



SEMI-ANNUAL REPORT

2009

Consolidated Extended
Financial Statements
of Echo Investment Capital Group
for the 1st half of 2009

August 31, 2009

echo
I N V E S T M E N T

I. Consolidated financial statements of Echo Investment Capital Group for the 1st half of 2009, covering the period from January 1, 2009 to June 30, 2009, prepared in conformity with the International Financial Reporting Standards

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION [in thousands PLN]

	Note	H1 2009	2008	H1 2008
ASSETS				
1. Non-current assets				
1.1. Intangible fixed assets	2	925	1 002	417
1.2. Tangible fixed assets	3	18 706	19 899	27 441
1.3. Non-current receivables	4	7	58	52
1.4. Investment property	5	2 706 736	2 481 014	1 923 854
1.5. Investment property under construction	5	821 081	711 555	560 562
1.6. Investments in associated companies	6	25 793	24 119	10 964
1.7. Loans granted	7	12	13	41
1.8. Derivative financial instruments	12	629	1 287	-
		3 573 889	3 238 947	2 523 331
2. Current assets				
2.1. Inventories	9	440 718	486 655	514 466
2.2. Deferred income tax receivables	10	3 183	3 478	2 241
2.3. Other tax receivables	10	32 337	46 944	23 697
2.4. Trade receivables and other receivables	11	117 561	56 679	16 186
2.5. Loans granted	7	186	638	795
2.6. Derivative financial instruments	12	115	357	25 316
2.7. Cash and cash equivalents	13	140 544	321 793	237 346
		734 644	916 544	820 047
ASSETS TOTAL		4 308 533	4 155 491	3 343 378
LIABILITIES				
1. Equity				
1.1. Equity attributable to equity holders of the parent		1 718 912	1 640 600	1 568 704
1.1.1. Issued capital	14	21 000	21 000	21 000
1.1.2. Supplementary capital	15	1 597 502	1 493 280	1 493 280
1.1.3. Accumulated profit (loss)		79 658	112 750	65 121
1.1.4. Exchange differences on translation		20 752	13 570	(10 697)
1.2. Minority interest in equity	16	(8)	(8)	(8)
		1 718 904	1 640 592	1 568 696
2. Provisions				
2.1. Provisions for liabilities	20	16 022	18 260	14 864
2.2. Provision for deferred income tax	8	242 590	233 040	218 037
		258 612	251 300	232 901
3. Non-current liabilities				
3.1. Borrowings	17	1 678 047	1 589 154	1 168 224
3.2. Derivative financial instruments	12	125 517	174 123	-
3.3. Deposits received		39 402	37 871	30 256
3.4. Leases	18	34 183	34 235	34 285
		1 877 149	1 835 383	1 232 765

LIABILITIES continued**4. Current liabilities**

4.1. Borrowings	17	139 933	125 010	31 787
4.2. Derivative financial instruments	12	184 528	65 833	970
4.3. Deferred income tax liabilities		3 280	256	297
4.4. Other tax liabilities		15 898	13 199	11 091
4.5. Trade liabilities	19	40 551	98 937	52 127
4.6. Other liabilities	19	9 712	13 591	24 942
4.7. Advances received		59 966	111 390	187 802
		453 868	428 216	309 016
LIABILITIES TOTAL		4 308 533	4 155 491	3 343 378

	H1 2009	2008	H1 2008
Book value (in thousands PLN)	1 718 912,00	1 640 600,00	1 568 704,00
Number of shares (thousands pcs.)	420 000	420 000	420 000
Book value per share	4,09	3,91	3,74

CONSOLIDATED INTERIM INCOME STATEMENT [in thousands PLN]

	Note	H1 2009	H1 2008
Revenue	21	230 398	177 004
Cost of sales	22	(87 829)	(79 130)
Sales profit (loss) before tax, interest and expenses		142 569	97 874
Profit (loss) on sales of property	23	-	-
Revaluation of properties		184 125	(31 052)
Costs of sales		(8 568)	(10 467)
Administrative costs		(13 750)	(22 602)
Other operating incomes	24	10 472	28 454
Other operating expenses	24	(2 858)	(3 037)
Earnings before tax and finance incomes/expenses		311 990	59 170
Finance income	25	17 525	18 057
Finance costs	26	(164 843)	(40 979)
Foreign exchange gains (losses)	27	(76 966)	34 899
Interest in associated companies		(21)	(24)
Profit (loss) before tax		87 685	71 123
Income tax	28	(16 555)	(14 541)
- current part		(7 008)	(4 630)
- deferred part		(9 547)	(9 911)
Net profit (loss), including:		71 130	56 582
Profit (loss) attributable to equity holders of the parent		71 130	56 592
Minority profit (loss)		-	(10)
Profit (loss) attributable to equity holders of the parent (semi-annual)		71 130	56 592
Weighted average number of ordinary shares (thousands)		420 000	420 000
Profit (loss) per ordinary share (in PLN)		0,17	0,13

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME [in thousands PLN]

	Note	H1 2009	H1 2008
Net profit		71 130	56 592
Other comprehensive income:			
- exchange differences on translation of foreign transactions		7 182	(6 953)
Other comprehensive income, net of tax		7 182	6 953
Total comprehensive income for the period of 6 months, including:		78 312	49 639
Comprehensive income attributable to owners of parent		78 312	49 649
Comprehensive income attributable to non-controlling interests		-	(10)

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY [in thousands PLN]

	Issued capital	Supplementary capital	Accumulated profit (loss) carried forward	Foreign exchange differences on translation	Equity attributable to equity holders of parent	Non-controlling interest in equity	Total shareholders' equity
For the period from January 1, 2009 to June 30, 2009							
Balance as at the beginning of period (restated, comparable)	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
Distribution of profit/loss carried forward	-	104 222	(104 222)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	7 182	7 182	-	7 182
Net profit (loss) of the current period	-	-	71 130	-	71 130	-	71 130
Balance as at the end of period	21 000	1 597 502	79 658	20 752	1 718 912	(8)	1 718 904
For the period from January 1, 2008 to December 31, 2008							
Balance as at the beginning of period (restated, comparable)	21 000	1 174 241	327 568	(3 744)	1 519 065	19	1 519 084
Distribution of profit/loss carried forward	-	319 039	(319 039)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	(17)	(17)
Other comprehensive income, net of tax	-	-	-	17 314	17 314	-	17 314
Net profit (loss) of the current period	-	-	104 221	-	104 221	(10)	104 211
Balance as at the end of period	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
For the period from January 1, 2008 to June 30, 2008							
Balance as at the beginning of period (restated, comparable)	21 000	1 174 241	327 568	(3 744)	1 519 065	19	1 519 084
Distribution of profit/loss carried forward	-	319 039	(319 039)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	(17)	(17)
Other comprehensive income, net of tax	-	-	-	(6 953)	(6 953)	-	(6 953)
Net profit (loss) of the current period	-	-	56 592	-	56 592	(10)	56 582
Balance as at the end of period	21 000	1 493 280	65 121	(10 697)	1 568 704	(8)	1 568 696

CONSOLIDATED CASH FLOW STATEMENT (in thousands PLN)

	Note	H1 2009	H1 2008
A. Cash flows on operating activities - indirect method			
I. Net profit (loss)		71 130	56 582
II. Adjustments total			
1. Share of net (profit) loss of associates		-	25
2. Depreciation of fixed assets		2 179	2 691
3. Revaluation of goodwill		-	25
4. (Gains) losses on foreign exchange differences		85 240	(38 812)
5. Interest and shares in profits (dividends)		16 581	8 529
6. Current income tax		7 008	14 541
7. Income tax paid		(3 689)	(6 597)
8. (Profit) loss on investment activity		(83 441)	33 908
9. Change in provisions		7 312	8 701
10. Change in inventories		45 414	(31 604)
11. Change in receivables		10 282	7 929
12. Change in current liabilities, except for borrowings			(109 512)
13. Change in accruals	29	-	(6 127)
14. Other adjustments		-	69
		(22 626)	(43 086)
III. Net cash flows from operating activity (I+/-II)		48 504	13 496
B. Cash flows on investing activities			
I. Incomes			
1. Sales of intangible and tangible fixed assets		10	836
2. Sales of investments in real property and in intangible assets		-	-
3. From financial assets		-	41 776
4. Other incomes from investments		453	-
		463	42 612
II. Expenditures			
1. Acquisition of intangible and tangible fixed assets		(395)	(79 106)
2. Investments in real property and in intangible assets		(151 123)	(6 379)
3. On financial assets		(56 506)	(30 423)
4. Other investment expenditures		-	(2 264)
		(208 024)	(118 172)
III. Net cash flows on investment activity (I-II)		(207 561)	(75 560)

CONSOLIDATED CASH FLOW STATEMENT (in thousands PLN) continued

	H1 2009	H1 2008
C. Cash flows on financing activities		
I. Incomes		
1. Net income from issue of shares and of other equity instruments, with additional payments to equity	-	-
2. Borrowings	60 000	-
3. Issue of debt securities	105 923	-
4. Other financial incomes	-	1
	165 923	1
II. Expenditures		
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	(66 369)	(52 901)
5. Redemption of debt securities	(70 000)	-
6. Other financial liabilities	(29 695)	-
7. Payments of liabilities under financial lease contracts	-	-
8. Interest	(22 051)	(41 733)
9. Other financial expenses	-	-
	(188 115)	(94 634)
III. Net cash flows on financial activity (I-II)	(22 192)	(94 633)
D. Net cash flows total (A.III+/-B.III+/-C.III)	(181 249)	(156 697)
E. Cash balance change, including:	(181 249)	(156 700)
- change in cash balance through foreign exchange differences		(3)
F. Cash as at the beginning of period	30	321 793
G. Cash as at the end of period (F+/-D), including:	30	237 346
- with limited disposability	8 860	-

Introduction

1. General Information

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

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

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

The duration of the Company is unlimited.

The following persons were members of the Management Board of Echo Investment S.A. as at June 30, 2008 and as at June 30, 2009: Piotr Gromniak, President of the Management Board, and Artur Langner, Vice-President of the Management Board. The following persons were members of the Supervisory Board as at June 30, 2008 and as at June 30, 2009: Wojciech Ciesielski, Chairman; Andrzej Majcher, Deputy Chairman; and Members: Tomasz Kalwat, Robert Oskard, Mariusz Waniółka and Karol Żbikowski.

2. Information about the financial statements

The consolidated statements of Echo Investment S.A. Capital Group present consolidated financial data for the period of 6 months ended June 30, 2009, comparable data for the period of 6 months ended June 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 methodology, with the exception of investment properties and financial instruments, which are recognized at fair value. The statement has been drawn up under the assumption of continued business activity in foreseeable future, considering non-existence of any circumstances that might indicate any risk for the continuation of operations.

The Management Board of the Company used its best knowledge in applying standards, interpretations, methods and principles of valuating the particular items of the condensed consolidated financial statements for the first half of 2009.

3. Information on the Accounting Standards and Interpretations issued by the IFRS Committee, entering into

force as of 2009

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:

3.1. 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.

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

Revisions to IAS 32 and IAS 1 were published by the International Accounting Standards Board on 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.

3.3. 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 these standards did not affect the Group's financial result.

3.4. 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.

3.5. 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.

3.6. 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.

3.7. 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.

3.8. 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.

3.9. 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.

3.10. 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.

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

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

4.1. 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.

4.2. 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.

4.3. 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 apply the revised IAS 39 as from January 1, 2010. Application of these standards shall not affect the Group's financial result.

4.4. Revised IFRS 3 Business Combinations

The revised IFRS 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.

4.5. 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.

4.6. 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.

4.7. 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. Key accounting principles

5.1. Intangible fixed assets

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

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

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

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

5.2. Goodwill of subsidiaries

Goodwill derived from acquisition of shares or stocks in subsidiaries is initially recognized at acquisition price, which is the surplus of the costs of acquisition over the Group's share in net fair value of identifiable assets, liabilities and contingent liabilities.

After initial disclosure, goodwill is presented at acquisition price less all accumulated impairment losses.

Goodwill is not amortized but it is checked for impairment. Such impairment testing consists in allocation of goodwill to specific

assets of the Group (cash generating centers where synergy effects are expected to arise out of amalgamation) and comparing the values thus obtained to valuation of the same assets at achievable amounts.

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

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

5.3. Tangible fixed assets

Tangible fixed assets include fixed assets owned by the Group.

Tangible fixed assets owned by the Group include:

- property (not leased and not designated for trade) used by the Group,
- ~~machinery and plant,~~

- means of transport
- other complete and usable objects with anticipated useful life exceeding one year.

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

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

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

Subsequent investments are added to the asset's carrying value or are recognized as separate assets, as appropriate, only if it is probable that future economic benefits associated with the asset will flow to the Group and its costs can be measured reliably. All other expenses on repairs and maintenance are carried to the income statement in the financial period when they were incurred.

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

Gains and losses on sales of fixed assets, constituting the differences between relevant sales revenues and balance sheet values of the sold fixed assets, are recognized in income statement under other operating income / expenses.

5.4. Investment property

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

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

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

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

Differences on investment property valuation are carried to income statement under property revaluation.

All repair and maintenance costs of investment properties are recognized as expenses in the income statement in the period with which they are concerned.

Profit or loss on sales of investment properties is disclosed as a separate item of the income statement.

Investment property under construction are investments developed by the Group with the intention of future use as investment property for lease, which are in the process of construction. For investment property under construction where the majority of risks involved in execution of the construction process were eliminated and there is a possibility of fair valuation, such property is recognized at fair value.

The Group has determined the prerequisites for commencement of the process of testing whether significant risks concerning investment property under construction have been eliminated. These prerequisites include:

- obtaining a building permit,
- contracting construction works with a value not less than 30% of the investment budget,
- letting at least 20% of space in the developed project to lessees.

Another important aspect of risk analysis is the possibility and methods of financing the project.

Every investment property under construction is studied individually in terms of availability of reliable fair value valuation, with consideration of the overall economic situation, accessibility of data for similar real estates, and expectations as to variability of the factors providing grounds for valuation. After fulfillment of the aforementioned conditions, if the significant risks concerned with the development process of investment property under construction were eliminated, the given property is valued at fair value.

Otherwise, because reliable fair value valuation cannot be obtained, investment property under construction is recognized at acquisition price or production cost, less any impairment losses.

At valuation of investment property under construction at fair value with an income method, the Group takes into account the degree of project advancement as at the end of the reporting period, as well as available reliable data concerning the envisaged condition of the investment property

as at the time of completion of the construction process. In the case of valuation at production cost, this cost includes expenses that are directly related to the investment in progress. The above are expenses on acquisition of land property, investments on design and development of buildings and other civil engineering structures (mainly contracted services), activated and direct financial costs, and other expenses incurred during development, which are directly related to the investment.

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

5.5. Leases

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

of possession are classified as operating leases.

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

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

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

5.6. Shares and stocks in associated companies

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

5.7. Inventories

The following items are posted under inventories: semi-finished products and work in process, finished products, goods, and advances on deliveries. Due to unique quality of operations, purchased land, or

rights of perpetual usufruct of land, or fees paid for perpetual lease) are classified as work in process if the land is designated for development, or as merchandise required for the purposes of housing activity if the land is designated for sale. Finished products mainly include housing and service premises sold through final contracts.

Inventories of tangible current assets are valued according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs.

Advances on deliveries are valued according to cash expenditure and according to received VAT invoices that confirm the advancing of funds.

Inventories are valued at not more than achievable net value. This value is obtained from information from the active market. Reversal of inventories value allowance is related to sale of the given inventory or increase of net sales price. The amounts of impairment losses of inventories presented as cost in the given period and amounts of impairment loss reversals of inventories, which are recognized as income during the period, are presented in the income statement as other operating income / expenses (non-financial asset revaluation earnings / costs).

5.8. Financial instruments

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

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

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

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

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

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

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

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

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

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

Both as at the booking date and as at the balance date, financial assets valued at fair value through the income statement are valued at fair value.

5.8.2. Loans granted

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

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

asset.

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

5.8.3. Financial assets available for sale

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

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

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

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

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

5.9. Trade receivables

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

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

are made on the account of provisions for receivables. Future repayments of receivables previously written down are posted to "other operating income" in the income statement.

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

5.10. Cash and cash equivalents

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

Cash in foreign currencies is valued at least on each reporting date according to the buy rate of the bank employed by the Company. Exchange differences (earnings/losses) on cash in foreign currencies and transactions of sale of foreign currencies are classified as finance expenses or finance income, respectively. The same definition of cash applies to the cash flow statement.

5.11. Derivative instruments

Derivative instruments are recognized in the books at the time when the Companies become parties to a binding contract.

The Group uses derivatives to limit foreign exchange or interest rate risk.

The Group does not use hedge accounting.

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

Gains or losses on derivatives are posted to financial incomes or costs, accordingly, and as cash flows

from operating activities in the cash flow statement.

5.12. Financial guarantee agreements

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

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

5.13. Income tax

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

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

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

realized or liabilities will be released shall apply to calculation of respective deferred tax.

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

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

5.14. Equity

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

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

5.15. Provisions

Provisions are established if the Company is under an existing obligation arising from past events, when it is probable that fulfillment of this obligation will result in the necessity of expensing funds that constitute economic benefits, and it is possible to make a fair estimation of the amount of such liability. Provisions are valued at the current value of estimated costs, to the best knowledge of the Company's management, provided that these costs must be incurred in order to settle the existing liability as at the balance day.

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

5.16. Financial liabilities and trade liabilities

Financial liabilities include in particular loans, credit facilities, debt bonds, not matured interest on bank credit facilities which are booked according to the accruals method, as well as discount on debt

securities to be settled in the following accounting period. Foreign currency loans are valued according to the selling rate of the bank employed by the Company.

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

Trade liabilities are initially carried at fair value. Afterwards, non-current liabilities are valued at adjusted acquisition price using the effective interest rate method. When the difference between the value given at adjusted acquisition price and

the value given as amount due and payable has no significant impact on the Group's financial results, then such liabilities are recognized in the balance sheet as amounts due and payable. The item of advances for deliveries covers both invoiced advances (including advances on apartments) and ones that have not been invoiced.

5.17. Methods of determining the financial result

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

5.18. Operating income

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

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

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

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

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

5.19. Operating expenses

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

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

5.20. Finance costs

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

5.21. Cash flow statement

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

5.22. Consolidation

These financial statements of Echo Investment S.A. Capital Group comprise the separate financial ~~statements of Echo Investment S.A. and its subsidiaries. Subsidiaries are all companies controlled by~~

the Group, which typically occurs if the Company holds more than half the voting rights in the given company, whether directly or via other Group companies. Grounds for control also exist if the Company is capable of influencing the given company's operating and financial activities. Subsidiaries are consolidated

as from the time of seizing control until loss of control over them.

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

Echo Investment S.A., which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current developer projects. Group companies have been established or acquired for the purpose of performing certain investment tasks. Most of them do not engage in any type of business activity other than one involved in the realization process of a specific project, followed by provisions of lease services of already completed property components or other services.

All internal Group transactions and settlement account balances are eliminated in the consolidation process. The value of shares held by the Company and other consolidated companies

in subsidiaries, corresponding to the Company's and other consolidated Group companies' interests in the equity of subsidiaries, is also eliminated.

As at June 30, 2009, Echo Investment Capital Group consists of 100 subsidiaries that are fully consolidated, one partially owned subsidiary consolidated according to the proportional method, and 3 companies valued according to equity method.

Subsidiaries:

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

Center' Limited Liability Company]			
"Echo – Centrum Jelenia Góra" Sp. z o.o. ['Echo – Jelenia Góra Center' Limited Liability Company]	Jelenia Góra	100%	Echo Investment S.A.
"Echo – Centrum Poznań" Sp. z o.o. ['Echo – Poznań Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Centrum Przemyśl" Sp. z o.o. ['Echo – Przemyśl Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Centrum Rzeszów" Sp. z o.o. ['Echo – Rzeszów Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Centrum Tarnów" Sp. z o.o. ['Echo – Tarnów Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Galaxy" Sp. z o.o. ['Echo – Galaxy' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Galaxy Sp. z o.o." Sp. kom. ['Echo – Galaxy Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Echo - Galaxy Szczecin" Sp. z o.o. ['Echo – Galaxy Szczecin' Limited Liability Company]	Szczecin	100%	"Echo – Galaxy Sp. z o.o." Sp. kom. ['Echo – Galaxy Limited Liability Company' Limited Partnership]
"Echo - Galeria Kielce" Sp. z o.o. ['Echo – Kielce Gallery Limited Liability Company]	Kielce	100%	"Echo – Kielce 1" Sp. z o.o. ['Echo – Kielce 1' Limited Liability Company]
"Echo – Kielce 1" Sp. z o.o. ['Echo – Kielce 1' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Metropolis" Sp. z o.o. ['Echo - Metropolis' Limited Liability Company]	Kielce	100%	"Echo – Centrum Poznań" Sp. z o.o. ['Echo – Poznań Center' Limited Liability Company]
"Echo - Park Postępu" Sp. z o.o. ['Echo - Park Postępu' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Pasaż Grunwaldzki" Sp. z o.o. ['Echo – Pasaż Grunwaldzki' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Pasaż Grunwaldzki Sp. z o.o." Sp. kom. ['Echo – Pasaż Grunwaldzki Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Echo – Project 1" LLC	Kiev	100%	"Echo Investment Ukraine" LLC
"Echo – Project 2" LLC	Kiev	100%	"Echo Investment Ukraine" LLC
"Echo – Project Management Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo – Property Poznań 1" Sp. z o.o. ['Echo – Property Poznań 1' Limited Liability Company]	Kielce	100%	Echo Investment S.A.

"Echo - Property Poznań 2" Sp. z o.o. ['Echo - Property Poznań 2' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - SPV 6" Sp. z o.o. ['Echo - SPV 6' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo - Veneda" Sp. z o.o. ['Echo - Veneda' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo ACC" Sp. z o.o. ['Echo ACC' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo Bau" Sp. z o.o. ['Echo Bau' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo Investment Hungary Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo Investment Project 1" S.R.L.	Bucharest	100%	Echo Investment S.A.
"Echo Investment Project Management" S.R.L.	Bucharest	100%	Echo Investment S.A.
"Echo Investment Ukraine" LLC	Kiev	100%	Echo Investment S.A.
"Est On Property Management" Sp. z o.o. ['Est On Property Management' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"MDP" Sp. z o.o. ['MDP' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Piomot Auto" Sp. z o.o. ['Piomot Auto' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Limited Liability Company]	Kielce	100%	"Echo - Kielce 1" Sp. z o.o. ['Echo - Kielce 1' Limited Liability Company]
"Princess Investment" Sp. z o.o. ['Princess Investment' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 28" Sp. z o.o. ['Project Echo - 28' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 30" Sp. z o.o. ['Project Echo - 30' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 34" Sp. z o.o. ['Project Echo - 34' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 37" Sp. z o.o. ['Project Echo - 37' Limited Liability Company]	Kielce	100%	Echo Investment S.A.

Liability Company]			
"Projekt Echo - 39" Sp. z o.o. ['Project Echo - 39' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 41" Sp. z o.o. ['Project Echo - 41' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 41 Sp. z o.o." Sp. kom. ['Project Echo - 41 Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 42" Sp. z o.o. ['Project Echo - 42' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 42 Sp. z o.o." Sp. kom. ['Project Echo - 42 Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 43" Sp. z o.o. ['Project Echo - 43' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 44" Sp. z o.o. ['Project Echo - 44' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 45" Sp. z o.o. ['Project Echo - 45' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 45 Sp. z o.o." Sp. kom. ['Project Echo - 45 Limited Liability Company' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 46" Sp. z o.o. ['Project Echo - 46' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 47" Sp. z o.o. ['Project Echo - 47' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 48" Sp. z o.o. ['Project Echo - 48' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 53" Sp. z o.o. ['Project Echo - 53' Limited Liability Company]	Kielce	100%	"Echo - Centrum Biznesu Łódź" Sp.z o.o. ['Echo - Łódź Business Center' Limited Liability Company]
"Projekt Echo - 54" Sp. z o.o. ['Project Echo - 54' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 55" Sp. z o.o. ['Project Echo - 55' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 56" Sp. z o.o. ['Project Echo - 56' Limited Liability Company]	Jelenia Góra	100%	"Echo - Centrum Jelenia Góra" Sp. z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company]

"Projekt Echo - 57" Sp. z o.o. ['Project Echo - 57' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 58" Sp. z o.o. ['Project Echo - 58' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 59" Sp. z o.o. ['Project Echo - 59' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 61" Sp. z o.o. ['Project Echo - 61' Limited Liability Company]	Kielce	100%	"Echo – Centrum Tarnów" Sp. z o.o. ['Echo – Tarnów Center' Limited Liability Company]
"Projekt Echo - 62" Sp. z o.o. ['Project Echo - 62' Limited Liability Company]	Kielce	100%	"Echo – Pasaż Grunwaldzki Sp. z o.o." Sp. kom. ['Echo – Pasaż Grunwaldzki Limited Liability Company' Limited Partnership]
"Projekt Echo - 63" Sp. z o.o. ['Project Echo - 63' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 65" Sp. z o.o. ['Project Echo - 65' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 67" Sp. z o.o. ['Project Echo - 67' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 68" Sp. z o.o. ['Project Echo - 68' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 69" Sp. z o.o. ['Project Echo - 69' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 70" Sp. z o.o. ['Project Echo - 70' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 71" Sp. z o.o. ['Project Echo - 71' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 72" Sp. z o.o. ['Project Echo - 72' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 73" Sp. z o.o. ['Project Echo - 73' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 74" Sp. z o.o. ['Project Echo - 74' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 75" Sp. z o.o. ['Project Echo - 75' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 76" Sp. z o.o. ['Project Echo - 76' Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 77" Sp. z o.o.	Kielce	100%	Echo Investment S.A.

