o.o. ['Echo - Oxygen' Limited Liability Company'], having its registered seat in Kielce.

### 5.10 Changes in contingent liabilities or contingent assets, occurring after the end of the last financial year

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

#### 5.10.1 Surety agreements

Surety agreements of Echo Investment SA, in force as at September 30, 2009, are presented in the following table:

Surety in favor of	Value [in thousands]	Expiry date	On account of
Bank PeKaO SA	740 PLN	until signing a contract of transfer under the rights of bank performance guarantee in favor of PeKaO SA Bank	Surety for the liabilities of Echo Investment – Centrum Belchatów Sp. z o.o. [Echo Investment – Belchatów Center Limited Liability Company] as a collateral of a loan granted by PeKaO SA Bank
Natural person	18,807 PLN	until December 31, 2010	Surety for liabilities of subsidiary
Projekt – Echo 49 Sp. z o.o.	3,928 PLN	until July 04, 2010	Surety for liabilities concerning remediation of damage regarding Projekt – Echo 49 Sp. z o.o. [Project – Echo 49 Limited Liability Company]

#### 5.10.2 Guarantee agreements

Guarantees in force as at September 30, 2009 are presented in the table below:

Guarantor	Value [in thousands]	Expiry date	On account of
Bank PKO BP SA	1,800 PLN	2009-12-31*	Security of obligations in favor of PKP S.A.
Echo Investment SA	7,300 PLN	until repayment of obligations under credit agreement of June 22, 2009	Security guaranteeing coverage of any excess costs of execution of the 2nd stage of Malta Office Park

1. On January 13, 2009 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 1.8 million.

\* this guarantee expired as at November 9, 2009.

2. On June 22, 2009 Echo Investment S.A. issued a guarantee in favor of Westdeutsche ImmobilienBank AG as a collateral securing coverage of possible excess of costs of development of the 2nd stage of Malta Office Park in Poznań. The guarantee shall remain in force until the effective date of repayment of all liabilities arising from the credit agreement signed between Malta Office Park Sp. z o.o. and Westdeutsche ImmobilienBank AG (Germany) on June 22, 2009.



## 5.11 Significant achievements or failures of the Capital Group, indicating key events of the 3rd quarter of 2009

### 5.11.1 Key events in the 3rd quarter of 2009

In July 2009, the Management Board of Echo Investment decided to recommence works on the construction site of OXYGEN office building, which is developed in Szczecin, Malczewskiego Street. Construction works had been discontinued at the beginning of April 2009. Change in development schedule was necessary for the purpose of implementing potential lessees' specific technical requirements and related modification of the project.

On August 20, 2009 an annex (the Annex) was signed to the multi-purpose credit limit agreement of August 21, 2006 (the Agreement) for a total amount of PLN 80 million, between Echo Investment SA with its registered seat in Kielce (the Borrower) and Powszechna Kasa Oszczędności Bank Polski SA with its registered seat in Warsaw (the Lender, or PKO BP SA). Under the provisions of the Annex, the credit limit utilization term was extended and shall now expire as at August 19, 2012.

Under the credit agreement, the Lender provided to the Borrower with the following:

- advance in current account, in the Polish currency,
- renewable operating advance in line of credit, in the Polish currency,
- bank guarantees in domestic trade.

The funds obtained pursuant to the aforementioned Agreement shall bear variable interest rate based on 3M WIBOR plus bank margin applied by PKO BP SA.

The following collaterals shall be established as a security of repayment of the above mentioned debt to the Lender: blank bill of exchange of the Borrower with bill of exchange agreement; power of attorney to the Borrower's accounts held at PKO BP SA Bank, and declaration of voluntary submission to enforcement procedure.

On August 26, 2009 a multi-level car park of Galeria Echo in Kielce was made available to the customers of the mall. This car park constitutes the first stage of development of Galeria Echo. Works related to this project commenced in the 3rd quarter of 2008 and took 10 months. About 1,500 parking places are located on more than 48,000 square meters, yielding a total of 2,300 parking places together with the car park situated underground the existing mall. The total cost of investment was approximately 60 million PLN.

Pursuant to the Annex of September 17, 2009 to the Agreement concerning credit facility in current account, dated March 25, 2003, as amended, executed between Echo Investment SA (the Borrower) and BPH PBK SA Bank (the Lender, its current legal successor is PeKaO SA Bank), the amount of advance in current account was reduced to 30 million PLN. The credit facility was extended for the purposes of financing the Borrower's current operations, with the exception of financing subsidiaries. The remaining provisions of the Agreement did not change.

Pursuant to the Annex of September 17, 2009 to the working facility agreement, dated March 7, 2002, as amended, executed between Echo Investment SA (the Borrower) and PeKaO SA Bank (the Lender), the amount of credit was raised to 100 million PLN. Credit availability expiry date was changed as well, i.e. extended until June 30, 2010. The remaining provisions of the Agreement did not change.

### 5.11.2 Projects of Echo Investment Capital Group

During the 3rd quarter of 2009, Echo Investment S.A. and Echo Capital Group companies were executing projects launched during the previous periods, and became involved in new investments in the segments described below.

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, 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 malls

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.

Projects in progress and under preparation, in alphabetical order:

**Bełchatów, Galeria Echo shopping center (extension)**

Extension of the existing Echo shopping center is intended in Bełchatów, Kolejowa Street. The existing facility will be modernized, and a new building with extra commercial space will be erected on the neighboring plot of land. After extension, total floor area of the center will be about 26,000 square meters (leasable area), and more than 750 parking places will be made available to customers. The anticipated date of delivery of this project falls in the 1st half of 2011.

**Kalisz, shopping & entertainment center**

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. Area to let is about 32,000 square meters. Completion of development is scheduled for the first half of 2012.

**Kielce, Galeria Echo shopping & entertainment center - extension**

In August 2009, execution works on the 1st stage of extension of the Galeria Echo mall in Kielce concerning construction of a seven-level car were finished. In October 2009, an agreement was signed with EIFFAGE BUDOWNICTWO MITEX S.A. as the General Contractor of consecutive phases of development. The new mall, tripled in size, with gross leasable area of approximately 65,000 square meters, will be opened in 2011.