[‘Project Echo - 77’ Limited Liability Company]			
“Projekt Echo - 80” Sp. z o.o. [‘Project Echo - 80’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 83" Sp. z o.o. [‘Project Echo - 83’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 84" Sp. z o.o. [‘Project Echo - 84’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 85" Sp. z o.o. [‘Project Echo - 85’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 86" Sp. z o.o. [‘Project Echo - 86’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 87" Sp. z o.o. [‘Project Echo - 87’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 88" Sp. z o.o. [‘Project Echo - 88’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 89" Sp. z o.o. [‘Project Echo - 89’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 90" Sp. z o.o. [‘Project Echo - 90’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 91" Sp. z o.o. [‘Project Echo - 91’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 92" Sp. z o.o. [‘Project Echo - 92’ Limited Liability Company] in liquidation	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 93" Sp. z o.o. [‘Project Echo - 93’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Naramowice" Sp. z o.o. [‘Project Naramowice’ Limited Liability Company]	Kielce	100%	"Zakłady Ogrodnicze Naramowice" Sp. z o.o. [‘Naramowice Gardening Enterprise’ Limited Liability Company]
"Projekt - Naramowice Poznań" Sp. z o.o. [‘Project - Naramowice Poznań’ Limited Liability Company]	Kielce	100%	Projekt Naramowice Sp. z o.o. [Project Naramowice Limited Liability Company]
"Projekt S" Sp. z o.o. [‘Project S’ Limited Liability Company]	Kielce	95%	Echo Investment S.A.
"Ultra Marina" Sp. z o.o. [‘Ultra Marina’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Wlementor Holdings" Ltd	Nicosia	100%	Echo Investment S.A.
"Zakłady Ogrodnicze Naramowice" Sp. z o.o.	Poznań	100%	Echo Investment S.A.

['Naramowice Gardening
Enterprise' Limited Liability
Company]

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

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

Associated 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.

5.23. Segment reporting

Segments of the Group's activity are determined as distinguishable fields where goods are distributed, services are provided, or groups of related goods or services, subject to risk and described by investment return rates different from those typical of other segments.

The following segments have been distinguished in the Capital Group:

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

Financial data relating to segments are presented in Notes 35A through 35D to the financial statements.

6. Estimations by Group Companies' Managements

Preparation of financial statements required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. Management Boards' estimations have essential impact on the financial statements in the following key areas:

6.1. Investment property

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

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

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

Because most lease agreements executed by the Group are denominated in EUR, appraisals of investment properties are prepared in EUR and converted into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date. According to the Group's valuations, the aggregate value of investment properties as at June 30, 2009 was 605,588 thousand EUR (594,625

thousand EUR as at December 31, 2008, and 573,566 thousand EUR as at June 30, 2008).

As at the end of the reporting period, projects under construction (which are presented under Investment property under construction) carried the risks related to the development process on such levels which, in the Management Board's opinion, prevented reliable estimation of fair value of these properties.

6.2. *Financial instruments for trade*

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

As at the balance day, the Company did not have any such financial instruments.

6.3. *Deferred income tax*

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

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

6.4. *Impact of the financial crisis on the Company's activities*

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

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

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

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

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

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

the Group's operations.

7. Financial risk management

7.1. Pricing risk

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

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

The Group's exposure to interest rate risk is concerned with financial assets and liabilities, particularly with loans granted, bank credit facilities obtained, and bonds issued. Variable interest rate loans, credits and bonds expose the Group to the risk of interest rate fluctuations while fixed-rate loans and credits expose the Group to fluctuations in fair value of financial instruments.

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

As at June 30, 2009, 52.2 % of liabilities arising from loans and debt securities were fixed-rate debts, while the remaining part consisted of variable-rate obligations.

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

Balance of liabilities arising from credit facilities and debt securities as at 2009-06-30	1 817 979
Interest charge	45 576
Estimated interest rate fluctuation	+/- 1 p.p.
Change of interest charge on account of interest rate fluctuations (on a yearly basis)	18 180
Estimated income tax	3 454
Net impact on the result	14 726
Balance of liabilities arising from credit facilities and debt securities as at 2008-12-31	1 714 053
Interest charge	87 773
Estimated interest rate fluctuation	+/- 1 p.p.
Change of interest charge on account of interest rate fluctuations (on a yearly basis)	17 141
Estimated income tax	3 257
Net impact on the result	13 884
Balance of liabilities arising from credit facilities and debt securities as at 2008-06-30	1 200 010

Interest charge	40 086
Estimated interest rate fluctuation	+/- 1 p.p.
Change of interest charge on account of interest rate fluctuations (on a yearly basis)	12 000
Estimated income tax	2 280
Net impact on the result	9 720

7.3. Currency risk

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

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

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

- repayment of credit installments

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

As a security against foreign exchange risks on the currency futures market, the Group opened a position in derivatives hedging the EUR/PLN exchange rate during 2007-2008. With the open positions, the Group is duly secured for the part of cash flows allocated to 2009 (75.2 million EUR) and to 2010 (229 million EUR, including 110.5 million in the 1st half of 2010). The transactions executed on the basis of contracts signed with banks were not speculative in nature and were effected within the scope of the applicable hedging policy to secure future levels of cash flows on operating activity and currency conversion of EUR-denominated credit facility tranches.

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

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

Balance of credit liabilities in EUR as at 2009-06-30	1 155 489
Estimated EUR rate fluctuations	+/- 1%
Foreign exchange gains/losses on account of interest rate variations	11 555
Estimated income tax	2 195
Net impact on the result	9 360
Balance of credit liabilities in EUR as at 2008-12-31	1 104 676
Estimated EUR rate fluctuations	+/- 1%
Foreign exchange gains/losses on account of interest rate variations	11 047
Estimated income tax	2 099
Net impact on the result	8 948
Balance of credit liabilities in EUR as at 2008-06-30	629 331
Estimated EUR rate fluctuations	+/- 1%
Foreign exchange gains/losses on account of interest rate variations	6 293
Estimated income tax	1 196
Net impact on the result	5 097

7.4. Credit risk

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

risk exists in respect of any of the Group's clients. As regards financial institutions and banks, the Group transacts business with well recognized institutions.

7.5. Liquidity risk

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

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

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

8. Equity risk management

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

In managing this risk, the Group takes decisions concerning financial leverage, dividend policy, issue of new stocks, or repurchase followed by redemption or resale of previously issued stocks, along with possible sales of assets in order to reduce debt level. Like other companies in the industry, the Group monitors its equity according to debt ratios. Debt ratio

is calculated as net debt to total equity value. Net debt is calculated as a total of credit facilities and loans (including current and long-term credit facilities and loans disclosed in the balance sheet) less cash and cash equivalent. Total value of equity is calculated as equity shown in the balance sheet with net debt.

Debt ratios as at June 30, 2008 and as at June 30, 2009 were as follows:

	1st half of 2009	1st half of 2008
Credit facilities total (Note 18A)	1 817 980	1 200 011
Cash and cash equivalents (Note 14A)	-140 544	-237 346
Net debt	1 677 436	962 665
Total shareholders' equity	1 718 912	1 568 704
Total equity	3 396 348	2 531 369
Debt ratio	49,39%	38,03%

9. Restatement of comparable statements

The Group implemented certain changes in the Group's accounting policy in 2008, consisting in:

- change of methodology of financial liabilities valuation;
- correction of valuation of investment property and lease liabilities by the value of discounted future perpetual usufruct fees.

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

	1st half of 2008, corrected	1st half of 2008, before correction	Difference
ASSETS			
1. Non-current assets	2 523 331	2 492 439	30 892
1.3 Tangible fixed assets	27 441	27 461	(20)
1.5. Investment property	1 923 854	1 892 942	30 912
2. Current assets	820 047	819 864	183
2.1. Inventories	514 466	514 283	183
ASSETS TOTAL	3 343 378	3 312 303	31 075
LIABILITIES			
1. Equity	1 568 696	1 563 573	5 123
1.1. Equity attributable to equity holders of the parent	1 568 704	1 563 581	5 123
1.1.2. Supplementary capital	1 493 280	1 488 157	5 123
2. Provisions	232 901	231 743	1 158
2.2. Provision for deferred income tax	218 037	216 879	1 158
3. Non-current liabilities	1 232 765	1 207 951	24 814
3.1. Borrowings	1 168 224	1 174 322	(6 098)
3.4. Leases	34 285	3 373	30 912
LIABILITIES TOTAL	3 343 378	3 312 283	31 095

These changes did not have an impact on the remaining financial statements for the 1st half of 2008.

10. Significant events after the balance date

On July 20, 2009, bonds were bought at face value and redeemed, for a total value of PLN 35 million. These bonds were issued on June 17, 2009 under a bonds issue programme signed with BRE Bank S.A.

On July 21, 2009 the Group 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 the Issuer's equity. These shares carried 42,374,824 votes, constituting 10.09% of the total number of votes at the Issuer's general meeting of shareholders. As at July 21, 2009, ING Open Pension Fund was holding 41,918,548 shares on its securities account, corresponding to 9.98% of the Issuer's share capital. These shares carried 41,918,548 votes, constituting 9.98% of the total number of votes at the Issuer's general meeting of shareholders.

On August 20, 2009, under the Credit Agreement signed by Malta Office Park Sp. z o.o. (Echo Investment Capital Group) with Westdeutsche ImmobilienBank AG, first installment of credit was provided to the borrower, in the amount of 10,140 thousand EUR.

11. Management Board Members' salaries

Managers of Echo Investment S.A. received the following remuneration at Echo Investment S.A. and for exercising their functions in the bodies of wholly and partially owned subsidiaries and associated companies in the 1st half of 2009, respectively:

- Mr. Piotr Gromniak received remuneration from Echo Investment S.A. in the total amount of 480 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly

and partially owned subsidiaries and associated companies;

- Mr. Artur Langner received remuneration from Echo Investment S.A. in the total amount of 455 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly and partially owned subsidiaries and associated companies;

EXPLANATORY NOTES

EXPLANATORY NOTES TO THE BALANCE SHEET

Note 1

OFF-BALANCE SHEET ITEMS (thousands PLN)	1st half of 2009	2008	1st half of 2008
1. Conditional liabilities			
1.1 To affiliated companies, on account of:			
a) granted guarantees and sureties	-	-	-
	-	-	-
1.2 To other companies, on account of:			
a) granted guarantees and sureties	4 320	4 032	2 885
b) court proceedings	31	31	388
c) purchase of land property in Kalisz	18 807	18 807	18 807
	23 158	22 870	22 080
Conditional liabilities total	23 158	22 870	22 080

On July 4, 2007, the Capital Group issued a surety for the obligations of "Projekt - Echo 49" Sp. z o.o. ('Project - Echo 49' Limited Liability Company) concerning repair of damage up to the amount of 1,361 thousand USD, equivalent as at the balance date to 4,320 thousand PLN. The Capital Group has a conditional liability to an individual running their own business under company name "MTM Consulting" for payment of additional price of sale of perpetual usufruct right to land property situated in Kalisz, up to the amount of 18,807 thousand PLN.

Conditional liabilities are presented at nominal value, not deviating from fair value.

As at June 30, 2009, the Group had certain investment liabilities arising from contracts signed with regard to future execution of commenced and scheduled construction projects, amounting to 75,502 thousand PLN. Financing of these liabilities envisaged from available cash under a current financing scheme or other external financing, and under existing and new sales contracts.

Note 2A

INTANGIBLE FIXED ASSETS (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) costs of finished development works	-	-	-
b) goodwill	-	-	-
c) acquired concessions, patents, licences and similar assets, including:	917	993	408
d) other intangible fixed assets	8	9	9
e) advances for intangible assets	-	-	-
Intangible fixed assets total	925	1 002	417

Note 2B**CHANGE OF INTANGIBLE FIXED ASSETS (BY TYPE GROUPS) (thousands PLN)**

For the period from 2009-01-01 to 2009-06-30	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible fixed assets total
a) value of intangible fixed assets before amortization and impairment losses as at the beginning of period	3 627	17	3 644
b) increases (on account of)			
- purchase	199	-	199
c) value of intangible fixed assets before amortization and impairment losses as at the end of period	3 826	17	3 843
d) accumulated amortization as at the beginning of period	2 634	8	2 642
e) amortization for the period (on account of)			
- scheduled	275	1	276
f) accumulated amortization (depreciation) as at the end of period	2 909	9	2 918
g) net value of intangible fixed assets as at the end of period	917	8	925

For the period from 2008-01-01 to 2008-12-31	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible fixed assets total
a) value of intangible fixed assets before amortization and impairment losses as at the beginning of period	2 711	16	2 727
b) increases (on account of)			
- purchase	916	1	1 678
c) value of intangible fixed assets before amortization and impairment losses as at the end of period	3 627	17	4 405
d) accumulated amortization as at the beginning of period	2 194	7	2 201
e) amortization for the period (on account of)			
- scheduled	440	1	1 202
f) accumulated amortization (depreciation) as at the end of period	2 634	8	3 403
g) net value of intangible fixed assets as at the end of period	993	9	1 002

For the period from 2008-01-01 to 2008-06-30	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible fixed assets total
a) value of intangible fixed assets before amortization and impairment losses as at the beginning of period	2 711	16	2 727
b) increases (on account of)			
- purchase	161	1	162
c) value of intangible fixed assets before amortization and impairment losses as at the end of period	2 872	17	2 889
d) accumulated amortization as at the beginning of period	2 194	7	2 201
e) amortization for the period (on account of)			
- scheduled	270	1	271
f) accumulated amortization (depreciation) as at the end of period	2 464	8	2 472
g) net value of intangible fixed assets as at the end of period	408	9	417

Note 3A

TANGIBLE FIXED ASSETS (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) land (including perpetual usufruct of land)	5 635	5 586	11 837
b) buildings, premises and civil engineering structures	4 413	3 994	3 649
c) plant and machinery	1 092	1 475	1 853
d) means of transport	6 420	7 580	8 744
e) other fixed assets	1 146	1 264	1 358
Tangible fixed assets total	18 706	19 899	27 441

NOTE 3B

CHANGE OF INTANGIBLE FIXED ASSETS (BY TYPE GROUPS) (thousands PLN)						
For the period from 2009-01-01 to 2009-06-30	Own land	Buildings and structures	Plant and machinery	Means of transport	Other...	Tangible fixed assets total
a) value of tangible fixed assets before depreciation and impairment losses as at the beginning of period	11 941	4 812	6 794	18 363	3 476	45 386
b) increases on account of:						
- purchase	-	41	38	105	12	196
- transfer to investment activity	50	474	-	-	-	524
c) decreases on account of:						
- sale	-	-	(221)	(185)	(5)	(411)
d) value of tangible fixed assets before depreciation and impairment losses as at the end of period	11 991	5 327	6 611	18 283	3 483	45 695
e) accumulated amortization as at the beginning of period	66	818	5 319	10 783	2 212	19 198
f) depreciation for the period (on account of)						
- scheduled	1	96	414	1 262	130	1 903
- sales adjustments	-	-	(214)	(182)	(5)	(401)
g) accumulated depreciation (amortization) as at the end of period	67	914	5 519	11 863	2 337	20 700
h) impairment losses	6 289	-				6 289
i) net value of tangible fixed assets as at the end of period	5 635	4 413	1 092	6 420	1 146	18 706

NOTE 3B**CHANGE OF INTANGIBLE FIXED ASSETS (BY TYPE GROUPS) (thousands PLN) continued**

For the period from 2008-01-01 to 2008-12-31	Own land	Buildings and structures	Plant and machinery	Means of transport	Other...	Tangible fixed assets total
a) value of tangible fixed assets before depreciation and impairment losses as at the beginning of period	3 458	4 545	6 527	18 417	3 182	36 129
b) increases on account of:						
- purchase	8 383	582	722	911	492	11 090
- transfer to investment activity	100	-	-	-	-	100
c) decreases on account of:						
- sale	-	-	(271)	(965)	(190)	(1 426)
- liquidation	-	(315)	(184)	-	(8)	(507)
d) value of tangible fixed assets before depreciation and impairment losses as at the end of period	11 941	4 812	6 794	18 363	3 476	45 386
e) accumulated amortization as at the beginning of period	4	832	4 368	9 143	1 871	16 218
f) depreciation for the period (on account of)						
- scheduled	62	201	1 319	2 594	401	4 577
- liquidation	-	(215)	(97)	-	(8)	(320)
- sales adjustments	-	-	(271)	(954)	(52)	(1 277)
g) accumulated depreciation (amortization) as at the end of period	66	818	5 319	10 783	2 212	19 198
h) impairment losses	6 289					6 289
i) net value of tangible fixed assets as at the end of period	5 586	3 994	1 475	7 580	1 264	19 899

NOTE 3B**CHANGE OF INTANGIBLE FIXED ASSETS (BY TYPE GROUPS) (thousands PLN) continued**

For the period from 2008-01-01 to 2008-06-30	Own land	Buildings and structures	Plant and machinery	Means of transport	Other...	Tangible fixed assets total
a) value of tangible fixed assets before depreciation and impairment losses as at the beginning of period	3 458	4 545	6 527	18 417	3 182	36 129
b) increases on account of:						
- purchase	8 383	269	571	784	273	10 280
c) decreases on account of:						
- sale	-	-	(47)	(186)	-	(233)
- liquidation	-	(75)	(180)	-	(8)	(263)
- consolidation adjustments	-	(158)	-	-	-	(158)
d) value of tangible fixed assets before depreciation and impairment losses as at the end of period	11 841	4 581	6 871	19 015	3 447	45 755
e) accumulated amortization as at the beginning of period	4	832	4 368	9 143	1 871	16 218
f) depreciation for the period (on account of)						
- scheduled	-	106	781	1 308	226	2 421
- liquidation	-	(6)	(92)	-	(8)	(106)
- sales adjustments	-	-	(39)	(180)	-	(219)
g) accumulated depreciation (amortization) as at the end of period	4	932	5 018	10 271	2 089	18 314
h) impairment losses						-
i) net value of tangible fixed assets as at the end of period	11 837	3 649	1 853	8 744	1 358	27 441

Note 3C

TANGIBLE FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) own	18 706	19 899	27 441
b) used under a lease contract, rental agreement or another similar agreement	-	-	-
Tangible fixed assets in the balance sheet, total	18 706	19 899	27 441

The Group has no collaterals established on tangible fixed assets.

Note 4

NON-CURRENT RECEIVABLES (thousands PLN)	1st half of 2009	2008	1st half of 2008
Receivables from non-affiliated companies, on account of:			
- deposits paid	7	58	52
Non-current receivables before translation and other charges	7	58	52
- revaluation allowances on receivables	-	-	-
Non-current receivables net	7	58	52

Note 5A

CHANGE IN PROPERTY BALANCE (BY TYPE GROUPS) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) balance as at the beginning of period	2 481 014	1 956 508	1 956 508
b) increases (on account of)			
- purchase	754	139	-
- transfer from fixed assets under construction	8 755	41 500	-
- transfer from tangible fixed assets	32 088	32 916	11 000
- transfer from inventories	-	4 503	-
- change in property valuation	203 512	460 420	15 550
	245 109	539 478	26 550
c) decreases (on account of)			
- sale	-	90	-
- change in property valuation	19 387	2 282	46 604
- transfer to fixed assets under construction	-	12 600	12 600
	19 387	14 972	59 204
d) balance as at the end of the period	2 706 736	2 481 014	1 923 854

The Company values real property at fair value as at the end of each consecutive calendar quarter.

Gains/losses from valuation are presented under "Revaluation of immovable property" in the Income Statement.

As at June 30, 2009, the Group was in possession of 19 investment properties located in different Polish cities. Because most lease contracts stipulate the rates of lease rent expressed in EUR (also USD), appraisals are prepared in these currencies and translated into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date.

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

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

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

The Company values real property at fair value as at the end of each consecutive calendar quarter.

Gains/losses from valuation are presented under "Revaluation of immovable property" in the Income Statement.

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

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

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

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

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

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

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

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

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

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

Note 5B

AMOUNTS PRESENTED IN THE INCOME STATEMENT (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) lease rent incomes pertaining to investment property	151 833	231 682	118 560
b) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that generated lease rent incomes during the given period	45 040	114 123	50 238
c) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that did not generate lease rent incomes during the given period	-	-	-

Note 5C

AMOUNTS PRESENTED IN THE INCOME STATEMENT (thousands PLN)	1st half of 2009	2008	1st half of 2008
Balance as at the beginning of period	711 555	503 410	503 410
a) increases (on account of)			
- transfer from investment property	-	12 600	12 600
- realization of investment expenditure	118 281	237 045	44 552
	118 281	249 645	57 152
b) decreases (on account of)			
- transfer to investment property	8 755	41 500	-
	8 755	41 500	-
Real property as at the end of period	821 081	711 555	560 562

Note 6

INTERESTS IN ASSOCIATED COMPANIES (thousands PLN)	1st half of 2009	2008	1st half of 2008
Balance as at the beginning of period	24 119	10 960	10 960
a) increases / decreases (on account of)			
- shares revaluation	-	(10 588)	-
- advances for acquisition of shares	1 696	23 744	-
- interest in profits/losses of associated companies	(22)	3	4
	1 674	13 159	4
Balance of equity interest in associates as at the end of period	25 793	24 119	10 964

The value of advances for acquisition of shares as at June 30, 2009 is 25,436 thousand PLN.

As at June 30, 2008, "W.A. Hotele" Sp. z o.o. was the holder of assets worth 25,756 thousand PLN and liabilities in the amount of 2 thousand PLN.

It did not earn any sales revenues and it closed its business activities with a loss of 16 thousand PLN

As at June 30, 2009, "WAN Invest" Sp. z o.o. was the holder of assets worth 687 thousand PLN and liabilities in the amount of 115 thousand PLN.

It did not earn any sales revenues and it closed its business activities with a loss of 44 thousand PLN

As at June 30, 2009, "Projekt Echo - 23" Sp. z o.o. in liquidation was the holder of assets worth 12 thousand PLN. It did not have any liabilities, did not earn any sales revenues, and it closed its business activities with a loss of 1 thousand PLN

Note 7

LOANS GRANTED (CURRENCY STRUCTURE) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) in the Polish currency	198	651	836
b) in foreign currencies (by currency, after conversion to zlotys)	-	-	-
Granted loans total	198	651	836
- including long-term part	12	13	41
- including short-term part	186	638	795
Interest rates applied to discounting anticipated cash inflows	5,16%	6,36%	7,18%

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

The granted loans are not secured.

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

Note 8A

CHANGE IN THE BALANCE OF DEFERRED INCOME TAX ASSETS (+) AND PROVISIONS FOR DEFERRED INCOME TAX (-) (thousands PLN)	1st half of 2009	2008	1st half of 2008
1. Balance of deferred income tax assets as at the beginning of period, including:			
- financial instruments	35 446	(1 277)	(1 277)
- investment property	(266 935)	(175 085)	(175 085)
- shares in wholly or partially owned subsidiaries and in associated companies *	(7 351)	(7 351)	(7 351)
- tax loss	4 895	860	860
- borrowing liabilities	20 521	(11 314)	(11 314)
- other	(19 616)	(13 961)	(13 961)
	(233 040)	(208 128)	(208 128)
2. Increases			
- financial instruments	11 100	35 446	(3 349)
- investment property	(39 320)	(91 850)	2 013
- shares in wholly or partially owned subsidiaries and in associated companies *	(2 184)	-	-
- tax loss	4 943	4 897	7 248
- borrowing liabilities	14 621	21 466	(5 683)
- other	(6 389)	462	(4 693)
	(17 229)	(29 579)	(4 464)
3. Decreases			
- financial instruments	402	(1 277)	-
- investment property	(8 377)	-	(2 065)
- shares in wholly or partially owned subsidiaries and in associated companies *	-	-	-
- tax loss	545	862	66
- borrowing liabilities	(5 401)	(10 369)	289
- other	5 152	6 117	7 155
	(7 679)	(4 667)	5 445
4. Balance of deferred income tax as at the end of period, total:			
- financial instruments	46 144	35 446	(4 626)
- investment property	(297 878)	(266 935)	(171 007)
- shares in wholly or partially owned subsidiaries and in associated companies *	(9 535)	(7 351)	(7 351)
- tax loss	9 293	4 895	8 042
- borrowing liabilities	40 543	20 521	(17 286)
- other	(31 157)	(19 616)	(25 809)
	(242 590)	(233 040)	(218 037)

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

The Group estimates that it will utilize the tax loss asset during the upcoming years as follows:

2009: 3,644 thousand PLN, 2010: 4,361 thousand PLN, 2011: 1,288 thousand PLN

The Group did not recognize deferred income tax assets in the amount of 326 thousand PLN for tax losses as the settlement of these losses in the upcoming years is not certain.

Note 8B

DEFERRED INCOME TAX ASSETS (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) due for realization within 12 months	16 724	5 088	(6 550)
b) due for realization after 12 months	(259 314)	(238 128)	(211 487)
	(242 590)	(233 040)	(218 037)

Note 9A

INVENTORIES (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) materials	201	201	197
b) semi-finished products and work in process	323 446	399 340	461 825
c) finished products	105 860	70 365	38 469
d) merchandise	4 427	1 738	1 759
e) advances for deliveries	6 784	15 011	12 216
Inventories total	440 718	486 655	514 466

"Finished products" include finished apartments for sale.

"Semi-finished products and work in process" mainly includes real estate owned by the Group and investments on housing projects in preparation and in development.

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

Inventories are valued at not more than achievable net value. This value is obtained from information from the active market.

Reversal of inventories value allowance is related to sale of the given inventory or increase of net sales price. The amounts of write-downs of inventories, which are recognized as cost in the period, and the amounts of reversals of write-downs of inventories, which are recognized as revenue during the period, are presented in the income statement as other operating income / costs.

Note 9B

INVENTORIES - IMPACT ON PROFIT/LOSS (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) value of inventories recognized as cost in a given period	44 906	86 424	68 776
b) amounts of write-downs of inventories in the period	3 080	11 268	7 396
c) amounts of write-down reversals of inventories in the period	4 492	12 388	1 594

Note 10

TAX RECEIVABLES BY TITLES (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) income tax	3 183	3 478	2 241
b) VAT	32 310	46 923	23 613
c) other	27	21	84
Tax receivables total	35 520	50 422	25 938

Note 11A

CURRENT RECEIVABLES (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) trade receivables, payable within:			
- up to 12 months	11 716	12 261	7 420
- over 12 months	749	749	932
	12 465	13 010	8 352
b) other receivables	6 946	1 216	569
c) bank deposits	88 518	32 011	-
d) accruals	9 632	10 442	7 265
Net current receivables total	117 561	56 679	16 186
- revaluation allowances on receivables	3 656	3 171	2 792
Current receivables before currency translation and other charges, total	121 217	59 850	18 978

Note 11B

CHANGE IN THE BALANCE OF REVALUATION ALLOWANCES ON CURRENT RECEIVABLES (thousands PLN)	1st half of 2009	2008	1st half of 2008
Balance as at the beginning of period	3 171	3 623	3 623
a) increases (on account of)			
- creating an allowance	680	873	135
	680	873	135
b) decreases (on account of)			
- repayment	195	1 271	966
- release of provision	-	-	-
- discontinuance of enforcement proceedings	-	54	-
	195	1 325	966
Balance of revaluation allowances on current receivables as at the end of period	3 656	3 171	2 792

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

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

Note 11C

CURRENT RECEIVABLES BEFORE CURRENCY TRANSLATION AND OTHER CHARGES (CURRENCY STRUCTURE) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) in the Polish currency	120 447	59 850	18 978
b) in foreign currencies (by currency, after conversion to zlotys)			
b1. in thousands USD	8	-	-
b1. after translation in thousands PLN	25	-	-
b2. in thousands EURO	65	-	-
b2. after translation, in thousands PLN	293	-	-
b3. in thousands RON	138	-	-
b3. after translation, in thousands PLN	131	-	-
b4. in thousands HUF	23 769	-	-
b4. after translation, in thousands PLN	321	-	-
	770	-	-
Current receivables total	121 217	59 850	18 978

Note 11D

TRADE RECEIVABLES (BEFORE TAX AND INTEREST CHARGE) - DUE DATE REMAINING UNTIL THE BALANCE DAY (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) up to 1 month	1 932	1 737	2 047
b) over 1 month up to 3 months	496	3 773	522
c) over 3 months up to 6 months	277	50	-
d) over 6 months up to 1 year	282	183	183
e) over 1 year	749	749	932
f) receivables overdue	12 385	9 689	7 460
Trade receivables total (before adjustment)	16 121	16 181	11 144
g) revaluation allowances on trade receivables	(3 656)	(3 171)	(2 792)
Trade receivables total (net)	12 465	13 010	8 352

Note 11E

TRADE RECEIVABLES OVERDUE (BEFORE TAX AND INTEREST CHARGE) - BY PERIOD OVERDUE (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) up to 1 month	5 270	5 104	2 674
b) over 1 month up to 3 months	2 570	675	1 090
c) over 3 months up to 6 months	834	963	280
d) over 6 months up to 1 year	867	667	247
e) over 1 year	2 844	2 280	3 169
Trade receivables overdue total (before adjustment)	12 385	9 689	7 460
f) revaluation allowances on trade receivables overdue	(3 656)	(3 171)	(2 601)
Trade receivables overdue total (net)	8 729	6 518	4 859

Note 11F

TRADE RECEIVABLES (BEFORE TAX AND INTEREST CHARGE) - BY PERIOD OVERDUE (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) current receivables without impairment	3 737	6 492	3 493
b) overdue receivables without impairment	8 729	6 518	4 859
c) receivables with impairment	3 656	3 171	2 792
Trade receivables total (before tax and interest charge)	16 122	16 181	11 144

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

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

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

Note 12A

DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) Interest Rate Swap	-	428	-
b) currency options	115	1 216	21 742
c) currency forwards	629	-	3 574
Derivative financial investments total	744	1 644	25 316
including with maturity dates			
- up to 1 year	115	357	25 316
- 1 to 3 years	629	1 043	-
- 3 to 5 years	-	122	-
- over 5 years	-	122	-

Note 12B

DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) Interest Rate Swap	2 165	138	-
b) currency options	25 617	13 538	200
c) currency forwards	282 263	226 280	770
Derivative financial investments total	310 045	239 956	970
including with maturity dates			
- up to 1 year	184 528	65 833	970
- 1 to 3 years	124 351	174 045	-
- 3 to 5 years	666	39	-
- over 5 years	500	39	-

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

The sum of face values of uncleared currency forwards as at December 31, 2008 was 279 million EUR. These contracts concern sale of EUR during 2009-2010 and their purpose is to secure part of the envisaged future cash flows at the Group against foreign exchange risk.

The sum of face values of uncleared currency options as at December 31, 2008 was 52.2 million EUR. These contracts concern selling and buying of EUR during 2009-2010 and their purpose is to secure part of the envisaged future cash flows at the Group against foreign exchange risk.

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

Note 13A

CASH AND CASH EQUIVALENTS (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) cash in hand and on bank accounts	140 544	321 793	237 346
b) other cash	-	-	-
c) other cash assets	-	-	-
Cash and cash equivalents total	140 544	321 793	237 346
- including with limited disposability	8 860	8 885	-

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

Maximum credit risk for cash is equal to the balance sheet value of that cash.

Note 13B

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) in the Polish currency	135 677	315 737	236 676
b) in foreign currencies (by currency, after conversion to zlotys)			
b1. in thousands USD	39	65	48
b1. after translation in thousands PLN	122	191	101
b2. in thousands EURO	233	459	169
b2. after translation, in thousands PLN	841	1 695	569
b3. in thousands RON	236	1 388	-
b3. after translation, in thousands PLN	252	1 444	-
b4. in thousands HUF	222 075	172 325	-
b4. after translation, in thousands PLN	3 645	2 716	-
b5. in thousands UAH	23	24	-
b5. after translation, in thousands PLN	10	10	-
	4 870	6 056	670
Cash and cash equivalents total	140 547	321 793	237 346

Note 14A**SHARE CAPITAL (STRUCTURE)**

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

Note 14B**SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF SHARE CAPITAL AS AT JUNE 30, 2009**

Shareholders	Number of votes / shares	Percentage of share capital	% of votes at the General Meeting of Shareholders
Michał Solowow - directly	16 591 450	3,95%	3,95%
Michał Solowow - indirectly through:	153 325 130	36,51%	36,51%
- Magellan Pro-Equity Fund I S.A.	141 409 680	33,67%	33,67%
- Open World Pro-Asia Trading Sp. z o.o.	11 413 450	2,72%	2,72%
- Barcocapital Investment Ltd.	502 000	0,12%	0,12%
ING OFE	44 078 210	10,49%	10,49%
Aviva OFE Aviva BZ WBK	43 274 227	10,30%	10,30%
OFE PZU Złota Jesień OFE	41 066 860	9,78%	9,78%
Other Shareholders	121 664 123	28,97%	28,97%

Note 15

SUPPLEMENTARY CAPITAL (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) from sale of shares above par value	100 943	100 943	100 943
b) established by force of law	80	80	80
c) established by force of articles above the value required by law	1 573 407	1 457 834	1 457 834
d) other	22	22	22
e) consolidation adjustments	(76 951)	(65 599)	(65 599)
Supplementary capital total	1 597 501	1 493 280	1 493 280

The net profit earned by "Echo Investment S.A." in 2008, amounting to 39,916 thousand PLN, was allocated to supplementary capital through resolution of the Ordinary General Meeting of Shareholders of May 28, 2009.

Note 16

CHANGE IN NON-CONTROLLING INTERESTS (thousands PLN)	1st half of 2009	2008	1st half of 2008
Balance as at the beginning of period	(8)	19	19
a) decreases (on account of)			
- net result of Projekt S Sp. z o.o.	-	(27)	(27)
Non-controlling interests as at the end of period	(8)	(8)	(8)

Note 17A

BORROWINGS (BY TYPE) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) credit facilities	1 237 957	1 164 487	644 585
b) debt securities	580 022	549 566	555 425
c) interest on credits and loans	1	111	1
Borrowings total	1 817 980	1 714 164	1 200 011
- including long-term part	1 678 047	1 589 154	1 168 224
- including short-term part	139 933	125 010	31 787

Note 17B

LONG-TERM BORROWINGS WITH DUE DATES REMAINING AS FROM THE BALANCE DAY (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) up to 12 months	139 933	125 010	31 787
b) over 1 year up to 3 years	364 437	279 220	222 271
c) over 3 years up to 5 years	441 759	513 632	522 181
d) over 5 years	871 851	796 302	423 772
Borrowings total	1 817 980	1 714 164	1 200 011

Note 17C

BORROWINGS (CURRENCY STRUCTURE) (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) in the Polish currency	640 027	587 954	555 431
b) in foreign currencies (by currency, after conversion to zlotys)			
b1. in thousands USD	7 189	7 333	7 474
b1. after translation in thousands PLN	22 464	21 534	15 249
b2. in thousands EURO	260 320	268 206	187 898
b2. after translation, in thousands PLN	1 155 489	1 104 676	629 331
	1 177 953	1 126 210	644 580
Non-current financial liabilities total	1 817 980	1 714 164	1 200 011
Interest rates applied to discounting anticipated cash flows:			
a) for bonds	6,63%	7,66%	8,05%
b) for credit facilities denominated in EUR	4,65%	5,04%	7,12%
c) for credit facilities denominated in USD	2,40%	2,34%	4,11%

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

NOTE 17D

NON-CURRENT LIABILITIES - BORROWINGS

Name (company name) of the organization, specifying the legal form	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
Pekao S.A.	Warsaw	40 678	9,101 thousand EUR	4 851	1,098 thousand EUR	EURIBOR 1M + margin	2010-08-31	<ul style="list-style-type: none"> - capped mortgage on property for the amount of 11,831 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under execution contracts, - assignment of receivables under insurance policies, - statement of "Echo Investment" S.A. on voluntary submission to enforcement, - registered pledge on shares of "Projekt Echo - 56" Sp. z o.o. ['Project Echo - 56' Limited Liability Company], - power of attorney to bank account
Pekao S.A.	Warsaw	22 179	4,962 thousand EUR	1 857	416 thousand EUR	EURIBOR 1M + margin	2010-04-30	<ul style="list-style-type: none"> - capped mortgage on property for the amount of 6,451 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under execution contracts, - assignment of receivables under insurance policies, - statement of "Echo Investment" S.A. on voluntary submission to enforcement, - registered pledge on shares of "Echo - Centrum Bełchatów" Sp. z o.o. ['Echo - Bełchatów Center' Limited Liability Company], - power of attorney to bank account
Eurohypo AG	Eschborn	49 613	11,100 thousand EUR	10 074	2,291 thousand EUR	EURIBOR 3M + margin	2010-07-15	<ul style="list-style-type: none"> - capped mortgage on property for the amount of 15,540 thousand EUR, - assignment of receivables under lease contracts and management contract, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo Projekt - 61" Sp. z o.o. ['Echo Project - 61' Limited Liability Company], - assignment of receivables under bank account agreement
ING Bank Śląski SA	Katowice	18 906	4,230 thousand EUR	4 186	954 thousand EUR	EURIBOR 1M + margin	2012-06-30	<ul style="list-style-type: none"> - capped mortgage on properties for the amount of 3,420 thousand EUR, - assignment of receivables under lease contracts and management contract, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo Investment - Centrum Handlowe Przemysł" Sp. z o.o. ['Echo Investment - Przemysł Shopping Center' Limited Liability Company], - surety of "Echo - SPV 6" Sp. z o.o. ['Echo - SPV 6' Limited Liability Company], - assignment of receivables under bank account agreement

NOTE 17D

NON-CURRENT LIABILITIES - BORROWINGS continued

Name (company name) of the organization, specifying the legal form	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
Eurohypo AG	Eschborn	446 960	100,000 thousand EUR	420 345	94,248 thousand EUR	Fixed interest rate until 31/12/2015; EURIBOR 1M + margin	2018-03-31	<ul style="list-style-type: none"> - capped mortgage on property for the amount of 150,000 thousand EUR, - assignment of receivables under lease contracts and management contract, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Galaxy Szczecin" Sp. z o.o. [Echo - Galaxy Szczecin' Limited Liability Company], - assignment of receivables under bank account agreement, - assignment of receivables due from CAP transactions, - assignment of receivables under land plot lease contract, - statement of "Echo Investment" S.A. on voluntary submission to enforcement
Pekao S.A.	Warsaw	162 246	36,300 thousand EUR	116 784	26,287 thousand EUR	Fixed interest rate until 31/12/2013 for 80% of value; EURIBOR 1M + margin	2014-02-28	<ul style="list-style-type: none"> - capped mortgage on properties up to the amount of 72,600 thousand EUR, - registered pledge on shares of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [Echo Investment - Piotrków trybunalski Shopping Center' Limited Liability Company], - assignment of receivables under lease contracts, - assignment of receivables under insurance contracts of the financed real estates, - registered pledge on receivables under bank account agreements
Kredyt Bank S.A.	Warsaw	80 453	18,000 thousand EUR	45 416	10,395 thousand EUR	EURIBOR 1M + margin	2013-10-31	<ul style="list-style-type: none"> - capped mortgage on property for the amount of 27,000 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Galeria Kielce" Sp. z o.o. [Echo - Kielce Gallery' Limited Liability Company], - power of attorney to bank accounts of "Echo - Galeria Kielce" Sp. z o.o. [Echo - Kielce Gallery' Limited Liability Company]
Eurohypo AG	Eschborn	87 880	13,840 thousand EUR 8,200 thousand USD	75 497	12,084 thousand EUR 7,189 thousand USD	EURIBOR 1M + margin; LIBOR 1M + margin	2014-09-30	<ul style="list-style-type: none"> - capped mortgage on property for the amount of 30,600 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - assignment of receivables under hedging contracts, - assignment of receivables under income statements from lease and deposits,

- registered pledge on shares of "Athina Park" Sp. z o.o. ["Athina Park" Limited Liability Company]

NOTE 17D

NON-CURRENT LIABILITIES - BORROWINGS continued

Name (company name) of the organization, specifying the legal form	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
Eurohypo AG	Eschborn	71 737	16,050 thousand EUR	61 598	13,956 thousand EUR	EURIBOR 1M + margin	2016-01-29	- capped mortgage on property for the amount of 48,000 thousand EUR, - assignment of receivables under lease contracts, - registered pledge on shares of "WAN 11" Sp. z o.o. ["WAN 11" Limited Liability Company], - subordination of borrower's liabilities to shareholder to borrower's liabilities to the bank on account of granted loan
Total		1 427 612		1 177 957				

Note 17E**OPEN LINES OF CREDIT**

Name (company name) of the organization, specifying the legal form	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due in		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	thousands PLN	currency			
PKO BP S.A.	Warsaw	20 000		-		WIBOR 1M + margin	2009-08-20	- surety clause from current account at PKO BP S.A., - statement of voluntary submission to enforcement
PKO BP S.A.	Warsaw	40 000		-		WIBOR 1M + margin	2009-08-20	- surety clause from current account at PKO BP S.A., - statement of voluntary submission to enforcement
Pekao S.A.	Warsaw	40 000		-		WIBOR 1M + margin	2009-09-30	- blank promissory note, - power of attorney to bank account, - statement of submission to enforcement
Bank Zachodni WBK S.A.	Wroclaw	16 000		-		WIBOR 1M + margin	2009-10-31	- blank promissory note, - statement of voluntary submission to enforcement, - power of attorney to bank account
Pekao S.A.	Warsaw	90 000		60 000		WIBOR 1M + margin	2010-09-30	- power of attorney to bank account
Total		226 000		60 000				

Note 17F**NON-CURRENT LIABILITIES - DEBT FINANCIAL INSTRUMENTS ISSUED (thousands PLN)**

Debt financial instruments by type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / collaterals	Additional privileges	Quotation market
Bonds (BRE S.A.)	35 000	WIBOR 6M + margin	2009-07-20	-	-	-
Bonds (BRE S.A.)	150 000	WIBOR 6M + margin	2011-05-25	-	-	-
Bonds (BRE S.A.)	100 000	WIBOR 6M + margin	2013-05-25	-	-	-
Bonds (BRE S.A.)	300 000	WIBOR 6M + margin	2014-06-30	-	-	-
Total	585 000					

Note 18

LEASES WITH DUE DATES REMAINING AS FROM THE BALANCE DAY (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) up to 12 months	89	89	89
b) over 1 year up to 3 years	179	179	179
c) over 3 years up to 5 years	180	180	180
d) over 5 years	33 735	33 787	33 837
Borrowings total	34 183	34 235	34 285

Note 19

TRADE LIABILITIES AND OTHER LIABILITIES (in thousands PLN)	1st half of 2009	2008	1st half of 2008
a) trade liabilities, payable within:			
- up to 12 months	35 808	93 003	46 188
- over 12 months	4 743	5 934	5 939
	40 551	98 937	52 127
b) other liabilities:			
- deposits received	85	1 265	9 250
- salary liabilities	78	76	112
- company social benefits fund	57	163	534
- prepaid expenses	7 988	10 914	13 791
- other liabilities	1 504	1 173	1 255
	9 712	13 591	24 942
Trade liabilities and other liabilities total	50 263	112 528	77 069

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

Note 20

CHANGE IN THE BALANCE OF PROVISION FOR DEFERRED INCOME TAX (thousands PLN)	1st half of 2009	2008	1st half of 2008
a) balance as at the beginning of period	18 260	15 814	15 814
b) increases (on account of)			
- provision for anticipated administrative costs	3	-	-
- provision for anticipated penalties and losses	169	3 461	10
- provision for court proceedings	820	-	-
	992	3 461	10
c) utilization (on account of)			
- incurred penalties and losses	-	215	160
- incurred costs arising from court proceedings	-	441	441
	-	656	601
d) release (on account of)			
- provision for anticipated penalties and losses	3 230	359	359
	3 230	359	359
e) balance as at the end of period			
- provision for anticipated administrative costs	3	-	-
- provision for anticipated penalties and losses	9 199	12 260	8 864
- provision for anticipated costs of guarantee repairs, renovations, etc.	6 000	6 000	6 000
- provision for court proceedings	820	-	-
	16 022	18 260	14 864

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

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

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

EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 21A

NET SALES INCOMES BY TITLE: (thousands PLN)	1st half of 2009	1st half of 2008
a) letting of space in shopping centers and shopping/entertainment centers	128 936	104 911
b) sales and letting of residential space	71 834	44 980
c) development and letting of space in office and hotel projects	23 079	15 701
d) property trade	1 879	6 711
e) other revenues	4 670	4 701
Net sales incomes total	230 398	177 004

Note 21B

NET SALES INCOME (BY TERRITORY) (thousands PLN)	1st half of 2009	1st half of 2008
a) Poland	228 969	177 004
b) export	1 429	-
Net sales incomes total	230 398	177 004

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

Note 22A

COSTS BY TYPE (thousands PLN)	1st half of 2009	1st half of 2008
a) depreciation/amortization	(2 180)	(2 659)
b) consumption of materials and energy	(26 754)	(23 729)
c) foreign services	(4 469)	(73 627)
d) taxes and charges	(15 270)	(14 093)
e) salaries and wages	(13 663)	(16 983)
f) social security and other performances	(2 301)	(3 749)
g) other costs by type	(2 367)	(4 244)
h) value of sold goods and materials	-	-
Costs by type, total	(67 004)	(139 084)
Change in the balance of inventories, products and accruals	50 038	(26 885)
Cost of manufacture of products for the company's own purposes	(6 895)	-
Costs of sales	(8 568)	(10 467)
Administrative costs	(13 750)	(22 602)
Production cost of sold products	(87 829)	(79 130)

Note 22B

COST OF SALES BY TITLE: (thousands PLN)	1st half of 2009	1st half of 2008
a) letting of space in shopping centers and shopping/entertainment centers	(29 364)	(32 542)
b) sales and letting of residential space	(45 818)	(28 831)
c) development and letting of space in office and hotel projects	(7 353)	(6 365)
d) property trade	(1 724)	(7 521)
e) other	(3 570)	(3 871)
Operating costs total	(87 829)	(79 130)

Note 24A

OTHER OPERATING INCOMES (thousands PLN)	1st half of 2009	1st half of 2008
- incomes from sales of non-financial tangible assets	59	829
- revaluation of inventories	1 339	10 961
- revaluation of receivables	-	1 445
- release of provisions and allowances	3 230	6 554
- interest earnings on operating activities	3 909	7 252
- liquidated damages	1 586	491
- indemnities and penalties	91	120
- other	258	802
Other operating incomes total	10 472	28 454

Note 24B

OTHER OPERATING COSTS (thousands PLN)	1st half of 2009	1st half of 2008
- costs of sales of non-financial tangible assets	(114)	(994)
- revaluation of inventories	-	(47)
- revaluation of receivables	(509)	-
- established reserves	(820)	(10)
- donations	(18)	(295)
- write-off of bad receivables	(11)	(63)
- extraordinary loss	(29)	-
- donations	(17)	-
- non-deductible VAT	(16)	-
- damages	(962)	(734)
- revaluation of goodwill of subsidiaries	-	(25)
- other	(362)	(869)
Other operating expenses total	(2 858)	(3 037)

Note 25

FINANCE INCOMES (thousands PLN)	1st half of 2009	1st half of 2008
- interest incomes	41	150
- profit on sale of investments	1 701	-
- forwards revaluation incomes	-	2 804
- options revaluation incomes	14 842	14 822
- other finance incomes	941	281
Finance incomes total	17 525	18 057

Note 26

FINANCE COSTS (thousands PLN)	1st half of 2009	1st half of 2008
- interest costs	(50 651)	(38 960)
- valuation of credits and bonds	5 075	(1 126)
- financial commissions	(184)	(785)
- loss on sale of investments	(33 004)	-
- costs of forwards revaluation	(62 399)	-
- costs of options revaluation	(20 924)	-
- costs of revaluation of other financial instruments (IRS)	(2 455)	-
- other finance costs	(301)	(108)
Finance costs total	(164 843)	(40 979)

During the 1st half of 2009, the activated amount of external financing costs was 529 thousand PLN

Yield rate amounted to 1.16% of total value of interest.

Note 27

GAINS (LOSSES) ON FOREIGN EXCHANGE DIFFERENCES (thousands PLN)	1st half of 2009	1st half of 2008
- realized foreign exchange gains	-	-
- unrealized foreign exchange gains	-	60 242
- realized foreign exchange losses	(3 638)	(25 343)
- unrealized foreign exchange losses	(73 328)	-
Foreign exchange difference gains (losses) total	(76 966)	34 899

Note 28

CURRENT INCOME TAX (thousands PLN)	1st half of 2009	1st half of 2008
1. Profit before tax	87 682	71 123
2. Tax calculated at national rates	16 663	13 513
3. Differences:		
Non-taxable income	(1 645)	-
Non-deductible expenses	804	4 356
Utilization of tax losses previously not recognized	(340)	-
Tax losses where deferred income tax was not recognized	326	258
Costs of partnerships in the period, not generating temporary differences	(7)	-
Consolidation adjustments where deferred income tax was not recognized	754	(3 586)
	(108)	1 028
Total income tax charge of financial result	16 555	14 541

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Note 29

CORRECTIONS TO CHANGES IN BALANCE SHEET ITEMS CARRIED UNDER A.II.14 "OTHER CORRECTIONS" (in thousands PLN)	1st half of 2009	1st half of 2008
Correction - transfer of commenced investment to inventories	-	68
Other...	-	1
Corrections total	-	69

Note 30

CASH CARRIED TO THE CASH FLOW STATEMENT (thousands PLN)	1st half of 2009	1st half of 2008
Balance as at the beginning of period, including		
- cash in hand and on bank accounts	321 717	393 970
- other cash	-	-
- other cash equivalents	76	76
	321 793	394 046
Balance as at the end of period		
- cash in hand and on bank accounts	140 544	237 346
- other cash	-	-
- other cash equivalents	-	-
	140 544	237 346

Qualification of operating activities of "Echo Investment" S.A. includes revenues earned and costs sustained in relation to conducting developer activities, i.e. provision of an extensive range of services related to property market.