**Koszalin, shopping & entertainment center**

Development of a modern shopping & entertainment center is planned in Koszalin, Krakusa i Wandy Street. Area to let in the building will be about 22,500 square meters. Completion of development is scheduled for the first half of 2013.

**Lublin, shopping & entertainment center**

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.

The Management Board of the Company is attempting to reach an agreement with the Commune of Lublin on the details concerning the investment project scheduled by Echo Investment Group.

**Łomża, VENEDA shopping & entertainment center**

Erection of a shopping center in Łomża is going to supplement the Company's portfolio of retail space. The center will be built at the crossing of Zawadzka and Sikorskiego Streets. The mall will have approximately 14,000 square meters of floor space. In mid-2009, the City Council adopted a Local Spatial Development Plan for the center, which enabled the Company to take further steps in project execution. Completion of Galeria Veneda development is scheduled for the second half of 2011.

**Poznań, METROPOLIS shopping & entertainment center**

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 Group is currently determining the architectural concept of the design. Completion of development is scheduled for the second half of 2013.

**Ślupsk, ARENA shopping & entertainment center**

The Company is planning to build a shopping and entertainment center called ARENA on its immovable property situated in Ślupsk, Grottera Street. The facility shall offer about 38,000 sq. m leasable area. 94% of the project area have already been let to tenants. The Capital Group has obtained a building permit for erection of the aforementioned establishment. Implementation works are going to start as soon as financing is obtained, and completion is scheduled for the 2nd half of 2011.

**Szczecin, ASTRA shopping center**

The Astra shopping center will be developed in place of the operating establishment at A. Struga Street in Szczecin. Total leasable area of the mall will be about 25,000 square meters. An entertainment part will be added during the consecutive stage of the project, to be developed during the upcoming years. The Astra shopping center will be opened for customers in the 2nd half of 2011.

**Wrocław, PASAŻ GRUNWALDZKI shopping & entertainment center (extension)**

Pasaż Grunwaldzki is a shopping and entertainment center located at Plac Grunwaldzki in Wrocław. Currently, nearly 200 shops and service outlets operate on the approximate area of 52,000 square meters. Echo Capital Group intends to expand this project. After completion of investment, the center will exceed 68,000 square meters leasable area. Almost 50 new shops will be opened in the shopping section, and nearly 1,600 parking places will be made available to customers. The extended center will be delivered to lessees in the 2nd half of 2011.

**Other shopping centers and shopping/entertainment centers**

Echo Capital Group also intends to expand some of its existing shopping and shopping/entertainment centers. These projects are currently in the phase of obtaining additional land and administrative decisions.

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

**Segment of office space**

In the office investments segment, Echo Investment Capital Group has facilities to let in Warsaw and Poznań. The Group is implementing new investments and its offering comprises office buildings of various standards, including high-profile facilities.

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.

Projects in progress and under preparation, in alphabetical order:

**Gdańsk, project at Jana z Kolna Street**

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 23,000 sq. m of leasable area. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of development will be in the first half of 2011, and the date of delivery of the building to lessees will fall in the second half of 2012.

**Katowice, project at Francuska Street**

A business park with rentable area of ca. 50,000 square meters is planned on the Company's land in Katowice at the crossing of al. Górnośląska and Francuska Street. This establishment, designed by DDJM Biuro Architektoniczne design office, will be executed in three stages. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. Commencement of development of the first stage of this investment is scheduled for the second half of 2010. The 1st stage of the project will be ready for opening in mid-2012.

**Krakow, AVATAR project**

During the 4th quarter of 2008, development of a new seven-storey modern class A office building commenced in Krakow, Lea Street, with above-ground and underground car parks. The architectural concept was developed by DDJM Biuro Architektoniczne Sp. z o.o., a design studio of Krakow. The contractor of core and shell construction is Modzelewski & Rodek Sp. z o.o. of Warsaw. The entire building has been leased by Fortis Bank Polska SA with its registered seat in Krakow. Area to let is about 11,000 square meters. Anticipated completion date of development falls at the end of 2009.

**Krakow, project at Opolska Street**

A modern class A office project is scheduled for development on the land property in Krakow, Opolska and 29 Listopada Streets, with rentable area in excess of 60,000 sq. m. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. The project will be executed in three stages, with commencement expected in the second half of 2010 and completion of the 1st stage scheduled for mid-2012.

**Łódź, AURUS project**



For the purpose of optimizing the investment process, the class A office building project in Łódź, Piłsudskiego Street, is currently being redesigned. 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. Area to let is about 21,000 square meters. According to current plans, 1st stage of the project is scheduled for completion in the first half of 2012.

#### **Poznań, Malta Office Park**

During the 1st half of 2009, 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 2010. In June, a valid building permit was obtained for construction of the 3rd stage of investment, with start date scheduled for the 1st half of 2010 and date of delivery to users before the end of 2011. The envisaged leasable area of the entire complex shall be about 31,000 square meters.

#### **Szczecin, Oxygen project**

Development works are being carried out on Oxygen, a modern office building at the Company's plot of land in Szczecin, Malczewskiego Street. About 14,000 sq. m of that building area will be designed for rent by companies specializing in IT and telecommunication technologies. Architectural design of the establishment was developed by Arch Deco, a design studio of Gdynia. Completion of this project is scheduled for mid-2010.

#### **Warsaw, Park Postępu**

A valid occupancy permit decision was obtained in September this year for 3 out of 4 buildings of the office park built on the property in Warsaw, 21 Postępu Street. Fitting-out works are still being carried out in the last building. This project with nearly 34,000 square meters leasable area 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. Anticipated completion date of the 2nd stage falls in the 1st half of 2010.

### **Segment of hotels**

The Group's long experience and recognized partners provide good grounds for the company's operations on the market of hotels. During the preceding years, Echo Investment S.A. 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.