Investing activities include payments for acquired and sold fixed assets, i.e. tangible fixed assets, intangible fixed assets, financial deposits, granting and repayment of loans, including benefits earned on deposits and granted loans.

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

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

SEGMENT REPORTING - INDUSTRY SEGMENTS

Note 31A

ASSET TO SEGMENT ALLOCATION (in thousands PLN)	H1 2009	2008	H1 2008
- shopping centers	2 928 093	2 823 983	2 136 420
- office buildings	724 960	607 776	386 334
- residential areas	397 514	447 672	468 522
- non-allocated assets	257 966	276 060	352 102
Assets total	4 308 533	4 155 491	3 343 378

Note 31B

LIABILITY TO SEGMENT ALLOCATION (in thousands PLN)	H1 2009	2008	H1 2008
a) Poland			
- shopping centers	1 270 875	1 181 140	584 720
- office buildings	330 805	301 179	118 905
- residential areas	67 927	90 797	191 921
- non-allocated liabilities	920 022	941 783	879 136
Total liabilities	2 589 629	2 514 899	1 774 682

Note 31C

OPERATING INCOME TO SEGMENT ALLOCATION (in thousands PLN)	H1 2009	H1 2008
- shopping centers	128 936	104 911
- office buildings	23 079	15 701
- residential areas	71 834	44 980
- non-allocated incomes	6 549	11 412
Other operating incomes	230 398	177 004

Note 31D

OPERATING EXPENSE TO SEGMENT ALLOCATION	H1 2009	H1 2008
- shopping centers	(29 364)	(32 542)
- office buildings	(7 353)	(6 365)
- residential areas	(45 818)	(28 831)
- non-allocated costs	(5 294)	(11 392)
Total operating expenses	(87 829)	(79 130)

Date: August 27, 2009

Management Board of Echo Investment S.A.

Piotr Gromniak

Artur Langner

President of the Management Board

Vice-President of the Management Board

Person in charge of keeping books of accounts

Tomasz Sułek

Chief Accountant

II. Condensed separate financial statements of Echo Investment S.A. for the 1st half of 2009, covering the period from January 1, 2009 to June 30, 2009, prepared in conformity with the International Financial Reporting Standards.

Interim statement of financial position [in thousands PLN]

balance as at [in thousands PLN]	Note	30.06.2009	31.12.2008	2008-06-30 restated
Assets				
1. Non-current assets				
1.1. Intangible fixed assets	1	924	1 001	416
1.2. Tangible fixed assets	2	11 215	11 636	13 370
1.3. Investment property	3	13 737	12 959	3 935
1.4. Investments in fully and partially owned subsidiaries	3	469 332	463 779	410 727
1.5. Investments in associated companies	3	61	62	10 650
1.6. Loans granted	3	11 691	12 909	135 853
1.7. Other financial assets	3	50	50	-
		507 010	502 396	574 951
2. Current assets				
2.1. Inventories	4	375 953	410 935	462 573
2.2. Current income tax receivables	5	2 515	1 890	918
2.3. Other tax receivables	5	740	4 000	4 095
2.4. Trade receivables and other receivables	5	152 909	138 599	34 033
2.5. Loans granted	6	194 067	192 772	93 542
2.6. Derivative financial instruments	6	1	295	20 947
2.7. Cash and cash equivalents	6	51 522	39 608	92 252
		777 707	788 099	708 360
Assets total		1 284 717	1 290 495	1 283 311
Liabilities				
1. Equity				
1.1. Share capital	7	21 000	21 000	21 000
1.2. Supplementary capital	8	477 859	437 943	437 943
1.3. Profit (loss) carried forward		6 401	6 401	6 401
1.4. Net profit (loss)		12 671	39 916	33 947
		517 931	505 260	499 291
2. Provisions				
2.1. Provisions for liabilities	11	9 729	10 290	9 339
2.2. Provision for deferred income tax	9,18	4 647	2 919	7 476
		14 376	13 209	16 815
3. Non-current liabilities				
2.1. Borrowings	10	549 586	509 151	510 044
		549 586	509 151	510 044
4. Current liabilities				
4.1. Borrowings	11	97 932	78 854	42 728
4.2. Derivative financial instruments		4 381	8 257	144
4.3. Current income tax liabilities		-	-	-
4.4. Other tax liabilities		5 793	5 965	760
4.5. Trade liabilities		29 210	75 160	33 617
4.6. Advances received		59 075	85 508	167 855
4.7. Other liabilities		6 433	9 131	12 057
		202 824	262 875	257 161
Liabilities total		1 284 717	1 290 495	1 283 311

Interim Income Statement [in thousands PLN]

	note	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	2008-01-01 to 2008-06-30 restated
Operating income	13	195 414	408 167	104 016
Operating expenses	14	(155 980)	(286 814)	(72 027)
Sales profit (loss) before tax, interest and expenses		39 434	121 353	31 989
Profit (loss) on sales of property		42	82	34
Revaluation of non-financial assets		780	4 543	(3)
Costs of sales		(7 986)	(22 203)	(10 391)
Administrative costs		(9 878)	(36 807)	(16 643)
Other operating incomes	15	8 227	26 623	24 174
Other operating expenses	15	(373)	(2 720)	(1 184)
Earnings before tax and finance incomes/expenses		30 246	90 871	27 976
Finance income	16	10 044	41 780	34 432
Finance costs	17	(25 891)	(93 103)	(24 584)
Earnings before tax		14 399	39 548	37 824
Income tax	18	(1 728)	368	(3 877)
Net profit	19	12 671	39 916	33 947
Net profit (loss) (annualized)		12 671	39 916	33 947
Weighted average number of ordinary shares		420 000 000	420 000 000	420 000 000
Profit (loss) per ordinary share (in PLN)		0,03	0,10	0,08
Weighted average diluted number of ordinary shares		420 000 000	420 000 000	420 000 000
Diluted profit (loss) per ordinary share (in PLN)		0,03	0,10	0,08

Interim Cash Flow Statement [in thousands PLN]

	note	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	2008-01-01 to 2008- 06-30 restated
Cash flows on operating activities – indirect method				
I. Net profit (loss)		12 671	39 916	33 947
II. Adjustments				
1. Amortization/Depreciation		1 864	4 384	2 390
2. (Gains) losses on foreign exchange differences		2 905	-	3
3. Interest and shares in profits (dividends)		5 636	(11 778)	(4 428)
4. Current income tax in the income statement		-	313	-
5. Income tax paid		(625)	5 831	7 116
6. (Profit) loss on investment activity		(778)	17 982	50
7. Change in provisions		283	2 318	(7 741)
8. Change in inventories		33 997	29 529	(17 644)
9. Change in receivables		(10 166)	(93 567)	(9 173)
10. Change in current liabilities, except for borrowings		(75 253)	(80 623)	(29 280)
		(42 137)	(125 611)	(58 707)
Net cash flows on operating activities		(29 466)	(85 695)	(24 760)

Cash flows on investing activities**I. Incomes**

1. Sales of intangible and tangible fixed assets	-	260	41
2. Sales of investments in real property and in intangible assets	-	27	-
3. From financial assets, including:	22 133	105 440	25 235
a) in affiliated companies	22 098	105 382	25 177
- sales of financial assets	-	-	-
- dividends and shares in profits	5 660	41 663	17 497
- repayment of granted loans	13 624	54 307	6 408
- interest	2 814	9 411	1 272
- other incomes from financial assets	-	1	-
b) in other companies	35	58	58
- sales of financial assets	-	58	58
- dividends and shares in profits	-	-	-
- repayment of granted loans	-	-	-
- interest	35	-	-
- other incomes from financial assets	-	-	-
4. Other incomes from investments	-	-	-
	22 133	105 727	25 276

Interim Cash Flow Statement [in thousands PLN] continued

	note	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	2008-01-01 to 2008-06-30 restated
II. Expenditures				
1. Acquisition of intangible and tangible fixed assets		(381)	(2 724)	(1 688)
2. Investments in real property and in intangible assets		-	(20)	-
3. On financial assets, including:		(15 552)	(121 605)	(31 787)
a) in affiliated companies		(15 552)	(121 605)	(31 787)
- acquisition of financial assets		(5 552)	(91 131)	(26 097)
- granted loans		(10 000)	(30 474)	(5 690)
b) in other companies		-	-	-
- acquisition of financial assets		-	-	-
- granted loans		-	-	-
4. Other investment expenditures		-	(2 693)	(2 228)
		(15 933)	(127 042)	(35 703)
Net cash flows from investing activities		6 200	(21 315)	(10 427)
I. Incomes				
1. Net income from issue of stocks (issue of shares) and other equity instruments, additional payments to capital		-	-	-
2. Borrowings		100 430	39 132	397
3. Issue of debt securities		105 000	-	-
4. Other financial incomes		-	-	-
		205 430	39 132	397
II. Expenditures				
1. Acquisition of own shares (stocks)		-	-	-
2. Dividends and other payments to owners		-	-	-
3. Expenses on account of profit distribution, other than payments to owners		-	-	-
4. Repayments of loans and credits		(71 532)	(463)	(463)
5. Redemption of debt securities		(70 000)	-	-
6. Other financial liabilities		(6 487)	-	-
7. Payments of liabilities under financial lease contracts		-	-	-
8. Interest		(22 231)	(40 757)	(21 022)
9. Other financial expenses		-	-	-
		(170 250)	(41 220)	(21 485)
Net cash flows from financing activities		35 180	(2 088)	(21 088)
Net cash flows total		11 914	(109 098)	(56 275)
Balance change in cash, including:		11 914	(109 098)	(56 275)
- change in cash balance through foreign exchange differences		-	-	(3)
Cash as at the beginning of period		39 608	148 706	148 739
Cash as at the end of period, including:	20	51 522	39 608	92 460
- with limited disposability		8 860	8 860	-

Interim Statement of Changes in Equity [in thousands PLN]

	Share capital	Supplementary capital	Profit (loss) carried forward	Profit (loss) of the current year	Total shareholders' equity
Balance as at January 1, 2009, restated	21 000	437 943	46 317	-	505 260
Changes during the period:					
Distribution of profit/loss carried forward	-	39 916	(39 916)	-	-
Net profit (loss) of the current period	-	-	-	12 671	12 671
Changes total	-	39 916	(39 916)	12 671	12 671
Balance as at June 30, 2009	21 000	477 859	6 401	12 671	517 931

Balance as at January 1, 2008, restated	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
Balance as at December 31, 2008	21 000	437 943	6 401	39 916	505 260

Balance as at January 1, 2008, restated	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	-	-	-	33 947	33 947
Changes total	-	58 976	(58 976)	33 947	33 947
Balance as at June 30, 2008	21 000	437 943	6 401	33 947	499 291

Introduction

General Information

The main objects of activity of Echo Investment S.A. include construction development and letting or sales of areas in commercial buildings, shopping & entertainment projects, office buildings, hotels, residential buildings, and property trade.

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

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

The duration of the Company is unlimited.

The following persons were members of the Management Board of Echo Investment S.A. as at June 30, 2008 and as at June 30, 2009: Piotr Gromniak, President of the Management Board, and Artur Langner, Vice-President of the Management Board. The following persons were members of the Supervisory Board as at June 30, 2008 and as at June 30, 2009: Wojciech Ciesielski, Chairman; Andrzej Majcher, Deputy Chairman; and Members: Tomasz Kalwat, Robert Oskard, Mariusz Waniółka and Karol Żbikowski.

Information about the financial statements

The statements of Echo Investment S.A. present financial data for the period of 6 months ended June 30, 2009, comparable data for the period of 6 months ended June 30, 2008, and comparable data for the period of 12 months ended December 31, 2008.

The reporting currency of the financial statements and the functional currency of Echo Investment S.A. is the Polish zloty („PLN”). Unless otherwise specified, all financial data in the company's financial statements are given in thousands PLN.

The statements are prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards as approved by the European Commission. Methods of assets and liabilities valuation and determination of the financial result were assumed as at the balance date. The financial statements were prepared according to historical cost methodology, to the exception of investment properties and financial instruments, which are valued at fair value.

The statements were prepared under the assumption of continuation of business activity in foreseeable future, considering non-existence of any circumstances that might indicate any risk for the 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 separate financial statements.

In preparing the present financial statements, the Company has applied new interpretations issued by the IFRS Committee and applicable to the Company's reporting period starting as at 1 January 2009. The guidelines thus applied have not affected these financial statements to any significant extent.

Information on the Accounting Standards and Interpretations issued by the IFRS Committee, entering into force as of 2009

In preparing the present financial statements, the Company has applied new interpretations issued by the IFRS Committee and applicable to the Company's reporting period starting as at 1 January 2009. The guidelines thus applied have not affected these financial statements to any significant extent.

The Company 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 financial results of the Company.

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. Implementation of this interpretation did not have an impact on the company's activities.

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. As at the date of preparation of these financial statements, the above specified revision of IAS 27 has not yet been approved by the European Union. The Company intends to apply the revised IAS 27 as from 1 January 2010. Application of these standards shall not have any significant impact on the Company'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. As at the date of preparation of these financial statements, the above specified changes to IAS 39 have not yet been approved by the European Union. The Company intends to apply the revised IAS 39 as from 1 January 2010. Application of these standards shall not affect the Company's financial results.

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 Company intends to

implement the revised IAS 39 as from 1 January 2010. Application of these standards shall not affect the Company's financial results.

Revised IFRS 3 Business Combinations

The revised IFRS 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 Company intends to apply the revised IFRS 3 as from 1 January 2010. Application of these standards shall not have any significant impact on the Company'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 Company intends to apply the revised IFRIC 9 and IFRS 7 as from 1 January 2009. Application of these standards shall not have any significant impact on the Company'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 Company intends to implement IFRIC interpretation 16 as from January 1, 2010. Application of these standards shall not affect the Company's financial results.

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 Company intends to apply IFRIC interpretation 16 as from 1 January 2010. Application of these standards shall not affect the Company's financial results.

Key accounting principles

Intangible fixed assets

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

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

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

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

Tangible fixed assets

Tangible fixed assets include fixed assets owned by the Company.

Fixed assets owned by the Company include:

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

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

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

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

Subsequent investments are added to the asset's carrying value or are recognized as separate assets, as appropriate, only if it is probable that future economic benefits associated with the asset will flow to the Company and its costs can be measured reliably. All other expenses on repairs and maintenance are carried to the income statement in the financial period when they were incurred.

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

Gains and losses on sales of fixed assets, constituting the differences between relevant sales revenues and balance sheet values of the sold fixed assets, are recognized in income statement under other operating income / expenses.

Investment property

Investment property includes leased real estates, owned by the company, with land pertaining directly to such real estates, acquired and maintained for the purpose of achieving growth of value of land. Investment property is initially carried at acquisition price / production cost.

After initial posting as at the first balance day, investment properties are presented at fair value. Fair value is revaluated at least quarterly. Gains or losses arising from change in fair value of investment property are posted to the income statement in the period of their occurrence.

Future investments are accounted for in the balance sheet value of the given investment property or recognized as a separate investment property (where appropriate) only if it is probable that economic benefits will be obtained by the Company in relation to this item, and the cost of the given item can be reliably measured and assessed. All other

expenses on repairs and maintenance are carried to the income statement in the financial period when they were incurred.

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

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

All repair and maintenance costs of investment properties are recognized as expenses in the income statement in the period with which they are concerned.

Profit or loss on sales of investment properties is disclosed as a separate item of the income statement.

Investment property under construction are investments developed by the Company for lease, which are in the process of construction. For projects where the majority of risks involved in execution of the construction process were eliminated, such property is recognized at fair value. Otherwise, such property would be valued at acquisition price or production cost less impairment losses.

The Group has determined the prerequisites for commencement of the process of testing whether significant risks concerning investment property under construction have been eliminated. These prerequisites include:

- obtaining a building permit,
- contracting construction works with a value not less than 30% of the investment budget,
- letting at least 20% of space in the developed project to lessees.

Another important aspect of risk analysis is the possibility and methods of financing the project. Every investment property under construction is analyzed individually.

At income-based valuation to fair value, the Company takes into account the degree of project advancement as at the end of the reporting period. In the case of valuation at production cost, valuation includes expenses that are directly related to the investment in progress. These include expenses incurred on acquisition of land property, expenditures on design and execution of buildings and other civil engineering structures (mainly foreign services), activated and direct financial costs, and other expenses incurred during development, which are directly related to the investment.

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

Leases

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

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

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

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

Shares and stocks in wholly or partially owned subsidiaries and in associated companies

Shares and stocks in wholly and partially owned subsidiaries and associated companies are presented in acquisition prices less impairment losses written off at a later date. As at each consecutive balance day, the Company evaluates possible reasons justifying impairment of the Company's shares in other companies, with due consideration of affiliates' assets and liabilities at the time being, and reasonably anticipated cash flows generated by these companies.

Inventories

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

Inventories of tangible current assets are valued according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs.

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

Inventories are valued at not more than achievable net value. This value is obtained from information from the active market. Reversal of inventories value allowance is related to sale of the given inventory or increase of net sales price. The amounts of impairment losses of inventories presented as cost in the given period and amounts of impairment loss reversals of inventories, which are recognized as income during the period, are presented in the income statement as other operating income / expenses (non-financial asset revaluation earnings / costs).

Financial instruments

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

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

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

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

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

Financial assets recognized at fair value through the income statement

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

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

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

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

Both as at the booking date and as at the balance date, financial assets valued at fair value through the income statement are valued at fair value.

Loans granted

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

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

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

Allowances for granted loans are created as at the end of each quarter where there is objective evidence that the Company will not be able to obtain all amounts receivable according to the original terms of granted loans.

Financial assets available for sale

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

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

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

Allowances for financial assets are created as at the end of each quarter where there is objective evidence that the Company will not be able to obtain all amounts receivable according to the original terms of the assets.

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

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

Trade receivables

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

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

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

Cash and cash equivalents

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

Cash in foreign currencies is valued at least on each reporting date according to the buy rate of the bank employed by the Company. Exchange differences (earnings/losses) on cash in foreign currencies and transactions of sale of foreign currencies are classified as finance expenses or finance income, respectively. The same definition of cash applies to the cash flow statement.

Derivative instruments

Derivative instruments are recognized in the books at the time when the Companies become parties to a binding contract.

The Company uses derivatives to limit foreign exchange or interest rate risk.

The Company does not use hedge accounting.

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

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

Financial guarantee agreements

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

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

Income tax

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

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

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

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

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

Equity

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

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

Provisions

Provisions are established if the Company is under an existing obligation arising from past events, when it is probable that fulfillment of this obligation will result in the necessity of expensing funds that constitute economic benefits, and it is possible to make a fair estimation of the amount of such liability.

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

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

Financial liabilities and trade liabilities

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

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

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

Methods of determining the financial result

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

Operating income

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

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

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

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

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

Operating expenses

The costs of production of goods, products and services sold include expenses made with regard to the revenues of a given accounting year, and costs recognized in the accounting books which were not yet borne.

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

Finance costs

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

Cash flow statement

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

Estimations of the Management Board of the Company

Preparation of financial statements required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. Management Boards' estimations have essential impact on the financial statements in the following key areas:

Investment property

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

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

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

Financial instruments for trade

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

Deferred income tax

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

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

Impact of the financial crisis on the Company's activities

Noticeable lack of stability on financial markets leads to high variability and uncertainty on global equity markets. The current global liquidity crisis, which began in mid-2008, has led to such circumstances as, among others, decreasing percentages of financing via equity markets, lower level of liquidity in the financial sector, rising interest rates on inter-bank market, and extreme fluctuations on stock markets. In the United States, Western Europe, Russia and other

countries, uncertainty on the global financial markets has led to banks' collapse and implementation of emergency rescue programs for banks. It is not possible to foresee all consequences of the global financial crisis or to secure an enterprise against these consequences today.

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

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

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

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

Financial risk management

Pricing risk

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

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

The Company's exposure to interest rate risk is concerned with financial assets and liabilities, particularly with loans granted, bank credit facilities obtained, and bonds issued. Variable interest rate loans, credits and bonds expose the Company to the risk of interest rate fluctuations while fixed-rate loans and credits expose the Company to fluctuations in fair value of financial instruments.

Sensitivity to change of interest rates – on loans received and debt securities – is presented in Notes 23 B and 23 C.

Currency risk

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

- conversion of credit facilities (credit installments) obtained, from EUR into PLN
In order to limit the risk involved in currency conversion of credit facilities, the Company enters into forward transactions on the forward currency market in values for envisaged cash flows of this type.
- repayment of credit installments
In this case, the Company uses natural hedging: contracts with lessees are expressed in the currency of the loan taken out for financing the given investment. Thus obtained payments from lessees are allocated to repayment of the above mentioned credit facilities. Such combination of financing with sources of income minimizes or eliminates foreign exchange risk.

Credit risk

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

and deposits held with financial institutions and banks, the Company transacts business with well recognized institutions.

Liquidity risk

Liquidity risk is the risk of the Company being unable to repay its financial liabilities in due time. The Company manages liquidity risk through maintaining appropriate reserve capital, taking advantage of the available choice of banking services and reserve overdraft facilities, and monitoring continuous forecasts and actual cash flows. Due to

dynamic character of the Company's operations, it is capable of maintaining appropriate flexibility of financing through cash availability and diversification of financing sources.

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

Analyses of the Company's financial liabilities and derivatives carried as net amounts, which will be settled in appropriate aging periods based on the time remaining to contractual maturity date as at the balance day, are presented in the following notes, accordingly: credit facilities, loans, debt securities, trade receivables and trade liabilities.

Equity risk management

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

In managing this risk, the Company takes decisions concerning financial leverage, dividend policy, issue of new stocks, or repurchase followed by redemption or resale of previously issued stocks, along with possible sales of assets in order to reduce debt level.

The Company monitors its equity according to debt ratios. Debt ratio is calculated as net debt to total equity value. Net debt is calculated as a total of credit facilities and loans (including current and long-term credit facilities and loans disclosed in the balance sheet) less cash and cash equivalent. Total value of equity is calculated as equity shown in the balance sheet with net debt.

Debt ratios (in thousands PLN)

	Note	as at 2009-06-30	as at 2008-12-31	as at 2008-06-30
Credit facilities total	10A,10C	647 518	588 005	552 772
Cash and cash equivalents	6E	-51 522	-39 608	-92 252
Net debt		595 996	548 397	460 520
Total shareholders' equity		517 931	505 260	499 291
Total equity		1 113 927	1 053 657	959 811
Debt ratio		53,50%	52,05%	47,98%

Additional explanations:

Affiliated companies

As a result of the strategy applied by "Echo Investment" S.A. Group, involving development of each shopping center and office buildings by a separate subsidiary, and as a result of contribution by "Echo Investment" S.A. to target companies of real property on which the shopping centers are erected, a significant part of Echo Investment's transactions are executed with affiliated companies. The largest transactions during the 1st half of 2009 with affiliated companies were executed on the basis of the following contracts:

- General Contracting of Investment and Project Management Agreement executed on July 30, 2008 with Projekt Echo – 65 Sp. z o. o. ['Project Echo - 65' Limited Liability Company] as the investor. Under the said agreement, Echo Investment S.A. (the Contractor) has agreed to carry out full-ranged development of an office building situated on immovable property in Szczecin, Malczewskiego Street.
- General Contracting of Investment and Project Management Agreement executed on April 16, 2008 with "Echo – Park Postępu" Sp. z o. o. ['Echo - Park Postępu' Limited Liability Company] with its registered seat in Kielce as the investor. Under the said agreement, Echo Investment S.A. (the Contractor) has agreed to carry out full-ranged development of a group of office buildings on a property located in Warsaw, 21 Postępu Street, until the time of delivery of the office complex to the Investor and to individual users.

- Investment Project Management Agreement executed on February 1, 2008 with Malta Office Park Sp. z o.o. [Limited Liability Company] as the investor. Under the said agreement, Echo Investment S.A. has agreed to execute advisory tasks, managing tasks, legal activities, engineering works, and other tasks and activities necessary for investment management, as well as to provide consulting services on all matters involved in development of the office buildings complex.
- General Contracting of Investment and Project Management Agreement executed on August 29, 2008 with Echo-Galeria Kielce Sp. z o. o. [Echo - Kielce Gallery Limited Liability Company] as the investor. Under the said agreement, Echo -Galeria Kielce Sp. z o. o. hired Echo Investment S.A. to carry out extension works on the existing shopping center in Kielce, al. Solidarności.
- General Contracting of Investment and Project Management Agreement executed on October 8, 2008 with "Projekt Echo - 63" as the investor. Under the said agreement, Echo Investment S.A. (the Contractor) has agreed to carry out full-ranged development of an office building situated on immovable property in Krakow, 210 Lea Street.

Significant events after the balance date:

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 Otworthy 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. ING Open Pension Fund is the holder of 41,918,548 shares of Echo Investment S.A., corresponding to 9.98% of the Company's share capital. These shares carried 41,918,548 votes, corresponding to 9.98% of total votes at the general meeting of shareholders of Echo Investment S.A. Before sale of these shares, ING Open Pension Fund was the holder of 42,374,824 shares of Echo Investment S.A., corresponding to 10.09% of the Company's share capital. 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.

On July 20, 2009, bonds were bought at face value and redeemed, for a total value of PLN 35 million. These bonds were issued on June 17, 2009 under a bonds issue programme signed with BRE Bank S.A.

Management Board Members' salaries

Managers of Echo Investment S.A. received the following remuneration at Echo Investment S.A. and for exercising their functions in the bodies of wholly and partially owned subsidiaries and associated companies in the 1st half of 2009, respectively:

- Mr. Piotr Gromniak received remuneration from Echo Investment S.A. in the total amount of 480 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly and partially owned subsidiaries and associated companies;
- Mr. Artur Langner received remuneration from Echo Investment S.A. in the total amount of 455 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly and partially owned subsidiaries and associated companies;

Below is a description of consequences of changes in applied accounting principles

Key changes in comparable data are presented in the tables below (in thousands PLN)

Interim statement of financial position	1st half of 2008		
	after adjustment	before adjustment	difference
Liabilities			
Non-current liabilities - credits and loans	510 044	516 166	-6 122
Provision for deferred income tax	7 476	6 313	1 163
Net profit (loss)	33 947	31 798	2 149

Interim income statement	1st half of 2008		
	after adjustment	before adjustment	difference
Finance costs - revaluations of loans and credits	-2 333	-4 986	2 653
Income tax	-3 877	-3 373	-504

The following changes have been introduced to comparable data:

- adjustment of borrowings valuation as a result of change of SCN valuation model.

Additional explanatory notes

Note 1A

Intangible fixed assets [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) costs of finished development works	-	-	-
b) goodwill	-	-	-
c) acquired concessions, patents, licences and similar assets, including:	916	993	408
- computer software	729	811	330
d) other intangible fixed assets	8	8	8
e) advances for intangible assets	-	-	-
Intangible fixed assets total	924	1 001	416

The Company did not make any adjustments for impairment losses in intangible fixed assets during the periods covered by the financial statements.

Note 1B

Change in the value of intangible fixed assets (by type groups) [in thousands PLN]

for the period from 2009-01-01 to 2009-06-30	a) acquired concessions, patents, licences and similar assets, including:	- computer software	b) other intangible assets	Intangible fixed assets total
a) value of intangible fixed assets before amortization and impairment losses as at the beginning of period	3 615	3 304	8	3 623
b) increases (on account of)	199	114	-	199
- purchase	199	114	-	199
c) decreases (on account of)	-	-	-	-
- sale	-	-	-	-
- liquidation	-	-	-	-
d) value of intangible assets before amortization and impairment losses as at the end of period	3 814	3 418	8	3 822
e) accumulated amortization as at the beginning of period	(2 622)	(2 494)	-	(2 622)
f) depreciation for the period (on account of)				
- scheduled	(276)	(195)	-	(276)
- liquidation	-	-	-	-
	(276)	(195)	-	(276)
g) accumulated depreciation (amortization) as at the end of period	(2 898)	(2 689)	-	(2 898)
h) impairment losses as at the beginning of period	-	-	-	-
- increase	-	-	-	-
- decrease	-	-	-	-
i) impairment losses as at the end of period	-	-	-	-
j) net value of intangible fixed assets as at the end of period	916	729	8	924

All intangible fixed assets held by the company have been acquired.

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

- acquired concessions, patents, licences and similar value - amortized equally, 50%, amortization booked under administrative costs;

other intangible fixed assets - not put into use, not amortized as at June 30, 2009;

Change in the value of intangible fixed assets (by type groups) [in thousands PLN] continued

for the period from 2008-01-01 to 2008-12-31	a) acquired concessions, patents, licences and similar assets, including:	- computer software	b) other intangible assets	Intangible fixed assets total
a) value of intangible fixed assets before amortization and impairment losses as at the beginning of period	2 698	2 544	8	2 706
b) increases (on account of)	916	761	-	916
- purchase	916	761	-	916
c) decreases (on account of)	-	-	-	-
- sale	-	-	-	-
- liquidation	-	-	-	-
d) value of intangible assets before amortization and impairment losses as at the end of period	3 615	3 304	8	3 623
e) accumulated amortization as at the beginning of period	(2 182)	(2 120)	-	(2 182)
f) depreciation for the period (on account of)				
- scheduled	(440)	(374)	-	(440)
- liquidation	-	-	-	-
	(440)	(374)	-	(440)
g) accumulated depreciation (amortization) as at the end of period	(2 622)	(2 494)		(2 622)
h) impairment losses as at the beginning of period	-	-	-	-
- increase	-	-	-	-
- decrease	-	-	-	-
i) impairment losses as at the end of period	-	-	-	-
j) net value of intangible fixed assets as at the end of period	993	811	8	1 001

Change in the value of intangible fixed assets (by type groups) [in thousands PLN] continued

for the period from 2008-01-01 to 2008-06-30	a) acquired concessions, patents, licences and similar assets, including:	- computer software	b) other intangible assets	Intangible fixed assets total
a) value of intangible fixed assets before amortization and impairment losses as at the beginning of period	2 698	2 544	8	2 706
b) increases (on account of)	161	141	-	161
- purchase	161	141	-	161
c) decreases (on account of)	-	-	-	-
- sale	-	-	-	-
- liquidation	-	-	-	-
d) value of intangible assets before amortization and impairment losses as at the end of period	2 859	2 685	8	2 867
e) accumulated amortization as at the beginning of period	(2 182)	(2 120)	-	(2 182)
f) depreciation for the period (on account of)				
- scheduled	(269)	(235)	-	(269)
- liquidation	-	-	-	-
	(269)	(235)	-	(269)
g) accumulated depreciation (amortization) as at the end of period	(2 451)	(2 355)		(2 451)
h) impairment losses as at the beginning of period	-	-	-	-
- increase	-	-	-	-
- decrease	-	-	-	-
i) impairment losses as at the end of period	-	-	-	-
j) net value of intangible fixed assets as at the end of period	408	330	8	416

Note 2A

Tangible fixed assets [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) fixed assets, including:	10 753	11 636	13 345
- land (including perpetual usufruct of land)	81	32	32
- buildings, premises and civil engineering structures	2 812	2 348	2 416
- plant and machinery	438	694	983
- means of transport	6 653	7 686	8 790
- other fixed assets	769	876	1 124
b) fixed assets under construction	-	-	25
c) advances for fixed assets under construction	462	-	-
Tangible fixed assets total	11 215	11 636	13 370

The Company did not make any adjustments for impairment losses in tangible fixed assets during the periods covered by the financial statements.

Note 2B

Changes in tangible fixed assets (by type groups) [in thousands PLN]

for the period from 2009-01-01 to 2009-06-30	- own land and right of perpetual usufruct of land	- buildings and civil engineering structures	- plant and machinery	- means of transport	- other fixed assets	tangible fixed assets total
a) value of tangible fixed assets before depreciation and impairment losses as at the beginning of period	34	2 682	4 883	14 681	3 028	25 308
b) increases (on account of)						
- purchase	-	39	38	105	-	182
- transfer from investing activities	50	474	-	-	-	524
	50	513	38	105	-	706
c) decreases (on account of)						
- sale	-	-	(221)	(185)	(5)	(411)
- liquidation	-	-	-	-	-	-
	-	-	(221)	(185)	(5)	(411)
d) value of tangible fixed assets before depreciation and impairment losses as at the end of period	84	3 195	4 700	14 601	3 023	25 603
e) accumulated depreciation (amortization) as at the beginning of period	(2)	(334)	(4 189)	(6 995)	(2 152)	(13 672)
f) depreciation for the period (on account of)						
- scheduled depreciation	(1)	(49)	(294)	(1 135)	(107)	(1 586)
- sale	-	-	(221)	(182)	(5)	(408)
- liquidation	-	-	-	-	-	-
	(1)	(49)	(73)	(953)	(102)	(1 178)
g) accumulated depreciation (amortization) as at the end of period	(3)	(383)	(4 262)	(7 948)	(2 254)	(14 850)
h) net value of tangible fixed assets at the end of period	81	2 812	438	6 653	769	10 753

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

- own land - perpetual leasehold of land is depreciated equally, freehold of land is not depreciated;
- buildings and structures - equally, depreciation rate: residential 1.5%, service 2.5%, in use 10%, structures 4.5%, investments in third party facilities 10%;
- machinery and plant - equally, rates from 10% to 20%, computers - accelerated method, rate 30% or 60%;
- means of transport - equally, rate 20%, or 14% for airplane;

- other tangible fixed assets - equally, rates from 10% to 20%.

The amount of contractual liabilities incurred as a result of acquisition of tangible fixed assets is: 48 thousand PLN.

Changes in tangible fixed assets (by type groups) [in thousands PLN] continued

for the period from 2008-01-01 to 2008-12-31	- own land and right of perpetual usufruct of land	- buildings and civil engineering structures	- plant and machinery	- means of transport	- other fixed assets	tangible fixed assets total
a) value of tangible fixed assets before depreciation and impairment losses as at the beginning of period	34	2 598	4 651	14 735	3 035	25 053
b) increases (on account of)						
- purchase	-	84	694	911	191	1 880
- transfer from investing activities	-	-	-	-	-	-
	-	84	694	911	191	1 880
c) decreases (on account of)						
- sale	-	-	(278)	(965)	(190)	(1 433)
- liquidation	-	-	(184)	-	(8)	(192)
	-	-	(462)	(965)	(198)	(1 625)
d) value of tangible fixed assets before depreciation and impairment losses as at the end of period	34	2 682	4 883	14 681	3 028	25 308
e) accumulated depreciation (amortization) as at the beginning of period	(1)	(190)	(3 502)	(5 536)	(1 842)	(11 071)
f) depreciation for the period (on account of)						
- scheduled depreciation	(1)	(144)	(1 062)	(2 413)	(370)	(3 990)
- sale	-	-	(278)	(954)	(52)	(1 284)
- liquidation	-	-	(97)	-	(8)	(105)
	(1)	(144)	(687)	(1 459)	(310)	(2 601)
g) accumulated depreciation (amortization) as at the end of period	(2)	(334)	(4 189)	(6 995)	(2 152)	(13 672)
h) net value of tangible fixed assets at the end of period	32	2 348	694	7 686	876	11 636

Changes in tangible fixed assets (by type groups) [in thousands PLN] continued

for the period from 2008-01-01 to 2008-06-30	- own land and right of perpetual usufruct of land	- buildings and civil engineering structures	- plant and machinery	- means of transport	- other fixed assets	tangible fixed assets total
a) value of tangible fixed assets before depreciation and impairment losses as at the beginning of period	34	2 598	4 651	14 735	3 035	25 053
b) increases (on account of)						
- purchase	-	40	571	784	144	1 539
- transfer from investing activities	-	-	-	-	-	-
	-	40	571	784	144	1 539
c) decreases (on account of)						
- sale	-	-	(47)	(186)	-	(233)
- liquidation	-	-	(180)	-	(8)	(188)
	-	-	(227)	(186)	(8)	(421)
d) value of tangible fixed assets before depreciation and impairment losses as at the end of period	34	2 638	4 995	15 333	3 171	26 171
e) accumulated depreciation (amortization) as at the beginning of period	(1)	(190)	(3 502)	(5 536)	(1 842)	(11 071)
f) depreciation for the period (on account of)						
- scheduled depreciation	(1)	(9)	(640)	(1 186)	(213)	(2 049)
- sale	-	-	(39)	(180)	-	(219)
- liquidation	-	-	(92)	-	(8)	(100)
	(1)	(9)	(509)	(1 006)	(205)	(1 730)
g) accumulated depreciation (amortization) as at the end of period	(2)	(199)	(4 011)	(6 542)	(2 047)	(12 801)
h) net value of tangible fixed assets at the end of period	32	2 439	984	8 791	1 124	13 370

Note 3A

Change in immovable properties (according to type groups) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
A) value of investments in real estate before adjustment to fair value as at the beginning of period	14 552	10 105	10 105
a) increases (on account of)			-
- expenditures during the year	-	24	-
- transfer from inventories	-	4 513	-
	-	4 537	-
b) decreases (on account of)			-
- sale	-	(90)	-
	-	(90)	-
B) value of investments in real estate before adjustment to fair value as at the end of period	14 552	14 552	10 105
C) valuation to fair value	(815)	(1 593)	(6 170)
Net value of investments in real estate as at the end of period	13 737	12 959	3 935

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

Note 3B

Amounts recognized in the income statement [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) lease rent incomes pertaining to investment property	693	593	1
b) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that generated lease rent incomes during the given period	21	67	26
c) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that did not generate lease rent incomes during the given period	-	-	-

Note 3C

Shares or stocks [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
- in subsidiaries	467 536	461 983	408 877
- in partially owned subsidiaries	1 796	1 796	1 850
- in associated companies	61	62	10 650
- other non-current financial assets (according to type)	50	50	-
- advances for shares	50	50	-
Shares or stocks, total	469 443	463 891	421 377

The Company is a holder of interest in the financial result of associated companies equivalent to the total number of votes at the general meeting of shareholders - Note 3K.

Note 3D

Change in the balance of shares and stocks [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) balance as at the beginning of period, including:	463 891	395 280	395 280
- shares and stocks	463 891	395 280	395 280
- advances for acquisition of shares	-	-	-
- other non-current financial assets	-	-	-
b) increases (on account of)			
- purchase of shares	-	25 938	25 938
- raising of capital	5 552	65 144	159
- advances for acquisition of shares	-	50	-
- reversing of assets revaluation allowance	-	-	-
	5 552	91 132	26 097
c) decreases (on account of)			
- sale of shares	-	-	-
- assets revaluation allowance	-	(22 521)	-
- settlement of advances for acquisition of shares	-	-	-
	-	(22 521)	-
d) balance as at the end of period, including:	469 443	463 891	421 377
- shares and stocks	469 443	463 891	421 377

Note 3E

Granted long-term loans [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
- in subsidiaries	11 691	12 909	135 812
- in other companies	-	-	41
Granted long-term loans total	11 691	12 909	135 853

The basic data concerning the long-term loans, exclusive of interest, is presented in the following table:

Name of the other party	Amount	Interest rate	Due date	Other
Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo – Business Center Łódź Limited Liability Company]	7 000	collateral loan rate + margin	June 28, 2012	subordinate to the Credit Agreement made on December 21, 2001 between the Borrower and RHEINHYP-BRE Bank Hipoteczny S.A. in Warsaw
Centrum Bankowości i Finansów Łódź Sp. z o.o. [Banking and Finance Center Łódź Limited Liability Company]	2 596	collateral loan rate + margin	December 31, 2011	
Echo investment Hungary KFT	235	WIBOR 3M rate + margin	December 31, 2011	
Total:	9 831			

Loans granted to affiliated companies in sound financial condition.

Note 3F

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

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

Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with a value of 28,764 thousand PLN

in favor of Bank Przemysłowo-Handlowy PBK S.A. with its registered seat in Krakow. Registered pledges constitute collaterals of the credit agreement signed by the above mentioned subsidiaries with BPH PBK S.A. The pledges were established up to the amount of 72,600 thousand EUR.

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

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

Registered pledge was established on the shares of "Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Pasaż Grunwaldzki' Limited Liability Company], amounting to 51 thousand PLN, as a collateral of credit facility granted to the "Projekt Echo - 62" Sp. z o.o. ['Project Echo - 62' Limited Liability Company] subsidiary by Eurohypo AG to the maximum amount of 150 million EUR.

Registered pledge was established on the shares of "Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością" Sp.K. ['Echo - Pasaż Grunwaldzki Limited Liability Company' Limited Partnership], amounting to 11 thousand PLN, as a collateral of credit facility granted to the "Projekt Echo - 62" Sp. z o.o. ['Project Echo - 62' Limited Liability Company] subsidiary by Eurohypo AG to the maximum amount of 150 million EUR.

Registered pledge was established on the contributions of "Projekt Echo - 62" Sp. z o.o. ['Project Echo - 62' Limited Liability Company], amounting to 11 thousand PLN, as a collateral of credit facility granted to the "Projekt Echo - 62" Sp. z o.o. subsidiary by Eurohypo AG to the maximum amount of 150 million EUR.

Registered pledge was established on current and future shares of "Projekt Echo - 61" Sp. z o.o. ['Project Echo - 61' Limited Liability Company], amounting to 50 thousand PLN, as a collateral of credit facility granted to the "Projekt Echo - 61" Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank Der Deutschen Bank in the amount of 8,873 thousand EUR.

Registered pledge was established on current and future shares of "Echo - Galaxy Szczecin" Sp. z o.o. ['Echo - Galaxy Szczecin' Limited Liability Company], amounting to 50 thousand PLN, as a collateral of credit facility granted to the "Echo - Galaxy Szczecin" Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank Der Deutschen Bank in the amount of 150,000 thousand EUR.

Note 3G

Granted long-term loans (currency structure) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency	11 691	12 909	135 853
b) in foreign currencies (by currency, after conversion to zlotys)	-	-	-
Securities, shares and other non-current financial assets total	11 691	12 909	135 853

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

The granted loans are not secured.

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

Note 3H Shares or stocks in subsidiaries

Item	Name (company name) of the organization, specifying the legal form	Registered office address	Objects of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of initial / share capital held	Share in the total number of votes at the general meeting	Specification of other grounds for control
1	"Centrum Handlowe PHS" S.A. ['PHS Shopping Center' Joint Stock Company]	Szczecin	trade activity	subsidiary	full	1999-06-01	4 776				4 776	100,00%	100,00%	none
2	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Limited Liability Company]	Kielce	automotive	subsidiary	full	1997-03-11	320	(282)		(282)	38	100,00%	100,00%	none
3	"M.D.P." Sp. z o.o. ['M.D.P.' Limited Liability Company]	Kielce	construction activity	subsidiary	full	1996-11-22	16 019	(15 915)		(15 915)	104	99,99%	99,99%	none
4	"Projekt Echo - 93" Sp. z o.o. ['Project Echo - 93' Limited Liability Company]	Kielce	development activity	subsidiary	full	1997-04-25	51			-	51	99,00%	99,00%	none
5	"Echo Aurus" Sp. z o.o. ['Echo Aurus' Limited Liability Company]	Kielce	construction activity	subsidiary	full	1998-10-21	51	(51)		(51)	-	99,00%	99,00%	none
6	"Princess Investment" Sp. z o.o. ['Princess Investment' Limited Liability Company]	Kielce	development activity	subsidiary	full	1999-10-26	2 663	(2 209)		(2 209)	454	100,00%	100,00%	none
7	"Echo - Centrum Tarnów" Sp. z o.o. ['Echo - Centrum Tarnów' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-11-09	13 329			-	13 329	99,99%	99,99%	none
8	"Echo - Centrum Jelenia Góra" Sp. z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	5 401			-	5 401	100,00%	100,00%	none
9	"Echo - Centrum Bełchatów" Sp. z o.o. ['Echo - Centrum Bełchatów' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 083			-	2 083	99,99%	99,99%	none
10	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	28 764			-	28 764	84,12%	84,12%	none
11	"Echo - Centrum Biznesu Łódź" Sp. z o.o. ['Echo - Business Center Łódź' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 511			-	2 511	99,98%	99,98%	none

Company]											
12	"Echo - Centrum Przemysł" Sp. z o.o. ['Echo - Centrum Przemysł' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-11-06	1 279		1 279	100,00%	100,00% none
13	"Echo - SPV 6" Sp. z o.o. ['Echo - SPV 6' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1999-02-23	18 370	-	18 370	99,99%	99,99% none
14	"Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo - Łódź Banking and Finance Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	3 008		3 008	100,00%	100,00% none

Note 3H Shares or stocks in subsidiaries, continued

Item	Name (company name) of the organization, specifying the legal form	Registered office address	Objects of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of initial / share capital held	Share in the total number of votes at the general meeting	Specification of other grounds for control
15	"Echo – Centrum Rzeszów" Sp. z o.o. ['Echo – Rzeszów Center' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	4 969	(4 377)		(4 377)	592	99,99%	99,99%	none
16	"Projekt Echo -17" Sp. z o.o. ['Project Echo -17' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	52				52	100,00%	100,00%	none
17	"Echo – Property Poznań 2" Sp. z o.o. ['Echo – Property Poznań 2' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	3 490				3 490	99,99%	99,99%	none
18	"Echo – Property Poznań 1" Sp. z o.o. ['Echo – Property Poznań 1' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	11 283	(4 200)		(4 200)	7 083	99,99%	99,99%	none
19	"Echo - Veneda" Sp. z o.o. ['Echo – Veneda' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	6 133				6 133	99,99%	99,99%	none
20	"Echo – Kielce 1" Sp. z o.o. ['Echo – Kielce 1' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	8 369				8 369	99,99%	99,99%	none
21	"Echo ACC" Sp. z o.o. ['Echo ACC' Limited Liability Company]	Kielce	accounting and bookkeeping activity	subsidiary	full	1998-10-30	51				51	99,99%	99,99%	none
22	"Athina Park" Sp. z o.o. ['Athina Park' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	6 009				6 009	99,99%	99,99%	none
23	"Projekt Echo - 28" Sp. z o.o. ['Project Echo - 28' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	2 508				2 508	99,99%	99,99%	none
24	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	7 508				7 508	99,99%	99,99%	none

	Liability Company]		property management construction activity and property management										
25	“Projekt Echo -30” Sp. z o.o. [‘Project Echo -30’ Limited Liability Company]	Kielce		subsidary	full	1998-10-30	51		51	99,00%	99,00%	none	
26	"Echo - Arena" Sp. z o.o. [‘Echo - Arena’ Limited Liability Company]	Kielce	construction activity and property management	subsidary	full	1998-10-30	1 008		1 008	99,99%	99,99%	none	
27	"Echo - Galaxy" Sp. z o.o. [‘Echo – Galaxy’ Limited Liability Company]	Kielce	construction activity and property management	subsidary	full	1998-10-30	51		51	99,00%	99,00%	none	
28	"Echo - Pasaż Grunwaldzki" Sp. z o.o. [‘Echo - Pasaż Grunwaldzki’ Limited Liability Company]	Kielce	construction activity and property management	subsidary	full	1998-10-30	51	(17)	(17)	34	99,99%	99,99%	none

Note 3H Shares or stocks in subsidiaries, continued

Item	Name (company name) of the organization, specifying the legal form	Registered office address	Objects of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of initial / share capital held	Share in the total number of votes at the general meeting	Specification of other grounds for control
29	"Projekt Echo -34" Sp. z o.o. ['Project Echo -34' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
30	"Projekt Echo -37" Sp. z o.o. ['Project Echo -37' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
31	"Echo Bau" Sp. z o.o. ['Echo Bau' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	52				52	100,00%	100,00%	none
32	"Projekt Echo -39" Sp. z o.o. ['Project Echo -39' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
33	"Zakład Ogrodniczy Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company]	Poznań	orcharding activity	subsidiary	full	2000-05-11	40 676				40 676	100,00%	100,00%	none
34	"EST-ON Property Management" Sp. z o. o. ['EST-ON Property Management' Limited Liability Company]	Kielce	property management	subsidiary	full	1998-10-27	50				50	99,00%	99,00%	none
35	"Projekt S" Sp. z o.o. ['Project S' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2004-03-23	20 419				20 419	63,00%	63,00%	none
36	"Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością" Sp.K. ["Echo - Grunwaldzki Arcade Limited Liability Company" Limited Partnership]	Kielce	construction activity and property management	subsidiary	full	2005-08-30	11				11	99,00%	99,00%	none
37	"Echo - Arena Spółka z ograniczoną	Kielce	construction activity and	subsidiary	full	2005-09-27	12				12	99,00%	99,00%	none

	odpowiedzialnością” Sp.K. [“Echo – Arena Limited Liability Company” Limited Partnership]		property management											
38	“Wan 11” Sp. z o.o. [‘Wan 11’ Limited Liability Company]	Warsaw	construction activity and property management	partially owned subsidiary	prorate d	2004-03-08	1 500	(12)		(12)	1 488	50,00%	50,00%	none
39	Wan - Invest Sp. z o.o. [Wan - Invest Limited Liability Company]	Warsaw	construction activity and property management	partially owned subsidiary	equity		447	(139)		(139)	308	50,00%	50,00%	none
40	“Projekt Echo -41” Sp. z o.o. [‘Project Echo -41’ Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
41	“Projekt Echo -42” Sp. z o.o. [‘Project Echo -42’ Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
42	“Projekt Echo -43” Sp. z o.o. [‘Project Echo -43’ Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none