#### **Łódź, Novotel hotel**

During the third quarter of this year, Echo Investment Capital Group concluded the negotiations with Orbis S.A. and agreed on the ultimate schedule of investment. According to the General Contracting and Project Management Agreement in force, a Novotel-class hotel with the approximate area of 7,200 sq. m will be built on the property situated at Piłsudskiego Street, Łódź, whereof the terms of sale were agreed in a separate preliminary agreement. Anticipated completion date of this development falls in the 1st half of 2012.

### **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. Considering the difficult situation on the housing market, 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.

Projects in progress and under preparation, in alphabetical order:

#### **Vicinity of Kielce, estate of detached houses in Bilcza**

Sales of land plots were continued in the third half of 2009 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 (area 125,000 sq. m) and finished designs of houses.

**Vicinity of Kielce, estate of detached houses in Dyminy**

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 155,000 square meters total area of land plots for sale. The Company intends to sell plots of land with designs of houses. The project is in the phase of obtaining building permits, and execution of the investment is planned in the second half of 2010. Completion date of construction works has been determined as the end of the 1st half of 2011.

**Krakow, project at Kilińskiego Street**

The Company owns a land plot in Krakow, Kilinskiego Street, with the area of 1,000 sq. m, where development of a 2.5-storey residential building was planned. However, in view of minor scale of this project, the Company is considering the possibility of selling that plot of land.

**Krakow, project at Korzeniowskiego Street**

The Company is going to commence development of a housing investment at Korzeniowskiego Street, Krakow. This building, designed by The Blok office, will have an area of about 3,000 square meters (40 apartments). The project is in the phase of obtaining administrative permits. The launch of this investment project is expected in the 1st half of 2010, and execution will last until the 2nd half of 2011.

**Krakow, project at Krasickiego Street**

In the 3rd quarter of 2009, the Company continued preparation for development of a housing and commercial establishment to be erected in Krakow, Krasickiego Street (area for sale around 5,400 square meters). The building designed by Studio S – Biuro Architektoniczne Szymanowski design office of Krakow will contain 88 apartments. The investment is planned to commence in mid-2010. Completion of the development process is scheduled not later than the second half of 2011.

**Krakow, project at Tyniecka Street**

The Company intends to develop residential buildings on its land situated in Cracow, Tyniecka Street. Area for sale will be about 4,000 square meters (40 apartments). The Company intends to obtain a zoning decision and a building permit until the end of this year. Implementation is scheduled between the second half of 2010 and the first half of 2012.

**Krakow, project at Bronowicka Street**

The Company intends to develop a residential building on its land situated in Krakow, Bronowicka Street, for an approximate area of 3,300 square meters. The establishment designed by Studio S Michał Szymanowski design office of Krakow will contain about 45 apartments. The project is in the phase of obtaining administrative permits. Anticipated completion of development of this investment has been established as the second half of 2011.

**Łódź, project at Okopowa Street and Górnicza Street**

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 square meters (700 apartments). The Company has already obtained the zoning decision allowing for development of the investment. It was further assumed that the Company would obtain a building permit until the end of this year. The project will be executed in stages. Duration of project execution is scheduled to exceed five years, from the first half of 2010 until the end of 2015.

**Łódź, project at Wodna Street**

The Company is also going to develop residential buildings with about 300 apartments on its real estate in Łódź, Wodna Street (approx. 20,000 square meters of area for sale). The Company has already obtained the zoning decision allowing for development of the investment. The project is in the phase of concept agreement and will be developed in stages. It has been determined that construction works will commence in the second half of 2010 and the execution process shall be completed until the end of 2015 at the latest.

**Poznań, Naramowice Housing Estate**

Preparation of realization of the consecutive 4th and 5th stage of Naramowice Housing Estate in Poznań has also begun (area for sale approx. 13,500 square meters), as designed by Archikwadrat Sp. z o.o. of Poznań. The anticipated duration of execution of the 4th stage will cover the period from the beginning of 2010 until the end of 2011. Stage 5 will take about two years, starting with the beginning of 2011.

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

**Poznań, Kasztanowa Aleja (Chestnut Alley)**

A housing project called Kasztanowa Aleja (Chestnut Alley), located in Poznań, Wojskowa Street (over 17,000 square meters, in two stages) is currently suspended. 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 implementation depends on the Company's assessment of the situation on the housing market. According to the Company's estimations, this should take place in the first half of 2010, and completion of both stages is anticipated in the first half of 2014.

**Poznań, project at Litewska Street and Grudzieniec Street**

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. The estate was designed by Arpa Pracownia Autorska design studio of Poznań. The Company intends to sell plots of land with designs of houses (ca. 11,000 sq. m of plots for sale). Execution of this investment project has been assumed to commence at the beginning of 2011 and its duration should not exceed twelve months. Therefore, completion of development is scheduled for the end of 2011.

**Warsaw, Klimt House**

With regard to certain changes occurring on the market, decision has been taken to alter the schedule of implementation and sales of the project in Warsaw, Kazimierzowska Street (net area is about 5,200 square meters). Design of this residential building, developed by Mąka Sojka Architekci Sp. J. designing firm of Warsaw, comprises 60 apartments. Recommencement of facility development depends on the Company's assessment of the situation on the housing market. It is, however, anticipated in the first half of 2010. Execution is going to last until the end of 2011.

**Warsaw, estate of detached houses in the Bielany district**

A new development project of a housing estate in Warsaw, Bielany district (Młociński Forest) is under preparation. 31 plots of land have been detached from a property 6.3 hectares in size. The anticipated area of land plots for sale is nearly 53,000 square meters. This project was designed by W.M. Musiał Architekci Sp. z o.o. architectural design studio of Warsaw, and StoMM Architektura Maciej Stoczkiewicz of Kielce. It was assumed that the Company would obtain a building permit until mid-2010. Duration of execution is assumed as approximately two years.

**Wrocław, project at Jedności Narodowej Street**

The Company intends to execute a housing project in Wrocław, on a property 7.4 thousand square meters in size, located at Jedności Narodowej Street. The project will comprise approximately 200 apartments with a total area of about 14,000 square meters. The Company has already obtained the zoning decision allowing for development of the investment. Design works were commenced. Commencement of execution is determined in the first half of 2010, and completion is planned in the first half of 2012.

**Wrocław, project at Roweckiego Street**

Development of a housing project is scheduled on the Company's property in Wrocław, Grota Roweckiego Street, about 3 hectares in size, with usable area of approximately 20 thousand square meters. The project will be developed in stages, and the completion of the entire undertaking is scheduled in 2015.

**Foreign markets****Hungary****Segment of shopping centers and malls****Budapest, MUNDO shopping & entertainment center**

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. Leasable area of the project will be about 60,000 square meters. 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****Budapest, MUNDO project**

An office park to be comprised within the MUNDO project of Budapest is being prepared. Leasable area will be about 37,000 square meters. The park has been designed by Mofo Architekci Sp. z o.o. architectural design firm of Krakow. A preliminary building permit has been obtained for erection of the office complex.

## **Romania**

### **Segment of shopping centers and malls**

#### **Brasov, KORONA shopping & entertainment center**

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. Design of the mall was developed by a Polish design studio IMB Asymetria and by a Romanian architectural firm Dico si Tiganas. A building permit has already been obtained. 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.

## **Ukraine**

### **Segment of office projects**

#### **Kiev, project at Diehtarivska Street**

In October 2009, a subsidiary of Echo Investment S.A. acquired the right to dispose of property at Diehtarivska Street, Kiev. Development of an office park is envisaged on that property, with gross leasable area of approximately 100,000 sq. m. The Kiev City Council has approved of purchase of freehold rights to that property. Design works related to the office park will commence during this year. The project will be executed in stages. Launch of 1st stage development is anticipated in the 1st half of 2011 and the stage should be completed in the 2nd half of 2012.

## **5.12 Factors and events having an impact on the achieved financial results**

The following factor had a major impact on the bottom line of the 3rd quarter of 2009:

- posting of incomes earned under final agreements of sale of the following housing projects:
  - in Warsaw, Inflancka Street (stage 3), and Zwycięzców Street (stage 2),
  - in Poznan – the Naramowice housing project (stage 3), and
  - land plots with designs of houses, consisted in the Biczka II housing estate near Kielce;
- regular revenues earned from letting of office and commercial space,
- quarterly revaluation of fair value of properties owned by Echo Investment Capital Group, accounting for factors such as foreign exchange rate fluctuations (EUR and USD) and variations of net operating earnings;
- periodical (annual) review and amendment of yield rates on portfolio projects,
- property valuation according to IAS 40 regarding the Avatar project of Krakow (under construction) and the Park Postępu project in Warsaw,
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

The Group exercises hedging transactions to secure foreign exchange risks, under relevant agreements made to that effect with banks. The transactions are executed on the basis of contracts signed with banks, in order to secure cash flows on operating activity for the future in respect of currency conversion of EUR-denominated credit facility tranches and operating revenues.

With the open positions on the currency market, Echo Investment Capital Group was duly hedged as at September 30, 2009 for the part of cash flows allocated to 2009 (63.1 million EUR) 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 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. Balance sheet valuation of open items on derivatives as at September 30, 2009 is as follows: forwards – PLN 215.8 million, currency options – PLN 17.3 million. Weighted average strike rate for the remaining open transactions is 3.4733 EUR/PLN.

The following transactions had an impact on the above specified balance of currency exchange hedging transactions in the 3rd quarter of 2009:

On June 16, 2009, Malta Office Park Sp. z o.o. closed part of its open currency positions: forwards with a nominal value of 10 million EUR (earnings from closing: 4,656 thousand PLN).

On September 30, 2009, Echo Investment S.A. closed part of its open currency positions: call option with nominal value of 2.1 million EUR (closing cost: 1,675 thousand PLN) and put option with nominal value of 3.0 million EUR (this option expired without cost).

Valuation of hedging instruments is posted to accounts receivable / accounts payable of the balance sheet, and revaluation is recognized as financial incomes / costs in the income statement.

Maturity dates of open hedging items securing foreign exchange risks:

Financial instrument	Currency	Type	Balance sheet value as at 2009-09-30 (million PLN)	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		- 215,8	269,0	51,0	99,5	118,5
Options	EUR/PLN	call	-17,4	23,1	12,1	11,0	0,0
	EUR/PLN	put	0,1	25,0	13,0	11,0	0,0

### 5.13 Operating segments of Echo Investment Capital Group

Echo Investment Capital Group earns revenues on letting commercial space, sales of apartments, development of buildings and provision of property management services. The structure of earned revenues is as follows:

#### - lease of areas in shopping centers and malls:

Revenues from lease services are generated through letting of areas in shopping centers and shopping/entertainment centers. Consolidated revenues yielded on this account at the end of the 3rd quarter of 2009 constituted 58,0% of net income from sales.

#### - 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 yielded on this account constituted approx. 28,9% of all consolidated revenues from sales of products.

#### - development and letting of space in office and hotel projects:

Revenues from lease services are generated from lease of areas in office and hotel buildings owned by individual subsidiaries. Consolidated revenues yielded on this account and from development of investments at the end of the 3rd quarter of 2009 constituted 11,2% of net income from sales.

#### - other incomes:

Other sources of revenues include revenues earned on property management services and other services. Property trade also forms a portion of other revenues. As at the end of the 3rd quarter of 2009, these incomes made up 1,9% of the total.

Operating earnings achieved in the 3rd quarter of 2009, divided into segments:

Specification	Revenues [million PLN]	Costs [million PLN]
Shopping centers and shopping/entertainment centers	190,7	43,9
Housing areas	94,9	62,0
Office and hotel projects	36,9	12,3
None of the above	6,1	5,1
<b>Operating earnings total</b>	<b>328,6</b>	<b>123,3</b>



Echo Investment Capital Group did not alter or modify the basis for distinguishing its segments, total assets of segments did not vary significantly as compared to the data presented in the report for the 1st half of 2009.