Note 3H Shares or stocks in subsidiaries, continued

Item	Name (company name) of the organization, specifying the legal form	Registered office address	Objects of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of initial / share capital held	Share in the total number of votes at the general meeting	Specification of other grounds for control
43	"Projekt Echo -44" Sp. z o.o. ['Project Echo -44' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
44	"Projekt Echo -45" Sp. z o.o. ['Project Echo -45' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
45	"Echo - Galaxy Sp. z o.o." Sp.K. ['Echo - Galaxy Limited Liability Company' Limited Partnership]	Kielce	construction activity and property management	subsidiary	full	2006-06-29	35 882				35 882	99,99%	99,99%	none
46	"Echo Investment Hungary KFT	Budapest	construction activity and property management	subsidiary	full	2006-04-24	22 580				22 580	100,00%	100,00%	none
47	"Projekt Echo -41" Sp. z o.o." Sp.K. ['Project Echo -41 Limited Liability Company' Limited Partnership]	Kielce	construction activity and property management	subsidiary	full	2006-09-27	11				11	99,00%	99,00%	none
48	"Projekt Echo -42 Sp. z o.o." Sp.K. ['Project Echo -42 Limited Liability Company' Limited Partnership]	Kielce	construction activity and property management	subsidiary	full	2006-09-27	11				11	99,00%	99,00%	none
49	"Projekt Echo -45 Sp. z o.o." Sp.K. ['Project Echo -45 Limited Liability Company' Limited Partnership]	Kielce	construction activity and property management	subsidiary	full	2006-09-27	11				11	99,00%	99,00%	none
50	Echo - Centrum Poznań Sp. z o.o. [Echo - Poznań Center Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-08-31	40 418	(1 034)		(1 034)	39 384	100,00%	100,00%	none
51	Echo Projekt Management KFT	Budapest	construction activity and property management	subsidiary	full	2006-11-07	1 364	(1 317)		(1 317)	47	100,00%	100,00%	none
52	"Projekt Echo -46" Sp. z o.o.	Kielce	construction	subsidiary	full	2006-11-21	51	(51)		(51)	-	99,90%	99,90%	none

	['Project Echo -46' Limited Liability Company]		activity and property management									
53	"Projekt Echo -47" Sp. z o.o. ['Project Echo -47' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-11-21	51		51	99,90%	99,90%	none
54	"Projekt Echo -48" Sp. z o.o. ['Project Echo -48' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-11-21	51		51	99,90%	99,90%	none
55	"Echo Building KFT"	Budapest	construction activity and property management	subsidiary	full	2007-05-23	844	(694)	(694)	150		
56	"Echo Investment Project 1 S.R.L."	Bucharest	construction activity and property management	subsidiary	full	2006-02-27	23 997			23 997	100,00%	100,00% none
58	"Projekt Echo -54" Sp. z o.o. ['Project Echo -54' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	110 147			110 147	99,90%	99,90% none
59	"Projekt Echo -55" Sp. z o.o. ['Project Echo -55' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	50			50	99,90%	99,90% none
60	"Projekt Echo -56" Sp. z o.o. ['Project Echo -56' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	50			50	99,90%	99,90% none

Note 3H Shares or stocks in subsidiaries, continued

Item	Name (company name) of the organization, specifying the legal form	Registered office address	Objects of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of initial / share capital held	Share in the total number of votes at the general meeting	Specification of other grounds for control
61	"Projekt Echo -57" Sp. z o.o. ['Project Echo -57' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	50	(11)		(11)	39	99,90%	99,90%	none
62	"Projekt Echo -58" Sp. z o.o. ['Project Echo -58' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
63	"Projekt Echo -59" Sp. z o.o. ['Project Echo -59' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
64	"Echo - Galaxy Szczecin" Sp. z o.o. ['Echo - Galaxy Szczecin' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
65	"Projekt Echo -61" Sp. z o.o. ['Project Echo -61' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
66	"Projekt Echo -62" Sp. z o.o. ['Project Echo -62' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-20	50				50	99,90%	99,90%	none
67	"Projekt Echo -63" Sp. z o.o. ['Project Echo -63' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	12 794	(12 794)		(12 794)	-	99,90%	99,90%	none
68	"Projekt Echo -64" Sp. z o.o. ['Project Echo -64' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	53			-	53	99,90%	99,90%	none
69	"Projekt Echo -65" Sp. z o.o. ['Project Echo -65' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	4 368	(4 368)		(4 368)	-	99,90%	99,90%	none
70	"Echo - Park Postępu" Sp. z o.o.	Kielce	construction	subsidiary	full	2006-12-21	19 822				19 822	99,90%	99,90%	none

	['Echo - Park Postępu' Limited Liability Company]		activity and property management										
71	“Projekt Echo -67” Sp. z o.o. ['Project Echo -67' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50		50	99,90%	99,90%	none	
72	“Projekt Echo -68” Sp. z o.o. ['Project Echo -68' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50		50	99,90%	99,90%	none	
73	“Projekt Echo -69” Sp. z o.o. ['Project Echo -69' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50		50	99,90%	99,90%	none	
74	“Projekt Echo -70” Sp. z o.o. ['Project Echo -70' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50		50	99,90%	99,90%	none	
75	"Projekt Echo -71" Sp. z o.o. ['Project Echo – 71' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50	(10)	(10)	40	99,90%	99,90%	none
76	"Projekt Echo -72" Sp. z o.o. ['Project Echo – 72' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50	(10)	(10)	40	99,90%	99,90%	none
77	"Projekt Echo -73" Sp. z o.o. ['Project Echo – 73' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50	(10)	(10)	40	99,90%	99,90%	none

Note 3H Shares or stocks in subsidiaries, continued

Item	Name (company name) of the organization, specifying the legal form	Registered office address	Objects of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of initial / share capital held	Share in the total number of votes at the general meeting	Specification of other grounds for control
78	"Projekt Echo -74" Sp. z o.o. ['Project Echo - 74' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50	(11)		(11)	39	99,90%	99,90%	none
79	"Projekt Echo -75" Sp. z o.o. ['Project Echo - 75' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50	(11)		(11)	39	99,90%	99,90%	none
80	"Projekt Echo -76" Sp. z o.o. ['Project Echo - 76' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50	(10)		(10)	40	99,90%	99,90%	none
81	"Projekt Echo -77" Sp. z o.o. ['Project Echo -77' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
82	"Projekt Echo -80" Sp. z o.o. ['Project Echo -80' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
83	"Echo - Metropolis" Sp. z o.o. ['Echo - Metropolis' Limited Liability Company]	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
84	"Projekt Echo -83" Sp. z o.o. ['Project Echo - 83' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
85	"Projekt Echo -84" Sp. z o.o. ['Project Echo - 84' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
86	"Projekt Echo -85" Sp. z o.o. ['Project Echo - 85' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none
87	"Projekt Echo -86" Sp. z o.o.	Kielce	construction	subsidiary	full	2006-12-21	50				50	99,90%	99,90%	none

88	['Project Echo - 86' Limited Liability Company] in liquidation "Projekt Echo -87" Sp. z o.o. ['Project Echo - 87' Limited Liability Company] in liquidation	Kielce	activity and property management construction activity and property management	subsidiary	full	2006-12-21	50			50	99,90%	99,90%	none
89	"Projekt Echo -88" Sp. z o.o. ['Project Echo - 88' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50			50	99,90%	99,90%	none
90	"Projekt Echo -89" Sp. z o.o. ['Project Echo - 89' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50			50	99,90%	99,90%	none
91	"Projekt Echo -90" Sp. z o.o. ['Project Echo - 90' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50			50	99,90%	99,90%	none
92	"Projekt Echo -91" Sp. z o.o. ['Project Echo - 91' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50			50	99,90%	99,90%	none
93	"Projekt Echo -92" Sp. z o.o. ['Project Echo - 92' Limited Liability Company] in liquidation	Kielce	construction activity and property management	subsidiary	full	2006-12-21	50			50	99,90%	99,90%	none
94	Echo Investment Ukraina LLC	Kiev	construction activity and property management	subsidiary	full	2007-06-05	666	(67)	(67)	599	99,99%	99,99%	none

Note 3H Shares or stocks in subsidiaries, continued

Item	Name (company name) of the organization, specifying the legal form	Registered office address	Objects of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares / stocks according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares / stocks	Percentage of initial / share capital held	Share in the total number of votes at the general meeting	Specification of other grounds for control
95	Ultra Marina	Kielce	construction activity and property	subsidiary	full	2008-01-10	11 891			-	11 891	100,00%	100,00%	none

			management										
96	Echo Investment Projekt Management SRL	Bucharest	construction activity and property management	subsidiary	full	2008-01-14	147	(147)	(147)	-	99,99%	99,99%	none
97	Wlementor Holdings Limited	Cyprus	construction activity and property management	subsidiary	full	2008-06-27	16 577			16 577	99,95%	99,95%	none
98	SPV-1 Sp. z o.o. [SPV-1 Limited Liability Company]				full		10			10			
							517 079	(47 747)	-	(47 747)	469 332		

Shares/stocks in associated companies

1	"Projekt Echo -23" Sp. z o.o. ['Project Echo -23' Limited Liability Company]	Kielce	processing non-ferrous metals	associated company	equity	1998-10-30	11			11	37,50%	37,50%	none
2	W.A. Hotele Sp. z o.o. [W.A. Hotels Limited Liability Company]	Warsaw	construction activity and property management	associated company	equity	2002-04-18	10 639	(10 589)	(10 589)	50	43,45%	43,45%	none
3	"SPC" S.A. ['SPC' Joint Stock Company]	Warsaw	managing other companies	associated company	equity	1996-03-26	34	(34)	(34)	-	34,00%	34,00%	none
							10 684	(10 623)	-	(10 623)	61		
Shares or stocks in affiliates, total							527 763	(58 370)	-	(58 370)	469 393		

Note 4A

Inventories [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) semi-finished products and work in process	292 005	291 513	412 504
b) finished products	75 138	101 490	37 553
c) merchandise	3 480	3 458	1 645
d) advances for deliveries	5 330	14 474	10 871
Inventories total	375 953	410 935	462 573

Inventories are valued at not more than achievable net value. This value is obtained from information from the active market. Reversal of inventories value allowance is related to sale of the given inventory or increase of net sales price. The amounts of impairment losses of inventories presented as cost in the given period and amounts of impairment loss reversals of inventories, which are recognized as income during the period, are presented in the income statement as other operating income / expenses (non-financial asset revaluation earnings / costs).

"Finished products" include finished apartments for sale.

"Semi-finished products and work in process" mainly includes real estate owned by the Company and investments on housing projects in preparation and in development.

"Merchandise" includes land.

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

Note 4B

Inventories - impact on the bottom line [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
Value of inventories recognized as cost during the period	152 579	284 259	68 776
Amounts of inventories write-downs recognized as cost during the period	3 080	11 268	7 396
Amounts of reversal of inventories write-downs recognized as income during the period	4 492	12 388	1 594

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

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

Note 5A

Current receivables [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) from affiliated companies	146 432	133 932	28 420
- trade receivables, payable within:	146 432	133 932	28 420
- up to 12 months	146 432	133 932	28 420
- claimed through the court	-	-	-
b) revaluation write-downs of receivables affiliated	(4 569)	(4 569)	(4 569)
c) receivables from other companies	9 732	10 557	10 626
- trade receivables, payable within:	2 931	1 959	2 873
- up to 12 months	2 382	1 410	2 141
- over 12 months	549	549	732
- due to taxes, grants, customs, social security, health insurance and other performances	3 255	5 890	5 013
- other	3 546	2 708	2 740
d) revaluation write-downs of receivables - others	(1 271)	(1 192)	(1 199)
Net current receivables total	156 164	144 489	39 046
revaluation allowances on receivables total	(5 840)	(5 761)	(5 768)
Current receivables before currency translation and other charges, total	162 004	150 250	44 814

Revaluation adjustment of receivables from affiliated companies is an allowance for overdue receivables in the amount of 4,569 thousand PLN. Receivables from affiliated companies are not secured. No receivables from affiliated companies were written off as at June 30, 2009.

Estimated fair value of trade receivables is the value of anticipated future discounted cash flows, equivalent to the balance sheet value of these receivables.

Trade receivables are generated from lease of office space and apartments. The Company regularly controls the financial condition and payment capacity of its lessees. Payments are secured with deposits.

Note 5B

Change in the balance of revaluation allowances of current receivables [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
Balance as at the beginning of period	5 761	8 090	8 090
a) increases (on account of)	79	13	-
- creating an allowance	79	13	-
b) decreases (on account of)	-	(2 342)	(2 322)
- repayment	-	(1 716)	-
- release	-	(625)	(2 321)
- utilization	-	(1)	(1)
Balance of revaluation adjustments of current receivables as at the end of period	5 840	5 761	5 768

Receivables revaluation allowance was posted under "other operating expenses" in the Company's income statement.

The Company establishes a receivables revaluation allowance:

- for receivables overdue by more than one year – for full value of receivables
- for receivables overdue by more than six months but not longer than one year – 50% of the value of receivables.

Note 5C

Current receivables before currency translation and other charges (currency structure) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency	161 750	149 474	43 623
b) in foreign currencies (by currency, after conversion to zlotys)	254	776	-
- unit / currency EUR	53	147	-
- thousands PLN	235	611	-
- unit / currency USD	6	56	-
- thousands PLN	19	165	-
Current receivables total	162 004	150 250	43 623

Note 5D

Trade receivables (before adjustments) - days remaining to due date after the balance day [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) up to 1 month	13 989	27 704	5 260
b) over 1 month up to 3 months	414	104 866	21 351
c) over 3 months up to 6 months	-	-	-
d) over 6 months up to 1 year	126 313	183	1 383
e) over 1 year	549	549	732
f) receivables overdue	13 826	8 238	8 223
Trade receivables total (before adjustment)	155 091	141 540	36 949
g) revaluation allowances on trade receivables	(5 728)	(5 649)	(5 656)
Trade receivables total (net)	149 363	135 891	31 293

Note 5E

Trade receivables overdue (before adjustment) - by period overdue [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) up to 1 month	6 157	2 193	1 441
b) over 1 month up to 3 months	557	262	358
c) over 3 months up to 6 months	1 279	48	341
d) over 6 months up to 1 year	211	172	4 630
e) over 1 year	5 622	5 563	1 453
Trade receivables overdue total (before adjustment)	13 826	8 238	8 223
f) revaluation adjustments on trade receivables overdue	(5 728)	(5 649)	(5 656)
Trade receivables overdue total (net)	8 098	2 589	2 567

Note 5F

Trade receivables [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) current receivables without impairment	141 265	133 302	28 726
b) overdue receivables without impairment	8 098	2 589	2 567
c) overdue receivables with impairment	5 728	5 649	5 656
Trade receivables total (before adjustment)	155 091	141 540	36 949

Note 5G

Disputed and overdue receivables [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
Disputable receivables	12	12	12
- for deliveries of works and services	12	12	12
- including ones not covered by a revaluation allowance	-	-	-
Overdue receivables	13 826	8 238	8 223
- for deliveries of works and services	13 826	8 238	8 223
- including ones not covered by a revaluation allowance	8 098	2 589	2 567

Note 6A

Granted short-term loans [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in subsidiaries			
- granted loans	176 670	179 809	84 764
- interest	17 239	12 326	7 738
	193 909	192 135	92 502
b) in other companies			
- granted loans	53	538	777
- interest	105	99	263
	158	637	1 040
Granted short-term loans total	194 067	192 772	93 542

Note 6B

Granted short-term loans (currency structure) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency	194 067	192 772	92 888
b) in foreign currencies (by currency, after conversion to zlotys)	-	-	654
Granted short-term loans total*	194 067	192 772	93 542

*Note 7D comprises short-term loans with interest

The basic data concerning the largest short-term loans is presented in the following table:

Name of the other party	Amount [in thousands PLN]	Interest rate	Due date
Princess Investment Sp. z o.o. [Princess Investment Limited Liability Company]	227	collateral loan rate + margin	December 31, 2009
Echo - Metropolis Sp. z o.o. [Echo - Metropolis Limited Liability Company]	40 204	Wibor 3M + margin	December 31, 2009
Princess Boryszewska Sp. z o.o. [Princess Boryszewska Limited Liability Company]	39 800	Wibor 3M + margin	December 31, 2009
Projekt Naramowice Poznań Sp. z o.o. [Project Naramowice Poznań Limited Liability Company]	75 936	Wibor 3M + margin	December 31, 2009
Athina Park Sp. z o.o. [Athina Park Limited Liability Company]	14 211	Wibor 3M + margin	December 31, 2009
Projekt S Sp. z o.o. [Project S Limited Liability Company]	960	Wibor 3M + margin	December 31, 2009
Malta Office Park Sp. z o.o. [Malta Office Park Limited Liability Company]	5 332	Wibor 3M + margin	December 31, 2009
other - unrelated entities	53	Wibor 3M + margin	December 31, 2009
Total:	176 723		

The maximum value of credit risk involved with these loans equals their balance sheet value.

The granted loans are not secured.

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

Loans were granted to affiliated companies in sound financial condition.

Note 6C

Derivative financial instruments [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency - options	1	295	20 947
b) in foreign currencies (by currency, after conversion to zlotys)	-	-	-
Derivative financial instruments total	1	295	20 947

Note 6D

Derivative financial instruments (by transferability) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
With unlimited transferability, not quoted on regulated market (balance sheet value)			
a) shares (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - options:	1	295	20 947
- fair value	1	295	20 947
- market value	1	295	20 947
- value according to acquisition prices	-	-	-
Derivative financial instruments total	1	295	20 947

During the reporting period, the Company recognized profit/loss on valuation of derivative financial instruments in accordance with Notes 17C and 18B.

Forward transactions presented in the table were executed for the purpose of securing part of the envisaged future cash flows at the Company against foreign exchange risk.

As at 2009-06-30, most transactions were executed and settled accordingly.

Note 6E

Cash and cash equivalents [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) cash in hand and on bank accounts	51 522	39 608	92 252
b) other cash assets	-	-	-
Cash and cash equivalents total	51 522	39 608	92 252
Cash with limited disposability	8 860	8 860	-

As at 2008-12-31, the Company holds cash at recognized banks, mainly PKO SA and PKO BP.

Note 6F

Cash and cash equivalents (currency structure) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency	51 393	39 154	92 226
b) in foreign currencies (by currency, after conversion to zlotys)	129	454	26
- unit / currency EUR	24	84	1
- thousands PLN	106	352	2
- unit / currency USD	6	31	8
- thousands PLN	20	92	18
- unit / currency HUF	179	608	403
- thousands PLN	3	10	6
Cash and cash equivalents total	51 522	39 608	92 252

Note 7

Initial capital (structure)

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

Shareholder	Number of votes / shares	Percentage of share capital	% of votes at the General Meeting of Shareholders
Michał Sołowow (directly and indirectly)	169 916 580	40,46%	40,46%
ING OFE	44 078 210	10,49%	10,49%
Aviva OFE Aviva BZ WBK	43 274 227	10,30%	10,30%
PZU Złota Jesień OFE*	41 066 860	9,78%	9,78%
Other Shareholders	121 664 123	28,97%	28,97%
Total	420 000 000	100,00%	100,00%

* according to the structure of portfolios of the OFEs (Open Pension Funds) as at December 31, 2008

Note 8

Supplementary capital [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) from sale of shares above par value	100 943	100 943	100 943
b) established by force of law	80	80	80
c) established by force of articles / agreement above the value required by law (minimum)	376 814	336 898	336 898
e) other (according to type)	22	22	22
Supplementary capital total	477 859	437 943	437 943

Note 9

Change in deferred income tax assets / provision for deferred income tax [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
1. Deferred income tax assets / provision for deferred income tax as at the beginning of period	(2 919)	(3 601)	(3 601)
financial instruments	1 513	3	3
investment properties	298	1 161	1 161
borrowing receivables and liabilities	(2 946)	(1 798)	(1 798)
credit and bonds liabilities	(294)	(61)	(61)
inventories	2 203	2 494	2 494
shares and stocks	(6 686)	(10 963)	(10 963)
income tax, limited partnership	8 183	8 223	8 223
other	(5 190)	(2 660)	(2 660)
2. Increases	1 433	5 788	4 683
financial instruments	-	1 510	-
investment properties	-	-	7
credit and bonds liabilities	-	-	443
tax loss	1 433	-	4 233
shares and stocks	-	4 278	-

Note 9 continued

Change in deferred income tax assets / provision for deferred income tax [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
3. Decreases	(3 161)	(5 106)	(8 558)
financial instruments	(681)	-	(3 217)
investment properties	(148)	(863)	-
borrowing receivables and liabilities	(703)	(1 148)	(1 261)
credit and bonds liabilities	(743)	(233)	-
inventories	(299)	-	(2 155)
shares and stocks	-	(291)	-
income tax, limited partnership	(2)	(40)	(31)
other	(585)	(2 531)	(1 894)
4. Deferred income tax assets / provision for deferred income tax as at the end of period	(4 647)	(2 919)	(7 476)
financial instruments	832	1 513	(3 214)
investment properties	150	298	1 168
borrowing receivables and liabilities	(3 649)	(2 946)	(3 059)
credit and bonds liabilities	(1 037)	(294)	382
tax loss	1 433	-	4 233
inventories	1 904	2 203	339
shares and stocks	(6 686)	(6 686)	(10 963)
income tax, limited partnership	8 181	8 183	8 192
other	(5 775)	(5 190)	(4 554)

The Company intends to settle the tax loss until the end of 2009. The Company does not have any losses or items where assets were not recognized.

Note 10A

Non-current liabilities (exclusive of provision for income tax) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) to/from subsidiaries	-	-	-
b) to partially owned subsidiaries			
- borrowings	60 000	-	-
- issue of debt securities	489 586	509 151	510 044
	549 586	509 151	510 044
Non-current liabilities total	549 586	509 151	510 044

Note 10B

Non-current liabilities (exclusive of provision for income tax), days remaining to due date after the balance day [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) over 1 year up to 3 years	252 975	140 065	110 394
b) over 3 years up to 5 years	296 611	369 086	399 650
c) over 5 years	-	-	-
Non-current liabilities total	549 586	509 151	510 044
Interest rates applied to discounting anticipated cash flows are as follows:	6,66%	7,66%	8,30%

The Company has presented its non-current liabilities in nominal values in Note 11E

Note 10C

Non-current liabilities (exclusive of provision for income tax) (currency structure) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency	549 586	509 151	510 044
b) in foreign currencies (by currency, after conversion to zlotys)	-	-	-
Non-current liabilities total	549 586	509 151	510 044

Financial liabilities due to issued debt instruments issued are valued at amortized cost, in accordance with IAS 39.

Note 10D**Lines of credit**

Name (company name) of the organization, specifying the legal form	Registered office address	Amount of loan credit under the contract [in thousands PLN]	Amount of loan / credit remaining due [in thousands PLN]	Interest rate arrangements	Due date	Collaterals
PeKaO S.A.	Warsaw	40 000	-	Wibor 1M + margin	2009-09-30	power of attorney to bank account, statement of voluntary submission to enforcement
PKO BP S.A.	Warsaw	20 000	-	Wibor 1M + margin	2009-08-20	surety clause from current account at PKO BP S.A., statement of voluntary submission to enforcement
PKO BP S.A.	Warsaw	40 000	-	Wibor 1M + margin	2009-08-20	surety clause from current account at PKO BP S.A., statement of voluntary submission to enforcement
PeKaO S.A.	Warsaw	90 000	60 000	Wibor 1M + margin	2010-09-30	power of attorney to a bank account
Bank Zachodni WBK S.A.	Wroclaw	16 000	-	Wibor 1M + margin	2009-10-31	blank promissory note, statement of submission to enforcement proceedings, power of attorney to bank account
Total		206 000	60 000			

The value of credit corresponds to undiscounted cash flows.

Note 10 E**Liabilities due to debt financial instruments issued***

Debt financial instruments by type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / collaterals	Quotation market
bonds (BRE Bank S.A.)	150 000	Wibor 6M + margin	2011-05-25	none	none
bonds (BRE Bank S.A.)	100 000	Wibor 6M + margin	2013-05-25	none	none
bonds (BRE Bank S.A.)	300 000	Wibor 6M + margin	2014-06-30	none	none
bonds (BRE Bank S.A.)	35 000	Wibor 1M + margin	2009-07-20	none	none
Total	585 000				

The value of bonds corresponds to undiscounted cash flows.

Note 11A

Trade liabilities, taxes, advances received, other liabilities (exclusive of provisions) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) to/from subsidiaries			
- trade liabilities, payable within:	233	61	89
- up to 12 months	233	61	89
- over 12 months	-	-	-
	233	61	89
b) to/from other companies			
- trade liabilities, payable within:	28 977	75 099	33 528
- up to 12 months	24 248	69 165	27 590
- over 12 months	4 729	5 934	5 938
- advances received	59 075	85 508	167 855
- bill of exchange liabilities	-	-	-
- taxes, customs, insurance and other performances	5 793	5 965	760
- other liabilities	6 433	9 131	12 057
- salaries and wages	7	9	-
- other (by title)	6 426	9 122	12 057
- received hedging deposits	570	559	625
- insurance	26	-	37
- other	5 830	8 563	11 395
	100 278	175 703	214 200
Trade liabilities and other liabilities total	100 511	175 764	214 289

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

Note 11B

Trade liabilities, taxes, advances received, other liabilities (exclusive of provisions) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency	100 410	175 717	214 289
b) in foreign currencies (by currency, after conversion to	101	47	-
Polish zlotys)			
- unit / currency EUR	-	8	-
- thousands PLN	-	31	-
- unit / currency USD	32	5	-
- thousands PLN	101	16	-

Current liabilities total	100 511	175 764	214 289
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Note 11C

Short-term borrowings [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) to/from subsidiaries			
- borrowings	7 443	-	-
	7 443	-	-
b) to/from other companies			
- borrowings,	-	38 382	-
- issue of debt securities	90 437	40 415	42 728
- interest charged	52	57	-
	90 489	78 854	42 728
Borrowings total	97 932	78 854	42 728

The provision for penalties comprises a reserve for potential penalties that the Company can be charged with in relation to its performance.

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

Note 11D

Short-term borrowings (currency structure) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency	97 932	78 854	42 728
b) in foreign currencies (by currency, after conversion to zlotys)	-	-	-
Borrowings total	97 932	78 854	42 728

Note 11E

Derivative financial instruments [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
- options	4 381	5 213	144
- forwards	-	3 044	-
Derivative financial instruments total	4 381	8 257	144

Forward transactions presented in the table were executed for the purpose of securing part of the anticipated cash flows at the Company against foreign exchange risk.

Note 11F

Derivative financial instruments (currency structure) [in thousands PLN]	30.06.2009	31.12.2008	30.06.2008
a) in the Polish currency	4 381	8 257	144
b) in foreign currencies (by currency, after conversion to zlotys)	-	-	-
Derivative financial instruments total	4 381	8 257	144

Note 11G

Change in of short-term provisions (by title)	30.06.2009	31.12.2008	30.06.2008
a) balance as at the beginning of period			
- provisions for penalties	9 190	8 588	8 588
- guarantee repairs	1 100	1 100	1 100
- court proceedings	-	441	441
	10 290	10 129	10 129
b) increases (on account of)			
- provisions for penalties	169	961	10
	169	961	10
c) utilization (on account of)			
- court proceedings	-	(441)	(441)
	-	(441)	(441)
d) release (on account of)			
- provisions for penalties	(730)	(359)	(359)
- sureties for liabilities	-	-	-
	(730)	(359)	(359)
e) balance as at the end of period			
- provisions for penalties	8 629	9 190	8 239
- guarantee repairs	1 100	1 100	1 100
	9 729	10 290	9 339

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

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

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

Note 12A

Conditional liabilities to affiliated companies (on account of) [in thousands PLN]	01.01.2009-30.06.2009	2008	01.01.2008-30.06.2008
a) granted guarantees and sureties, including:	28 647	19 547	19 547
- to subsidiaries	28 647	19 547	19 547
Conditional liabilities to affiliated companies total	28 647	19 547	19 547

Note 12B

Off-balance items [in thousands PLN]	01.01.2009- 30.06.2009	2008	01.01.2008- 30.06.2008
1. Conditional receivables	-	-	-
2. Conditional liabilities			
2.1 To affiliated companies (on account of)	28 647	19 547	19 547
- granted guarantees and sureties	28 647	19 547	19 547
2.2. To other companies (on account of)	4 320	4 032	2 885
- granted guarantees and sureties	4 320	4 032	2 885
	32 967	23 579	22 432
3. Other (on account of)			
- court proceedings against Echo Investment	101	31	388
	101	31	388
Total	33 068	23 610	22 820

Sureties and guarantees granted by "Echo Investment" S.A.:

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

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

3. Surety of July 4, 2007 for the obligations of "Projekt – Echo 49" Sp. z o.o. ("Project – Echo 49" Limited Liability Company) concerning repair of damage up to the amount of 4,320 thousand PLN.

4. Guarantee of June 22, 2009, granted 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) in the amount of 7,300 thousand PLN.

Nominal values of sureties equal their fair values.

Explanatory notes to the income statement

Note 13A

Operating income (material structure - types of activities) [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
A. Sales of residential and commercial areas	40 253	165 636	42 599
- including: from affiliated companies	-	-	-
B. Investment execution services	117 414	194 116	34 315
- including: from affiliated companies	117 414	194 116	33 711
from subsidiaries	117 414	194 116	33 711
from partially owned subsidiaries	-	-	-
C. Property trade	8 679	6 711	6 711
- including: from affiliated companies	3 267	-	-
D. Lease services	3 736	6 338	3 026
- including: from affiliated companies	713	1 237	600
from subsidiaries	713	1 237	600
from the parent company	-	-	-
E. Legal, accounting, consulting and IT services	17 822	31 286	15 456
- including: from affiliated companies	16 074	27 986	12 902
from subsidiaries	16 074	27 986	12 902
from partially owned subsidiaries	-	-	-
F. Other incomes	7 510	4 080	1 909
- including: from affiliated companies	5 334	1 322	242
from subsidiaries	5 316	1 321	241
from key personnel	18	1	1
Operating incomes total	195 414	408 167	104 016
- including: from affiliated companies	142 802	224 661	47 455
from subsidiaries	142 784	224 660	47 454
from the parent company	-	-	-
from key personnel	18	1	1

Minimum contracted lease revenues for 2009 equal 7,700 thousand PLN.

The Company did not enter into any transactions with affiliated companies on different terms than arm's length transactions.

Note 13B

Operating incomes (territorial structure) [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
a) Poland	195 414	408 167	104 016
- including: from affiliated companies	142 802	224 661	47 455
b) export	-	-	-
Net income from sales of products total	195 414	408 167	104 016
- including: from affiliated companies	142 802	224 661	47 455

Note 14

Operating expenses by type [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
Costs by type, total			
a) depreciation/amortization	1 864	4 384	2 390
b) consumption of materials and energy	4 789	7 856	6 093
c) foreign services	128 576	268 723	79 927
d) taxes and charges	2 092	3 362	2 357
e) salaries and wages	9 991	24 714	11 813
f) social security and other performances	1 566	3 952	2 577
g) other prime costs (on account of)	936	3 113	3 293
- business trips	173	1 080	688
- other	763	2 033	2 605
	149 814	316 104	108 450
Change in the balance of inventories, products and accruals	24 543	33 198	(9 389)
Cost of manufacture of products for the company's own purposes (negative value)	(513)	(3 478)	-
Costs of sales (negative value)	(7 986)	(22 203)	(10 391)
Administrative costs (negative value)	(9 878)	(36 807)	(16 643)
Production cost of sold products	155 980	286 814	72 027

Note 15A

Other operating incomes [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
a) released provisions (on account of)	730	4 828	2 321
- receivables	-	4 028	2 321
- other	730	800	-
b) other, including:	1 664	2 258	11 891
- liquidated damages	170	852	87
- valuation of inventories	1 412	1 120	10 914
- other	82	286	890
c) interest charged on loans	5 833	15 458	7 910
- from affiliated companies, including:	4 610	9 217	-
- from subsidiaries	4 610	9 614	3 506
- from other companies	1 223	5 844	4 404
d) other interest	-	4 079	2 052
- from other companies	-	4 079	2 052
Other operating income total	8 227	26 623	24 174

Note 15B

Other operating expenses [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
a) established provisions (on account of)	208	973	10
- for anticipated costs	169	964	10
- receivables	39	9	-
b) other, including:	165	1 747	1 174
- donations	17	354	293
- liquidated damages	-	-	734
- other	148	1 393	147
Other operating expenses total	373	2 720	1 184

Note 16A

Finance incomes from dividends and shares in profits [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
a) from affiliated companies, including:	5 660	41 663	17 497
- from subsidiaries	5 660	41 663	17 497
b) from other companies	-	-	-
Finance incomes from dividends and shares in profits total	5 660	41 663	17 497

Note 16B

Interest income [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
a) other interest			
- from other companies	802	117	-
	802	117	-
Interest income total	802	117	-

Note 16C

Other finance incomes [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
a) foreign exchange gains	-	-	-
b) valuation gains - currency exchange options	538	-	16 935
c) valuation gains - forwards	3 044	-	-
d) closing gains - currency exchange options	-	-	-
e) other,	-	-	-
Other finance incomes total	3 582	-	16 935

Note 17A

Interest charge [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
a) on loans and credits			
- to affiliated companies	-	-	-
- to other companies	22 522	37 114	18 908
	22 522	37 114	18 908
b) other interest			
- to other companies	2	2	1
	2	2	1
c) interest charged on loans			
- from affiliated companies, including:	550	9	9
- from subsidiaries	550	9	9
- from other companies	-	-	-
	550	9	9
d) revaluation of loans and credits	(4 076)	(1 225)	2 333
	(4 076)	(1 225)	2 333
Interest charge total	18 998	35 900	21 251

529 thousand
PLN.

As at June 30, 2009, the activated amount of external financing costs was

The yield rate applied by the Company to determination of the amount of activated borrowing costs was 2.25%.

Note 17B

Other finance costs [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
a) foreign exchange losses, including	293	3 043	3 172
- realized	286	3 001	3 169
- unrealized	7	42	3
b) investment revaluation	-	22 520	-
- shares	-	22 520	-
c) valuation losses - currency exchange options	6 487	21 633	-
- foreign exchange options	2 568	21 633	-
- forward transactions	3 919	-	-
d) valuation loss	-	9 474	-
- foreign exchange options	-	6 430	-
- forward transactions	-	3 044	-
e) other, including:	160	631	173
- commissions	160	627	169
- other	-	4	4
f) activated financial charges	(47)	(98)	(12)
Other finance costs total	6 893	57 203	3 333

Note 18A

Current income tax [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
Profit (loss) before tax	14 399	39 548	37 824
Income tax	(2 736)	(7 514)	(7 186)
Dividends received	1 075	7 916	3 324
Release of provision for liabilities	-	765	441
Other non-deductible costs	(67)	(799)	(456)
Total income tax charge of financial result	(1 728)	368	(3 877)

Note 18B

Deferred income tax, recoverability structure [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
Deferred income tax liabilities			
- due for settlement within 12 months	4 107	6 966	18 536
- due for settlement after 12 months	540	(4 047)	(11 060)
	4 647	2 919	7 476
Total	4 647	2 919	7 476

Note 19**Distribution of profits**

The net profit earned by "Echo Investment" S.A. in 2008, amounting to 39,916 thousand PLN, was allocated to supplementary capital of the company through resolution dated May 28, 2009. The financial statements of "Echo Investment" S.A. for 2008 were approved through resolution of the Ordinary General Meeting of Shareholders of May 28, 2009.

Explanatory notes to the cash flow statement**Note 20**

Cash presented in the cash flow statement [in thousands PLN]	01.01.2009- 30.06.2009	01.01.2008- 31.12.2008	01.01.2008- 30.06.2008
Balance as at the beginning of period, including	39 608	148 706	148 739
- cash in hand and on bank accounts	39 608	148 706	148 706
- other cash	-	-	-
- other cash equivalents	-	-	33
Balance as at the end of period	51 522	39 608	92 459
- cash in hand and on bank accounts	51 522	39 608	92 252
- other cash	-	-	-
- other cash equivalents	-	-	207

Note 21A**Foreign exchange risk – sensitivity to changes***

Item by currency	Balance as at 2009-06-30, currency (in thousands)	Balance sheet valuation as at 2009-06-30 (in thousands PLN)	Estimated currency exchange fluctuations (%)	Impact of foreign exchange differences on individual items (in thousands PLN)
Cash				
EUR	24	100	+/- 5 %	5
USD	6	18	+/- 5 %	1
HUF	179	3	+/- 5 %	0
Global impact on result before tax of the period				6
Income tax				1
Total impact on net result of the period				5

"To analyze sensitivity to foreign exchange rate fluctuations as at 2009-06-30, the realistic range of currency exchange fluctuations was assumed as +/- 5% (on the basis of historical data and available information). If the rate of exchange of the Company's major currencies as at 2009-06-30 (EUR, USD and HUF) was 5% higher or lower, then the Company's net bottom line would be 6 thousand PLN higher or lower, accordingly - as a consequence of foreign exchange losses or gains arising out of revaluation of cash on bank accounts.

Foreign exchange risk – sensitivity to changes*

Item by currency	Balance as at 2008-12-31, currency (in thousands)	Balance sheet valuation as at 2008-12-31 (in thousands PLN)	Estimated currency exchange fluctuations (%)	Impact of foreign exchange differences on individual items (in thousands PLN)
Cash				
EUR	84	350	+/- 5 %	18
USD	31	92	+/- 5 %	5
HUF	608	10	+/- 5 %	0
Global impact on result before tax of the period				23
Income tax				4
Total impact on net result of the period				19

Foreign exchange risk – sensitivity to changes*

Item by currency	Balance as at 2008-06-30, currency (in thousands)	Balance sheet valuation as at 2008-06-30 (in thousands PLN)	Estimated currency exchange fluctuations (%)	Impact of foreign exchange differences on individual items (in thousands PLN)
Cash				
EUR	1	3	+ / 5 %	0
USD	8	17	+ / 5 %	1
HUF	403	6	+ / 5 %	0
Loans granted				
USD	307	652	+ / 5 %	33
Global impact on result before tax of the period				34
Income tax				6
Total impact on net result of the period				27

Note 21B**Interest rate risk – loans granted [in thousands PLN]**

Title	Value calculated for the purpose of analysis (in thousands PLN)		
	as at 30.06.2009	as at 2008-12-31	as at 2008-06-30
Balance of loans granted	205 758	205 681	229 395
Interest income on loans granted	15 061	15 061	7 578
Estimated interest rate fluctuation	+ / - 1 p.p.	+ / - 1 p.p.	+ / - 1 p.p.
Interest income on loans granted, accounting for interest rate growth	2 058	2 057	2 294
TOTAL impact on result before tax of the period	2 058	2 057	2 294
Income tax	391	391	436
TOTAL impact on net result of the period	1 667	1 666	1 858

* The Company granted loans in PLN where the interest rate is variable according to WIBOR rate + margin. If the level of interest rates as at 2009-06-30 was 1 percentage point higher or lower than actually applicable, then the Company's net result would be 1,667 thousand PLN higher or lower on account of higher or lower interest on loans granted in PLN.

Note 21C**Interest rate risk – liabilities arising from issuance of debt securities [in thousands PLN]**

Title	Value calculated for the purpose of analysis (in thousands PLN)		
	as at 30.06.2009	as at 2008-12-31	as at 2008-06-30
Balance of liabilities arising from issue of debt securities	640 023	549 566	552 772
Interest charge on issuance of debt securities	42 850	42 850	20 210
Estimated interest rate fluctuation	+ / - 1 p.p.	+ / - 1 p.p.	+ / - 1 p.p.
Interest charge on issuance of debt securities accounting for interest rate increase	6 400	5 496	5 528
TOTAL impact on result before tax of the period	6 400	5 496	5 528
Income tax	1 216	1 044	1 050
TOTAL impact on net result of the period	5 184	4 451	4 478

Note 22

Information about financial instruments

Item	Type of instrument	Note	Balance sheet value (in thousands PLN)		
			as at 2009-06-30	as at 2008-12-31	as at 2008-06-30
1.	Derivative instruments, including:				
	- financial assets		1	295	20 947
	- financial liabilities		4 381	8 257	144
2.	Granted loans and amounts receivable:				
	- long-term loans	3	11 691	12 909	135 853
	- short-term loans	6	194 067	192 772	93 542
	- trade receivables	5	149 363	135 891	31 293
3.	Financial liabilities and other liabilities:				
	- liabilities arising from issue of debt securities	10 11	580 023	549 566	552 772
	- trade liabilities	11	29 210	75 160	33 617
	- borrowings	11	67 443	38 382	-

The main financial instruments existing at the Company include:

- derivative instruments, namely forward transactions, currency options and other option structures composed of the aforementioned transactions. Derivatives are valued at fair value according to average rate of exchange of the National Bank of Poland, applicable as at the date of valuation.
- granted loans are valued at amortized at acquisition price determined according to effective interest rate method.
- financial liabilities, namely liabilities arising from issuance of debt securities, bank credits, other liabilities (loans and trade liabilities), contingent debt. Financial liabilities are valued at amortized cost, in accordance with IAS 39.

Date: August 27, 2009

Management Board of Echo Investment S.A.

Piotr Gromniak

Artur Langner

President of the Management Board

Vice-President of the Management Board

Person in charge of keeping books of accounts

Tomasz Sulek

Chief Accountant



**Management Report on the operations of the Issuer
and Echo Investment Capital Group
during the first half of 2009**

Kielce, August 27, 2009

Management Report on the operations of the Issuer and of Echo Investment Capital Group in the 1st half of 2009

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

Echo Investment S.A. organizes the entire investment process for a given project, starting from purchasing immovable property, through obtaining administrative decisions, financing, supervision over execution, until handover of the completed project. Echo Investment S.A. also provides general contracting and project management services for third party investors.

Individual developer and investment projects are executed by subsidiaries, which largely facilitates organization of implemented processes and guarantees transparency of the Group structure. These companies are mainly involved in leasing commercial areas (shopping and entertainment centers, offices), development and sales of apartments, and property management services.

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

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

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

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

1. Structure of Echo Investment Capital Group

Echo Investment S.A., which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current developer projects. The group companies have been established or acquired for the purpose of performing certain investment tasks. They do not engage in any type of business activity other than that involved with development of a specific project, followed by provision of lease services of already completed property components or other services.

Echo Investment Capital Group consists of 100 subsidiaries that are fully consolidated, 1 partially owned subsidiary consolidated according to the proportional method, and 3 companies valued according to equity 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 Bełchatów" Spółka z o.o. ['Echo - Bełchatów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Biznesu Łódź" Spółka z o.o. ['Echo - Łódź Business Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Jelenia Góra" Spółka z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company], having its registered seat in Jelenia Góra
- "Echo - Centrum Poznań" Spółka z o.o. ['Echo - Poznań Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Przemysł" Spółka z o.o. ['Echo - Przemysł Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Rzeszów" Spółka z o.o. ['Echo - Rzeszów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Tarnów" Spółka z o.o. ['Echo - Tarnów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Galaxy" Spółka z o.o. ['Echo - Galaxy' Limited Liability Company], having its registered seat in Kielce
- "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa ['Echo - Galaxy Limited Liability Company' Limited Partnership], having its registered seat in Kielce
- "Echo-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 - 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 Poznań 1' Limited Liability Company], having its registered seat in Kielce
- „Echo - Property Poznań 2" Spółka z ograniczoną odpowiedzialnością ['Echo - Property Poznań 2' Limited Liability Company], having its registered seat in Kielce
- "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 - 65" Spółka z o.o. ['Project Echo - 65' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 67" Spółka z o.o. ['Project Echo - 67' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 68" Spółka z o.o. ['Project Echo - 68' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 69" Spółka z o.o. ['Project Echo - 69' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 70" Spółka z o.o. ['Project Echo - 70' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 71" Spółka z o.o. ['Project Echo - 71' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 72" Spółka z o.o. ['Project Echo - 72' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 73" Spółka z o.o. ['Project Echo - 73' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 74" Spółka z o.o. ['Project Echo - 74' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 75" Spółka z o.o. ['Project Echo - 75' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 76" Spółka z o.o. ['Project Echo - 76' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 77" Spółka z o.o. ['Project Echo - 77' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 80" Spółka z o.o. ['Project Echo - 80' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 83" Spółka z o.o. ['Project Echo - 83' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 84" Spółka z o.o. ['Project Echo - 84' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 85" Spółka z o.o. ['Project Echo - 85' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 86" Spółka z o.o. ['Project Echo - 86' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 87" Spółka z o.o. ['Project Echo - 87' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 88" Spółka z o.o. ['Project Echo - 88' Limited Liability Company] in liquidation, having its registered seat in Kielce

- "Projekt Echo - 89" Spółka z o.o. ['Project Echo - 89' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 90" Spółka z o.o. ['Project Echo - 90' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 91" Spółka z o.o. ['Project Echo - 91' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt Echo - 92" Spółka z o.o. ['Project Echo - 92' Limited Liability Company] in liquidation, having its registered seat in Kielce
- "Projekt - Echo 93" Sp. z o.o. ['Project - Echo 93' Limited Liability Company], having its registered seat in Kielce
- "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
- "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, the parent Company 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,
- „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 “Projekt Echo - 34” 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 - 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 - 72" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 73" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 74" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 75" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 76" 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 - 80" Sp. z o.o.;
- 0.1% of equity of "Projekt Echo - 83" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 84" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 85" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 86" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 87" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 88" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 89" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 90" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 91" Sp. z o.o. in liquidation;
- 0.1% of equity of "Projekt Echo - 92" 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 "Projekt Echo - 28" 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.;
- 0.01% of equity of "Echo - Property Poznań 2" Spółka z ograniczoną odpowiedzialnością
- 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 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.;
- 0.001% of equity of "Projekt Echo - 65" Sp. z o.o.;

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

3. Description of basic economic and financial values presented in the financial statements of Echo Investment Capital Group and Echo Investment S.A. for the 1st half of 2009

Basic consolidated data after translation to EURO

SELECTED CONSOLIDATED FINANCIAL DATA	in thousands PLN		in thousands EUR	
	1st half of 2009	1st half of 2008	1st half of 2009	1st half of 2008
Operating income	230 398	177 004	50 991	50 898
Earnings before tax and finance incomes/expenses	311 990	59 170	69 049	17 015
Profit (loss) before tax	87 685	71 123	19 406	20 452
Net profit (loss)	71 130	56 592	15 742	16 273
Net cash flows on operating activities	48 504	13 496	10 735	3 881
Net cash flows from investing activities	(207 561)	(75 560)	(45 937)	(21 728)
Net cash flows from financing activities	(22 192)	(94 633)	(4 911)	(27 212)
Net cash flows total	(181 249)	(156 697)	(40 114)	(45 059)
Assets total	4 308 533	3 343 378	963 964	996 774
Non-current liabilities	1 877 149	1 232 765	419 981	367 529
Current liabilities	453 868	309 016	101 546	92 128
Equity	1 718 912	1 568 704	384 578	467 684
Issued capital	21 000	21 000	4 698	6 261
Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
Profit (loss) per one ordinary share (in PLN/EUR)	0,17	0,13	0,04	0,04
Book value per share (in PLN/EUR)	4,09	3,74	0,92	1,12

The conversion was made as follows:

- assets and liabilities in the balance sheet were translated according to the average exchange rate as at the balance day, i.e. June 30, 2009, 1 EUR = 4.4696 PLN, as at June 30, 2008, 1 EUR = 3.3542 PLN
- particular items of the income statement and the cash flow statement were translated according to the rate of exchange constituting the arithmetic average of average rates published by the National Bank of Poland as at the last day of each ended month in the given period, i.e. for the period from the 1st of January to the 30th of June 2009, 1 EUR = 4.5184 PLN, and for the period from the 1st of January to the 30th of June 2008, 1 EUR = 3.4776 PLN.

Consolidated balance sheet

Balance total of the Capital Group as at the end of the 1st half of 2009 amounted to **3,357,889 thousand PLN**, which constitutes 42% growth in comparison to the balance as at the end of the first half of 2008.

Assets

The structure of assets at the end of 1st half of the year 2009 was the following:

- fixed assets (property, plant and equipment) constitute **82.9%** of total assets, with investment property prevailing with **75.7%** fixed assets, and investment property under construction assets corresponding to **23.0%** of total fixed assets,
- current assets constitute **17.1%** of all assets, including inventories yielding **60.0%** of total current assets, trade receivables and other receivables with **16.0%** of current assets, and cash constituting **19.1%** of total current assets.

Liabilities

- share capital of the parent company – Echo Investment S.A. as at June 30, 2009 amounted to **21.0 million PLN** and was divided into 420,000,000 ordinary bearer shares series A, B, C, D, E and F, with face value of 0.05 PLN each,
- the value of consolidated equity as at June 30, 2009 amounted to **1,718,912 thousand PLN**, showing a 9.6% growth as compared to the situation as at the end of June 2008.

- liabilities constituted **60.1%** of the balance total and amounted to **2,589,629 thousand PLN**.

Consolidated income statement

- in the first half of 2009, the value of consolidated net sales revenues reached **230,398 thousand PLN**,
- consolidated earnings before tax and financial incomes / expenses as at the end of June 2009 amounted to **311,990 thousand PLN**, corresponding to 427.3% growth as compared to earnings for the 1st half of **2008**,
- consolidated profit before tax amounted to **87,685 thousand PLN** and outgrew the balance of the first half of 2008 by **23.3%**,
- consolidated net profit amounted to **71,130 thousand PLN** which, compared to the **56,582 thousand PLN** profit in 2008, constitutes a decrease by **25.7%**,

Consolidated cash flow statement

- the reporting period began with a cash balance of **321,793 thousand PLN**,
- on operating activities, the Capital Group recorded income of cash in the first half of 2009 in the amount of **48,504 thousand PLN**,
- on investing activities, the Capital Group recorded expenditure of cash as at the end of June 2009, in the amount of **207,561 thousand PLN**,
- on financing activities, the Group recorded outflow of cash in the amount of **22,192 thousand PLN**,
- during the period from January 1, 2009 to June 30, 2009, the balance sheet amount of cash decreased by **181,249 thousand PLN**,
- cash as at the end of June 2009 amounted to **140,544 thousand PLN**.