#### 5.14 Selected consolidated financial data

	in thousands PLN		in thousands EURO	
	3 quarters accrued, the period from 2009-01-01 to 2009-09-30	3 quarters accrued, the period from 2008-01-01 to 2008-09-30	3 quarters accrued, the period from 2009-01-01 to 2009-09-30	3 quarters accrued, the period from 2008-01-01 to 2008-09-30
I. Operating incomes	328 570	273 065	74 687	79 734
II. Earnings before tax and finance incomes/ expenses	217 134	122 742	49 356	35 840
III. Profit (loss) before tax	110 291	95 588	25 070	27 911
IV. Net profit (loss)	84 642	74 274	19 240	21 688
V. Net cash flows from operating activities	162 395	(15 817)	36 914	(4 619)
VI. Net cash generated from investing activities	(269 412)	(110 489)	(61 240)	(32 262)
VII. Net cash generated from financing activities	(14 000)	187 695	(3 182)	54 806
VIII. Net cash flows total	(121 017)	61 389	(27 508)	17 925
IX. Total assets	4 195 482	3 675 637	993 578	1 078 437
X. Equity attributed to equity holders of the parent	1 720 284	1 589 719	407 399	466 426
XI. Non-current liabilities	1 947 768	1 667 341	461 272	489 200
XII. Current liabilities	527 438	418 585	124 908	122 813
XIII. No. of shares	420 000 000	420 000 000	420 000 000	420 000 000
XIV. Earnings per ordinary share (in PLN/EUR)	0,27	0,73	0,06	0,21
XV. Diluted earnings per ordinary share (in PLN/EUR)	0,27	0,73	0,06	0,21
XVI. Book value per share (in PLN/EUR)	4,10	3,79	0,97	1,11
XVII. Diluted book value per share (in PLN/EUR)	4,10	3,79	0,97	1,11

#### 5.15 Shareholding structure – significant stakes of Echo Investment SA shares

The following shareholders, directly or indirectly through subsidiaries, held at least 5% of total number of votes at the general meeting of Echo Investment S.A. as at November 13, 2009:

Shareholder	Number of shares [pcs.]	% of issued capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of total votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Solowow (directly and indirectly)	169 916 580	40,46%	169 916 580	40,46%
AVIVA OFE AVIVA BZ WBK	43.274.227	10,30%	43.274.227	10,30%
ING OFE	41 918 548	9,98%	41 918 548	9,98%
PZU Złota Jesień OFE*	41 066 860	9,78%	41 066 860	9,78%

\*balance of shares according to annual structure of investment portfolios of the OFEs (Open Pension Funds) as at December 31, 2008

The following changes occurred in shareholding structure of significant stakes of Echo Investment SA shares during the period following submission of the preceding quarterly report:

On July 21, 2009 the Management Board of Echo Investment SA was notified by ING Powszechne Towarzystwo Emerytalne S.A. (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 of sale of shares of Echo Investment S.A. at the Warsaw Stock Exchange, cleared as at July 17, 2009, ING Otwarty Fundusz Emerytalny (ING Open Pension Fund) has lowered its stake of the Company's shares below 10% of votes at the general meeting of shareholders of Echo Investment S.A. Before the aforementioned sale of shares, ING Open Pension Fund had been the holder of 42,374,824 shares of Echo Investment S.A., corresponding to 10.09% of share capital of Echo Investment SA. These shares carried 42,374,824 votes, constituting 10.09% of the total number of votes at the general meeting of shareholders of Echo Investment S.A.

As at July 21, 2009, ING Open Pension Fund was holding 41,918,548 shares on its securities account, corresponding to 9.98% of share capital of Echo Investment SA. These shares carried 41,918,548 votes, constituting 9.98% of the total number of votes at the general meeting of shareholders of Echo Investment S.A.

#### 5.16 Changes in Echo Investment SA shareholding structure or structure of equity rights (options) to these shares held by persons managing and supervising the issuer, according to information available to Echo Investment SA, during the period following presentation of the previous quarterly report

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

As at November 13, 2009, 420,000,000 shares of the Company are presently available for stock trade (.ISIN PLECHPS00019). All shares carry the same privileges. Each share carries one vote at the General Meeting of Shareholders of the Company. Par value of one share is PLN 0.05.

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			

According to information available to the Company, changes in shareholding structure of Echo Investment SA or equity rights (options) to these shares, held by persons managing and supervising Echo Investment SA during the period following presentation of the previous quarterly report are presented in the tables below:

Managing persons	as at 2009-11-13	as at 2009-05-15
Piotr Gromniak, President of the Management Board	did not hold any shares	did not hold any shares
Artur Langner, Vice-President of the Management Board	did not hold any shares	did not hold any shares

Supervising persons	as at 2009-11-13	as at 2009-05-15
Wojciech Ciesielski, Chairman of the Supervisory Board	1,440,000 shares	1,440,000 shares
Andrzej Majcher, Deputy Chairman of the Supervisory Board	100,800 shares	100,800 shares
Mariusz Waniółka, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Karol Żbikowski, Member of the Supervisory Board	did not hold any shares	did not hold any shares



Robert Oskard, Member of the Supervisory Board,	did not hold any shares	did not hold any shares
Tomasz Kalwat, Member of the Supervisory Board	14,860 shares	14,860 shares

### 5.17 Information about court proceedings

During the period from January 01, 2009 to September 30, 2009, no litigation proceedings were conducted before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. or its subsidiaries, whose joint value constitutes at least 10% of equity of Echo Investment S.A.

### 5.18 Opinion of the management board concerning the possibilities of realizing the previously published forecasts for the given year, in view of results presented in the quarterly report as compared to forecasts

The Management Board of Echo Investment S.A. did not publish any financial forecasts referring to the holding company or to the Capital Group.

### 5.19 Information about transactions with affiliated companies on non-arm's length terms

Neither Echo Investment S.A. nor any subsidiary entered into any transactions with affiliated companies on different terms than arm's length transactions in the 3rd quarter of 2009.

### 5.20 Granted sureties or guarantees

During the 3rd quarter of 2009, Echo Investment Capital Group did not grant any sureties of loans or credits, or any guarantees combined to a single subsidiary organization or company that would exceed a total of at least 10% of equity of Echo Investment SA.

### 5.21 Other information that the Management Board of Echo Investment SA considers of the essence for assessment of its HR, property and financial standing, earnings and profit variations, and important data for evaluation of Echo Investment Capital Group solvency

On July 29, 2009 Echo Investment S.A. and the subsidiary "Projekt Echo - 56" Sp. z o.o. signed a contract for investment preparation. Pursuant to that contract, Echo Investment SA agrees to perform all actions involved in preparation of extension of a shopping center in Jelenia Góra, Jana Pawła II Street. The value of contract shall not exceed 2 million PLN.

On July 30, 2009, the District Court for Krakow - Śródmieście district, 7th Department of Pledge Registry in Krakow, registered a lien on 14,999 shares of subsidiary - Malta Office Park Sp. z o.o., held by Echo Investment. Par value of one share is PLN 500. The lien is a security of obligations under the credit agreement signed on June 22, 2009 between Malta Office Park Sp. z o.o. and Westdeutsche ImmobilienBank AG with its registered seat in Mainz (Germany), up to the maximum amount of security of 47,677,500 EUR.

On August 10, 2009, the District Court for Krakow - Śródmieście district, 7th Department of Pledge Registry in Krakow, registered a lien on 1 share of subsidiary - Echo - Park Postępu Sp. z o.o., held by Projekt Echo - 17 Sp. z o.o. Par value of the share is 50 PLN. The lien is a security of obligations under the credit agreement signed on June 10, 2009 between Echo Park Postępu Sp. z o.o. and Eurohypo AG Bank with its registered seat in Eschborn (Germany), up to the maximum amount of security of 75 million EUR.

On September 9, 2009 the Management Board of Echo Investment SA received a decision of the District Court for Warsaw - Mokotów district, 7th Department of Land and Mortgage Registers, dated August 25, 2009, concerning entry to the Land and Mortgage Register of contractual capped mortgage on a property whereof the Issuer's subsidiary "Echo - Park Postępu" Sp. z o.o. ['Echo - Park Postępu' Limited Liability Company] with its registered seat in Kielce (the Subsidiary) is a perpetual leaseholder.

The assets, on which the mortgage was established, constitute a land property with the area of 1.1823 hectares, situated in Warsaw at ul. Postępu 21, whereupon a group of office buildings called Park Postępu, constituting a separate object of freehold, is established. The established mortgage is a collateral in favor of Eurohypo AG Bank, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement dated June 10, 2009, up to the amount of 75 million EUR, corresponding to 307.47 million PLN as at the date of entry in the Land and Mortgage Register according to the average rate of exchange of the National Bank of Poland). The recognition value of mortgaged assets in the Subsidiary's books of accounts is 53,203,922.86 PLN (as at June 30, 2009).

On September 23, 2009, contractual capped mortgages on land properties leased perpetually and owned by Echo Investment SA's subsidiary - Malta Office Park Sp. z o.o. with its registered office in Kielce (the Subsidiary) were registered in land and mortgage register.

Mortgages were established on the following assets:

- land property with the area of 29,503 sq. m, leased perpetually by the Subsidiary, situated in Poznań, Arc. A. Baraniaka Street, whereupon a group of office buildings constituting a separate object of freehold is established,
  - land property with the area of 1,379 sq. m, owned by the Subsidiary, situated in Poznań, Katowicka Street.
- These mortgages are collaterals in favor of Westdeutsche ImmobilienBank AG Bank, seated in Mainz, Germany, concerning repayment of all liabilities under a loan agreement dated June 22, 2009, up to the amount of 54,427,500 million EUR, corresponding to 227,191,270.50 million PLN as

at the date of entry in the Land and Mortgage Register according to the average rate of exchange of the National Bank of Poland), and up to the amount of 30 million PLN.

The recognition value of mortgaged assets in the Subsidiary's books of accounts is 6,744,373.72 PLN (as at June 30, 2009).

On September 29, 2009 the Management Board of Echo Investment SA received a decision of the District Court for Krakow-Śródmieście district in Krakow, 7th Economic Department of Pledge Registry, concerning entry of a pledge on shares of the subsidiary of Echo Investment SA- "Echo - Park Postępu" Sp. z o.o. with its registered seat in Kielce (the Subsidiary), in Pledge Registry as at September 21, 2009. The lien was established on 1,065,656 shares of the Subsidiary, held by Echo Investment S.A. with its registered seat in Kielce, with a par value of PLN 53,282,800, constituting 99.99% of issued capital and carrying 1,065,656 votes at the general meeting of shareholders. The value of the encumbered shares as registered in the accounting books of Echo Investment S.A. is PLN 53,282,800. Echo Investment S.A. considers these shares as a long-term equity investment. The lien established on these shares is a collateral in favor of Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of obligations under a credit facility agreement, which Echo Investment SA reported in the current report no. 24/2009 on June 15, 2009. The lien on shares was established pursuant to the registered pledge agreement made on June 24, 2009 between Echo Investment S.A. (the Pledger) and Eurohypo AG Bank (the Pledgee). The value of receivables secured by the said registered pledge is EUR 75 million which, according to the average rate of exchange of the National Bank of Poland as at the date of lien, corresponds to PLN 311.24 million).

During the 3rd quarter of 2009, the Town Council of Kalisz adopted a Local Spatial Development Plan allowing development of Galeria Amber in Kalisz. Galeria Amber will be a 4-level mall planned by Echo Capital Group, with gross leasable area of ca. 32,000 square meters. This modern project will be built at Górnośląska Street and the Amber Route, in the area of the former coach station (PKS) in Kalisz. The mall will incorporate approx. 150 shops and service outlets. 5-screen movie theater is also scheduled in the center's layout. Vehicle traffic will be handled by an underground parking lot, offering ca. 1,200 parking places. Architectural concept for Galeria Amber is being developed by Ultra Architects design studio of Poznań. Commencement of construction works is planned for the 2nd half of 2010 and completion for the 1st half of 2012.

See also: clauses 5.8, 5.9, 5.11 and 5.12 of this Report.

## **5.22 Factors expected by the Management Board of Echo Investment SA to influence the results to be achieved by Echo Investment Capital Group in the perspective of at least the next quarter of year**

The following factors are going to influence the bottom line during the consecutive periods:

- signing final contracts of sale of housing projects:
  - in Warsaw, Inflancka Street (stage 3), and Zwycięzców Street (stage 2),
  - in Poznań – Naramowice project (stage 3),
  - in Kielce, Biczna housing estate (stage 2) - sales of land plots with designs of houses,
- valuation of the following projects to fair value:
  - Malta Office Park (stage 2) in Poznań (office segment),
  - Oxygen in Szczecin (office segment),
  - extension of Galeria Echo in Kielce (shopping & entertainment center),
- quarterly revaluation of fair value of owned properties, accounting for factors such as foreign exchange rate fluctuations (EUR and USD),
- regular revenues from lease contracts,
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

## 6. Condensed separate financial statements, in thousands PLN, as at and for a period of 9 months ended September 30, 2009

	balance as at 2009.09.30 end of quarter	balance as at 2008.12.31 end of previous year	balance as at 2008.09.30 end of quarter
<b>Assets</b>			
<b>1. Non-current assets</b>			
1.1. Intangible fixed assets	950	1 001	476
1.2. Tangible fixed assets	10 222	11 636	12 633
1.3. Investment property	13 149	12 959	11 115
1.4. Investments in fully and partially owned subsidiaries	468 687	463 779	446 664
1.5. Investments in associated companies	61	62	10 650
1.6. Loans granted	11 691	12 909	155 191
1.7. Other financial assets	11 424	50	-
	<b>516 184</b>	<b>502 396</b>	<b>636 729</b>
<b>2. Current assets</b>			
2.1. Inventories	372 702	410 935	467 759
2.2. Current income tax receivables	2 515	1 890	1 468
2.3. Other tax receivables	768	4 000	5 000
2.4. Trade receivables and other receivables	165 612	138 599	73 116
2.5. Loans granted	184 681	192 772	71 764
2.6. Derivative financial instruments	-	295	16 627
2.7. Cash and cash equivalents	32 892	39 608	73 241
	<b>759 170</b>	<b>788 099</b>	<b>708 975</b>
<b>Assets total</b>	<b>1 275 354</b>	<b>1 290 495</b>	<b>1 345 704</b>
<b>Liabilities</b>			
<b>1. Equity</b>			
1.1. Issued capital	21 000	21 000	21 000
1.2. Supplementary capital	477 859	437 943	437 943
1.3. Retained earnings	6 401	6 401	6 401
1.4. Profit (loss) of current year	17 668	39 916	37 047
	<b>522 928</b>	<b>505 260</b>	<b>502 391</b>
<b>2. Non-current liabilities</b>			
2.1. Provisions	9 729	10 290	9 339
2.2. Provision for deferred income tax	5 891	2 919	5 754
	<b>15 620</b>	<b>13 209</b>	<b>15 093</b>
<b>3. Non-current liabilities</b>			
3.1. Borrowings	516 717	509 151	522 261
	<b>516 717</b>	<b>509 151</b>	<b>522 261</b>
<b>4. Current liabilities</b>			
4.1. Borrowings	134 638	78 854	103 105
4.2. Derivative financial instruments	1 686	8 257	655
4.3. Current income tax liabilities	-	-	2
4.4. Other tax liabilities	2 217	5 965	750
4.5. Trade liabilities	17 107	75 160	30 708
4.6. Advances received	58 504	85 508	162 661
4.7. Other liabilities	5 937	9 131	8 078
	<b>220 089</b>	<b>262 875</b>	<b>305 959</b>
<b>Liabilities total</b>	<b>1 275 354</b>	<b>1 290 495</b>	<b>1 345 704</b>

	balance as at 2009.09.30 end of quarter	balance as at 2008.12.31 end of previous year	balance as at 2008.09.30 end of quarter
<i>Book value (in thousands PLN)</i>	522 928	505 260	502 391
<i>Number of shares</i>	420 000 000	420 000 000	420 000 000
<i>Book value per share (in PLN)</i>	1,25	1,20	1,20

Off-balance liabilities (in thousands PLN)	balance as at 2009.09.30 end of quarter	balance as at 2008.12.31 end of previous year	balance as at 2008.09.30 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	32 963	23 610	23 163
<b>Off-balance items total</b>	<b>32 963</b>	<b>23 610</b>	<b>23 163</b>

Income statement (in thousands PLN)	3rd quarter, period from 2009.07.01 to 2009.09.30	3 quarters, period from 2009.01.01 to 2009.09.30	3rd quarter, period from 2008.07.01 to 2008.09.30	3 quarters, period from 2008.01.01 to 2008.09.30
Operating incomes	56 596	252 010	80 893	184 909
Operating expenses	(42 902)	(198 882)	(54 601)	(126 628)
<b>Sales profit (loss) before tax, interest and expenses</b>	<b>13 694</b>	<b>53 128</b>	<b>26 292</b>	<b>58 281</b>
Profit (loss) on sales real estates	105	147	69	103
Revaluation of property	(585)	195	2 649	2 646
Costs of sales	(3 780)	(11 766)	(5 496)	(15 887)
Administrative costs	(6 352)	(16 230)	(9 437)	(26 080)
Other operating incomes	645	8 872	(8 315)	15 859
Other operating expenses	(5 216)	(5 589)	(4 973)	(6 157)
<b>Earnings before tax and finance incomes/expenses</b>	<b>(1 489)</b>	<b>28 757</b>	<b>789</b>	<b>28 765</b>
Finance income	25 231	35 275	22 583	57 015
Finance costs	(17 483)	(43 374)	(22 024)	(46 608)
<b>Profit (loss) before tax</b>	<b>6 259</b>	<b>20 658</b>	<b>1 348</b>	<b>39 172</b>
Income tax	(1 262)	(2 990)	1 752	(2 125)
<b>Net profit (loss)</b>	<b>4 997</b>	<b>17 668</b>	<b>3 100</b>	<b>37 047</b>
Net profit (loss) (annualized)		20 537		42 284
Weighted average number of ordinary shares		420 000 000		420 000 000
Earnings per ordinary share, annualized (in PLN)		0,05		0,10
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted earnings per ordinary share (in PLN)		0,05		0,10

Statement of changes in equity (in thousands PLN)	Issued capital	Supplementary capital	Retained earnings	Net profit in the period	Capitals total
<b>For 3 quarters (current year), period from 2009.01.01 to 2009.09.30</b>					
Balance as at the beginning of period, after reconciliation to comparable data	21 000	437 943	46 317	-	505 260
Changes during the period:					
Distribution of profit/loss carried forward	-	39 916	(39 916)	-	0
Net profit (loss) of the current period	-	-	-	17 668	17 668
Changes total	-	39 916	(39 916)	17 668	17 668
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>477 859</b>	<b>6 401</b>	<b>17 668</b>	<b>522 928</b>
<b>For the previous year, period from 2008.01.01 to 2008.12.31</b>					
Balance as at the beginning of period, after reconciliation to comparable data	21 000	378 967	65 377	-	465 344
Changes during the period:					
Distribution of profit/loss carried forward		58 976	(58 976)		-
Net profit (loss) of the current period				39 916	39 916
Changes total	-	58 976	(58 976)	39 916	39 916
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>437 943</b>	<b>6 401</b>	<b>39 916</b>	<b>505 260</b>
<b>For 3 quarters (previous year), period from 2008.0.01 to 2008.09.30</b>					
Balance as at the beginning of period, after reconciliation to comparable data	21 000	378 967	65 377	-	465 344
Changes during the period:					
Distribution of profit/loss carried forward		58 976	(58 976)		-
Net profit (loss) of the current period				37 047	37 047
Changes total	-	58 976	(58 976)	37 047	37 047
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>437 943</b>	<b>6 401</b>	<b>37 047</b>	<b>502 391</b>

Cash flow statement (in thousands PLN)	3 quarters period from 2009.01.01 to 2009.09.30	3 quarters period from 2008.01.01 to 2008.09.30
<b>Cash flows on operating activity – indirect method</b>		
<b>I. Net profit (loss)</b>	<b>17 668</b>	<b>37 047</b>
<b>II. Adjustments:</b>		
1. Share of net (profit) loss of associates	-	-
2. Amortization/Depreciation	2 762	3 367
3. Foreign exchange (gains) losses	-	(8)
4. Interest and shares in profits (dividends)	11 215	(5 657)
5. Current income tax in the income statement	-	-
6. Income tax paid	(625)	6 568
7. (Profit) loss on investment activity	(342)	7 927
8. Change in provisions	(1 289)	(8 692)
9. Change in inventories	37 709	(63 828)
10. Change in receivables	(22 595)	(46 116)
11. Change in current liabilities, except for borrowings	(88 686)	(46 619)
12. Change in accruals	86	5 237
13. Other adjustments	-	36 583
	<b>(61 765)</b>	<b>(111 238)</b>
<b>Net cash flows on operating activities</b>	<b>(44 097)</b>	<b>(74 191)</b>
<b>Cash flows from investing activities</b>		
<b>I. Incomes</b>		
1. Sales of intangible and tangible fixed assets	176	108
2. Sales of investments in property and in intangible assets	-	-
3. From financial assets	85 269	82 018
4. Other incomes from investments	-	-
	<b>85 445</b>	<b>82 126</b>
<b>II. Expenditures</b>		
1. Acquisition of intangible and tangible fixed assets	(771)	(2 082)
2. Investments in property and in intangible assets	-	-
3. On financial assets	(70 281)	(119 372)
4. Other investment expenditures	335	(2 343)
	<b>(70 717)</b>	<b>(123 797)</b>
<b>Net cash flows from investing activities</b>	<b>14 728</b>	<b>(41 671)</b>
<b>Cash flows from financing activities</b>		
<b>I. Incomes</b>		
1. Net incomes from issue of stocks (issue of shares) and other equity instruments, additional payments to capital	-	-
2. Borrowings	105 648	71 667
3. Issue of debt securities	100 474	-
4. Other financial incomes	-	-
	<b>206 122</b>	<b>71 667</b>



Cash flow statement (in thousands PLN) continued	3 quarters period from 2009.01.01 to 2009.09.30	3 quarters period from 2008.01.01 to 2008.09.30
<b>II. Expenditures</b>		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Profit distribution expenses other than payments to owners	-	-
4. Repayments of loans and credits	(38 382)	(463)
5. Redemption of debt securities	(105 000)	-
6. Interest	(40 118)	(30 847)
	<b>(183 500)</b>	<b>(31 310)</b>
<b>Net cash flows from financing activities</b>	<b>22 622</b>	<b>40 357</b>
<b>Net cash flows total</b>	<b>(6 747)</b>	<b>(75 505)</b>
Balance change in cash, including:	(6 747)	(75 498)
- change in cash balance through foreign exchange differences	-	7
<b>Cash as at the beginning of period</b>	<b>39 639</b>	<b>148 739</b>
<b>Cash at the end of period, including:</b>	<b>32 892</b>	<b>73 241</b>
- with limited disposability	8 759	-

Kielce, November 13, 2009

**Representatives of the Company:**President of the  
Management Board

Piotr Gromniak

Vice-President of the Management  
Board

Artur Langner

**Person in charge of bookkeeping:**

Chief Accountant

Tomasz Sulek