Basic unit data after translation to EURO

SELECTED UNIT FINANCIAL DATA	in thousands PLN		in thousands EUR	
	1st half of 2009	1st half of 2008	1st half of 2009	1st half of 2008
Operating income	195 414	408 167	43 248	117 370
Earnings before tax and finance incomes/expenses	30 246	90 871	6 694	26 130
Profit (loss) before tax	14 399	39 548	3 187	11 372
Net profit (loss)	12 671	39 916	2 804	11 478
Net cash flows on operating activities	(29 466)	(85 695)	(6 521)	(24 642)
Net cash flows from investing activities	6 200	(21 315)	1 372	(6 129)
Net cash flows from financing activities	35 180	(2 088)	7 786	(600)
Net cash flows total	11 914	(109 098)	2 637	(31 372)
Assets total	1 284 717	1 290 495	287 434	384 740
Non-current liabilities	549 586	509 151	122 961	151 795
Current liabilities	202 824	262 875	45 379	78 372
Equity	517 931	505 260	115 879	150 635
Issued capital	21 000	21 000	4 698	6 261
Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
Profit (loss) per one ordinary share (in PLN/EUR)	0,03	0,10	0,01	0,03
Book value per share (in PLN/EUR)	0,03	0,10	0,01	0,03

The conversion was made as follows:

- assets and liabilities in the balance sheet were translated according to the average exchange rate as at the balance day, i.e. June 30, 2009, 1 EUR = 4.4696 PLN, as at June 30, 2008, 1 EUR = 3.3542 PLN
- particular items of the income statement and the cash flow statement were translated according to the rate of exchange constituting the arithmetic average of average rates published by the National Bank of Poland as at the last day of each ended month in the given period, i.e. for the period from the 1st of January to the 30th of June 2009, 1 EUR = 4.5184 PLN, and for the period from the 1st of January to the 30th of June 2008, 1 EUR = 3.4776 PLN.

Separate balance sheet

Balance total of Echo Investment S.A. as at the end of the 1st half of 2009 amounted to **1,284,717 thousand PLN**, which constitutes 0.11% growth in comparison to the balance as at the end of the first half of 2008.

Assets

The structure of assets at the end of 1st half of the year 2009 was the following:

- fixed assets (property, plant and equipment) constitute **39.5%** of total assets, with investments in wholly or partially owned subsidiaries prevailing with **93.0%** fixed assets, and tangible fixed assets corresponding to **2.0%** of total fixed assets,
- current assets constitute **60.5%** of all assets, including inventories yielding **48.3%** of total current assets, granted loans with **25.0%** of current assets, and trade receivables with other receivables constituting **19.7%** of total current assets.

Liabilities

- share capital of the parent company – Echo Investment S.A. as at June 30, 2009 amounted to **21.0 million PLN** and was divided into 420,000,000 ordinary bearer shares series A, B, C, D, E and F, with face value of 0.05 PLN each,
- the value of unit equity as at June 30, 2009 amounted to **517,931 thousand PLN**, showing a 3.7% growth as compared to the situation as at the end of June 2008 .
- liabilities constituted **59.7%** of the balance total and amounted to **766,786 thousand PLN**.

Separate income statement

- in the first half of 2009, the value of unit net sales revenues reached **195,414 thousand PLN**,
- separate earnings before tax and financial incomes / expenses as at the end of June 2009 amounted to **30,246 thousand PLN**, corresponding to 8.1% growth as compared to earnings for the 1st half of 2008.,
- separate profit before tax amounted to **14,399 thousand PLN** and was lower than the balance of the first half of 2008 by **61.9%**,
- unit net profit amounted to **12,671 thousand PLN which**, compared to the **33,947 thousand PLN** profit in 2008 constitutes a decrease by **62.7%**,

Separate Cash Flow

- the reporting period began with a cash balance of **39,608 thousand PLN**,
- on operating activities, Echo Investment S.A. recorded outflow of cash in the first half of 2009 in the amount of **29,466 thousand PLN**,
- on investing activities, Echo Investment S.A. recorded income of cash as at the end of June 2009, in the amount of **6,200 thousand PLN**,
- on financing activities, Echo Investment S.A. recorded income of cash in the amount of **35,180 thousand PLN**,
- during the period from January 1, 2009 to June 30, 2009, the balance sheet amount of cash decreased by **11,914 thousand PLN**,
- cash as at the end of June 2009 amounted to **51,522 thousand PLN**.

3. Significant risks and threats relating to the remaining months of 2009

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

- competition risk - foreign investors have been quite active on the property market in Poland for several years. The advantages of foreign companies include their capital resources, which constitute competitive advantage over domestic developer companies. However, a major advantage of Echo Investment S.A. is its extensive experience in execution of developer projects in various market segments and its recognized position in the real estate market in Poland. Furthermore, in light of the recent economic events and the financial crisis, knowledge of the market tends to become the leading competitive edge, and a new tendency among certain investors to abandon their projects may provide an opportunity for purchases. The Capital Group's rapid growth during the recent years and its portfolio of assets show that Echo Investment S.A. is capable of efficient functioning in competitive market conditions.
- risk of operations on foreign markets – related to the economic and political situation in the country where the Company operates. The Company's policy relies on diversification of geographic locations (Central and Eastern Europe) and sector-based diversification of its portfolio.
- interest rate risk - the activities of Echo Investment S.A. and its subsidiaries are based on external financing. The risk related to interest rate fluctuations is limited through hedging instruments (fixed rate, IRS). Echo Investment S.A. as the dominant company focuses the operations in the financial market, whose range covers the finance of the entire capital group.

- foreign exchange risk – this refers to loans expressed in foreign currencies (most commonly in Euro) within the Capital Group. Fluctuations in exchange rates of currencies used for settlements result in the Group's higher exposure to currency risk. Contracts with lessees are expressed in the currency of the loan taken for the specific project financing. Thus obtained payments from lessees are allocated to repayment of the above mentioned credit facilities. Such combination of financing with sources of income significantly minimizes foreign exchange risk (natural hedging). In addition, considering the significant impact of foreign exchange rates fluctuations on the value of future cash flows, Echo Group takes advantage of other available financial instruments for minimizing currency risk, including forward transactions or currency options. These instruments are used mainly for securing future cash flows involved in newly obtained credits in foreign currencies.
- risk of lessees' financial condition – most of incomes are earned within the range of the capital group's operations from lease of commercial and office space.
The key aspect is selection of lessees with stable economic and financial condition. In shopping centers, lessees include chain operators (Tesco, Carrefour, NOMI, brand clothing shops, multiscreen cinemas, etc.). Cooperation with lessees enables undertaking such activities that would continuously improve the attractiveness of leased areas and emphasize the prestige of a given building, thus attracting new clients. The following companies can be mentioned among clients in office buildings: Polkomtel S.A., Deutsche Leasing, and others.
- risk related to external contractors – when acting as an investor in a given project, Echo Investment S.A. or its subsidiary contracts its execution from third party companies. Execution of these facilities, timely completion, quality would largely depend on these companies. This factor is eliminated to a significant extent through various types of protective measures included in construction contracts and through evaluation of the contractor's financial condition in the selection process. In addition, Echo Group hires professional inspectors and acquires specialized third party inspection services, where inspectors supervise all construction contracts and thus contribute to a major reduction of the risks described herein.
- fiscal and legal risk related to the unstable tax and legal system, lack of certain ownership-related regulations. Instability of Polish legislation in such fields as the tax system, trading system, property location laws, including regulations on establishing commercial facilities, hinder the process of conducting long-term business policies, including planning and implementation of long-term investment projects. Accession to European structures and adoption of procedures applied by the EU should significantly foster reduction or elimination of this risk.
- risk of administrative procedures – as Echo Investment S.A. is involved in the process of executing individual projects from the beginning, its operations depend on administrative procedures. Time-consuming procedures of administrative authorities determine commencement of implementation of the Company's planned investments, which may result in delays in their completion. At the same time, extensive third party authority to interfere with the advancement of administrative procedures would frequently extend the duration of investment process, affecting its completion date and profitability.

liquidity risk -the Group manages its liquidity risk through constantly maintaining a sufficient amount of available funds in the form of cash on bank accounts and/or funds assigned through available lines of credit, as well as through monitoring continuously forecast and actual cash flows. Factors of special importance for Echo Investment Group to maintain its liquidity include a stable portfolio of long-term projects for lease (shopping centers, shopping/entertainment centers, and offices), which tend to generate higher profits year by year from lease of space.

- risk of adverse changes on the real estate market – relating to adverse variation of market factors influencing Echo Capital Group's activities on the property market. Echo Investment S.A. and the subsidiaries try to minimize the risk of adverse changes on the real estate market through executing investment projects in stages and adapting investment realization rate to expectations, trends, demand and prices on local markets.

- social and economic risks - risks related to impacts of macroeconomic factors beyond Echo Investment Capital Group's control, affecting achievement of the Group's strategic goals and financial results. Such factors include mainly: inflation, overall condition of the Polish economy, change of economic situation, GNP, variations of realistic incomes of the community, and tax policies. Changes of macroeconomic factors may contribute to a decrease of envisaged incomes or to an increase of operating costs. This is particularly important considering lower GNP growth, deepening State budget deficit, and growing unemployment, which should ultimately lead to a decrease in actual incomes of the population.

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

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

4.1. Segments of activity

During the 1st half of the year 2009, Echo Investment S.A. and Capital Group companies realized projects initiated in the previous years and became involved in new investment projects 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 shopping/entertainment centers

Shopping centers built by the Group operate in more than ten larger cities in Poland. Stability of the market of shop floor areas is due to high market demand, adaptability to specific clients' requirements, and high diversification of sectors and industries.

Domestic and international shopping chains, as well as local companies are tenants of commercial areas in these buildings. Key tenants in shopping centers include: Carrefour, Tesco, Real, Nomi, RTV Euro AGD, Empik, Douglas, Saturn Planet, Rossman, and other chain brands.

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 29,000 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

During the 1st half of 2009, execution works were carried out on the 1st stage of extension of the Galeria Echo shopping & entertainment center in Kielce, including construction of a seven-level car park with an area of 43,000 square meters. The car park was designed by Detan Design Studio of Kielce and the construction was designed by JORDAHL & PFEIFER Technika Budowlana Sp. z o.o. The general contractor will be EIFFAGE BUDOWNICTWO MITEX S.A. Completion of development of this multi-level car park took place in August 2009. The mall, tripled in size (approx. 65,000 square meters of leasable area), 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 second half of 2012.

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 at 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, Grottgera 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 1st 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 2012.

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. Górnoślaska and Francuska Street. This establishment, designed by DDJM Biuro Architektoniczne design office, will be executed in three stages. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. Commencement of development of the first stage of this investment is scheduled for the second half of 2010. The whole establishment will be ready for opening in the 2nd half of 2013.

Krakow, AVATAR project

During the 4th quarter of 2008, preparations to development of a new seven-storey modern class A office building commenced in Krakow, Lea Street, with above-ground and underground 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. 100% of the facility has been leased by Fortis Bank Polska SA with its registered seat in Krakow. Area to let is about 11,000 square meters. Anticipated completion date falls in the second half 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 the last stage planned for handing over to users in the second half of 2013.

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 28,000 square meters. According to current plans, the project is scheduled for completion in the second 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 the 2nd half of 2010. Core and shell of the second stage is being developed by Fakt Budownictwo Sp. z o.o. construction company of Kielce. 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 of Oxygen, a modern office building at the Company's plot of land in Szczecin, Malczewskiego Street, was resumed. About 14,000 sq. m of that building area will be designed for rent by companies specializing in advanced IT and telecommunication technologies. Architectural design of the establishment was developed by Arch Deco, a design studio of Gdynia. Works involved in building the underground level and the ground floor of the building have been completed. The next storey is now being built. Completion of this project is scheduled for the 1st half of 2010.

Warsaw, Park Postępu

Execution works on a group of office buildings with multi-storey underground car park were continued on the real estate situated in Warsaw at 21 Postępu Street. This project with nearly 34,000 square meters leasable area, comprising four office buildings, was designed by APA Wojciechowski studio of Warsaw. The contractor of core and shell construction and the general contractor and manager of the investment is Modzelewski & Rodek Sp. z o.o. of Warsaw. The anticipated completion date of the 1st stage will be in the second half of 2009, and the 2nd stage is scheduled for completion 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

As at the date of publication of this report, Echo Investment Capital Group is involved in negotiations with Orbis S.A., aiming at finalization of sale of the property situated in Łódź, Piłsudskiego Street, where a Novotel-class hotel will be built to ACCOR standards, with a net area exceeding 7,000 square meters. Anticipated completion date of this development falls in the 1st half of 2011.

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 first 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 and finished designs of houses, with the original area of 125,000 square meters.

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

A 2.5-storey building with an area of 500 square meters will be built in Krakow, Kilinskiego Street, (8 apartments). The building was designed by Oleksy&Polaczek design studio. The project is in the phase of obtaining administrative permits. Commencement of development is scheduled for the first half of 2010. End date of construction and installation works is planned before mid-2011.

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 2,000 square meters. (10 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 1st half 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 5,200 square meters). The building designed by Studio S – Biuro Architektoniczne Szymanowski design office of Krakow will contain 84 apartments. The investment is planned to commence during the first half of 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 3,500 square meters. The establishment designed by Studio S Michał Szymanowski design office of Krakow will contain about 47 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 and Górnicza Streets

The process of preparing construction of residential buildings to be developed on real estate in Łódź, Okopowa and Górnicza 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 310 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 first half of 2011 and duration of the execution process will exceed four years, however not longer than until the end of 2015.

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. Anticipated completion date of execution shall be in the first half of 2013.

Echo Investment Capital Group's reserve of land in Poznań 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 and Grudzieniec Streets

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 in the first half of 2010 and its duration should not exceed eighteen months. Therefore, completion of development is scheduled for the first half 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. Works completion date falls in the second half of 2011.

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 at the end of 2015.

Foreign markets**Hungary****Segment of shopping centers and shopping/entertainment centers****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. Further plans include location of the Zuglo District Mayor's Office in the complex. A preliminary building permit has been obtained for erection of the office complex.

Romania

Segment of shopping centers and shopping/entertainment centers

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.

See also: clause 12.2.1. of this Report.

4.2. Structure of revenues

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

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

Revenues from lease services are generated through letting of areas in shopping centers and shopping/entertainment centers. Consolidated revenues earned on this account as at the end of the 1st half of 2009 constituted 56.0% 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 earned on this account constituted approx. 31.2% of all consolidated income from sales of products.

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

Revenues from lease services are generated from lease of areas in office and hotel buildings owned by individual subsidiaries. Consolidated revenues earned from this source and from development of investments as at the end of June 2009 constituted approx. 10.0% of net sales income.

- real estate trade:

The characteristics of Echo Investment S.A. Capital Group's operations somehow enforce owning certain real property resources, which are then allocated to specific projects. Income generated in this area of the Capital Group's operations constitutes about 0.8 % of total sales income.

- other incomes:

This type of operations is related to providing legal, accounting and consulting services to subsidiaries. The income generated in this area constitutes about 2.0% of total net income on sales.

Structure of net income from sales (in PLN m) yielded by Echo Investment S.A. Capital Group during the first half of 2009-2008:

Specification	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Letting of space in shopping centers and shopping/entertainment centers	128,9	104,9
Sale and lease of residential areas	71,8	45,0
Development and letting of areas in office and hotel facilities	23,1	15,7
Property trade	1,9	6,7
Other incomes	4,7	4,7
Net income from sales of products total	230,4	177,0

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

- sales of residential and commercial areas

The primary source of revenues in this segment is the sale of apartments and, to a lesser extent, sales of commercial areas (shopping areas, offices and other premises situated within multifunctional housing projects). Revenues earned on this account constituted **20.6%** of all revenues from sales of products.

- investment contracting services:

Echo Investment S.A. acts as the General Contractor of Investments and Project Manager for potential investors. For this reason, in the first half of 2009 contractor's and project manager's services stood for **60.1%**.

- lease services:

Revenues from lease services are generated on letting of areas in shopping centers and office buildings owned by Echo Investment SA. Incomes earned in this area corresponded to **4.4%** of net sales revenues as at the end of June 2009.

- legal, accounting and consulting services:

This type of operations is related to providing legal, accounting and consulting services to subsidiaries. The income generated in this area constitutes **9.1%** of overall net sales income.

Structure of net income from sales (in millions PLN) earned by Echo Investment S.A. during the first half of 2009-2008:

Specification	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Sales of residential and commercial areas	40,2	42,6
Investment contractor and project manager services	117,4	34,3
Property trade	8,7	6,7
Lease services	3,7	3,0
Legal, accounting and consulting services	17,8	15,5
Other incomes	7,5	1,9
Net income from sales of products total	195,4	104,0

5. Consequences of changes in the structure of Echo Investment Capital Group, including changes resulting from mergers, acquisitions or sales of Echo Investment Capital Group companies, and changes in this area during the financial year

5.1. Changes in organizational or equity relations

I. The composition of the Capital Group did not change.

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

On February 26, 2009 the Issuer was notified that on February 24, 2008 the District Court in Kielce, 10th Economic Department of the National Court Register, registered changes in the value and structure of initial capital of a subsidiary "Projekt Naramowice Poznań" Sp. z o.o. ("Project Naramowice Poznań" Limited Liability Company) with its registered seat in Kielce (the "Subsidiary").

The value of the Subsidiary's initial capital was increased by 156,930,000 and now equals PLN 156,980,000, divided into 3,139,600 shares with a par value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 3,139,600.

As at the registration date, ownership structure in "Projekt Naramowice Poznań" Sp. z o.o. ["Project Naramowice Poznań" Limited Liability Company] has changed and is now as follows:

- the Issuer's subsidiary "Projekt Naramowice" Sp. z o.o. ["Project Naramowice" Limited Liability Company] with its registered seat in Kielce holds 3,138,600 shares in the subsidiary with a total value of PLN 156,930,000, carrying 3,138,600 votes at the meeting of shareholders, which correspond to 99.97% of the initial capital,

- Echo Investment SA with its registered seat in Kielce holds 1,000 shares in the subsidiary with a total value of PLN 50,000, carrying 1,000 votes at the meeting of shareholders, which corresponds to 0.03% of the initial capital.

Changes in the share capital of "Projekt Naramowice Poznań" Sp. z o.o. were registered as a consequence of a non-cash contribution made by "Projekt Naramowice" Sp. z o.o., the said contribution incorporating a set of tangible and intangible assets designed for carrying out business activity, specifically including:

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

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

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

The aforementioned non-cash contributions were effected on the basis of agreement of transfer of ownership of an enterprise, which was made on October 31, 2008 between the Issuer's subsidiaries "Projekt Naramowice" Sp. z o.o. (the Transferor) and "Projekt Naramowice Poznań" Sp. z o.o. with its registered seat in Kielce (the Transferee).

"Projekt Naramowice" Sp. z o.o. with its registered seat in Kielce intends to consider the Subsidiary's shares thus taken up as a long-term equity investment.

The shares taken up in the Subsidiary have been considered significant assets on the basis of the criteria of significant value for financial assets.

On March 26, 2009 the District Court in Kielce, 10th Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company] with its registered seat in Kielce. The value of the Subsidiary's initial capital was increased by PLN 5,500,000 and now equals PLN 7,500,000, divided into 15,000 shares with a par value of PLN 500 each. The capital was increased through creation of 11,000 new shares with a par value of PLN 500 each. Each share carries one vote at the Subsidiary's general meeting of shareholders. As at the registration date, Echo Investment S.A. took up the entirety of the increased share capital of the Subsidiary, corresponding to 73,34% of the current share capital. The newly established shares were covered with a cash contribution. The shares thus taken up were financed with Echo Investment S.A.'s own funds. Echo Investment SA intends to treat the shares taken up as long-term equity investment. Shareholding structure of the Subsidiary after registration of changes in the share capital is the following:

- Echo Investment S.A. is currently the holder of 99,99% shares, corresponding to 99,99% of share capital and carrying 13,999 votes at the general meeting of shareholders of the Subsidiary,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. is the holder of 1 share, corresponding to 0,01% of share capital and carrying 0,01% votes at the general meeting of shareholders of the Subsidiary.

III. Names of the following subsidiaries were changed:

- the name of "Echo Investment - Centrum Handlowo-Usługowo - Rozrywkowe Gliwice" Spółka z ograniczoną odpowiedzialnością ['Echo Investment - Gliwice Shopping , Service & Entertainment Center' Limited Liability Company] with its registered seat in Kielce changed into „Echo - Property Poznań 2" Spółka z ograniczoną odpowiedzialnością ['Echo - Property Poznań 2' Limited Liability Company] with its registered seat in Kielce,
- the name of "Projekt Echo - 65" Spółka z ograniczoną odpowiedzialnością ['Project Echo - 65' Limited Liability Company], having its registered seat in Kielce, changed into "Echo - Oxygen" Spółka z ograniczoną odpowiedzialnością ['Echo - Oxygen' Limited Liability Company'], having its registered seat in Kielce.

See also: clause 16 of this Report.

5.2. Investments in shares of public companies

On account of securities, Echo Investment Capital Group companies did not make any investments in shares of companies quoted on the stock exchange during the 1st half of 2009.

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

See also: sub-clause 5.1. of this Report.

6. Opinion of the Management Board of Echo Investment S.A. concerning the possibilities of realizing the previously published forecasts for the given year, in view of results presented in periodical reports in relation to forecasts

Neither Echo Investment S.A. Capital Group nor the dominant company - Echo Investment S.A. published any prognoses of financial results for the year 2009.

7. Shareholders of Echo Investment S.A., holding at least 5% of the total number of votes at the Issuer's general meeting of shareholders, directly or indirectly through subsidiaries.

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as at the date of publication of this report:

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 the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	169 916 580	40,46%	169 916 580	40,46%
Aviva OFE Aviva BZ WBK OFE	43 274 227	10,30%	43 274 227	10,30%
ING OFE	41 918 548	9,98%	41 918 548	9,98%
OFE PZU Złota Jesień*	41 066 860	9,78%	41 066 860	9,78%

*Balance according to the structure of investment portfolio of the OFE (Open Pension Fund) as at December 31, 2009

On March 9, 2009 the Issuer was notified by ING Powszechne Towarzystwo Emerytalne (ING Common Pension Society), which communicated according to Article 69 of the Act of July 29, 2005 on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies (Journal of Laws No. 184 item 1539) that as a result of transaction at the Warsaw Stock Exchange, cleared as at March 4, 2009, it has become the holder of a stake of Echo Investment S.A.'s (the Company's) shares exceeding 10% of votes at the general meeting of shareholders of the Company. Before the aforementioned increase of share percentage, ING OFE had been the holder of 41,995,656 shares of Echo Investment S.A., corresponding to 9,99% of the Issuer's equity. These shares carried 41,995,656 votes, corresponding to 9,99% of the total number of votes at the Issuer's general meeting of shareholders.

As at March 6, 2009, ING Open Pension Fund was holding 44,078,210 shares on its securities account, corresponding to 10,49% of the Issuer's share capital. These shares carried 44,078,210 votes, constituting 10,49% of the total number of votes at the Issuer's general meeting of shareholders.

ING Common Pension Society hereby notifies that during the upcoming 12-month period, ING Open Pension Fund acknowledges the possibility of increasing or decreasing the stake held thereby, depending on the Company's market situation and functioning. The purpose of acquiring shares of Echo Investment S.A. is to invest funds within the scope of ING Open Pension Fund's investing activities.

On April 17, 2009 the Company received a notice wherein Pioneer Pekao Investment Management S.A. with its registered seat in Warsaw (PPIM), acting in compliance with Article 87 clause 1 item 3 letter b of the Act of July 29, 2005 on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies (Journal of Laws No. 184 item 1539, as amended), communicates a reduction of its total engagement to the level of 4,98% of the total number of votes at the general meeting of shareholders of Echo Investment S.A. to the extent of financial instruments comprised in the portfolios managed within the range of performance by PPIM of brokers' financial instruments portfolio management service.

Before reduction of the foregoing share, customers of Pioneer Pekao Investment Management S.A. used to hold 21,028,310 shares of Echo Investment SA on their accounts covered by the management agreement, forming 5,01% of the Issuer's share capital. These shares carried 21,028,310 votes, corresponding to 5,01% of the total number of votes at the Issuer's general meeting of shareholders.

On April 8, 2009 there were 20,920,240 shares of Echo Investment SA on the securities accounts of all customers of Pioneer Pekao Investment Management S.A., corresponding to 4,98% of the Issuer's share

capital. These shares carried 20,920,240 votes, constituting 4.98% of the total number of votes at the Issuer's general meeting of shareholders.

Pioneer Pekao Investment Management S.A. further notifies that all customers of Pioneer Pekao Investment Management S.A. concerned with portfolios managed by PPIM are the shareholders holding the above specified number of votes below 5% at the Issuer's general meeting of shareholders.

On May 14, 2009 the Issuer was notified by Commercial Union Powszechnie Towarzystwo Emerytalne BPH CU WBK S.A. (CU Common Pension Society), which communicated according to Article 69 clause 1 and clause 4 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 acquisition of shares of Echo Investment S.A. at the Warsaw Stock Exchange, cleared as at May 12, 2009, Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK S.A. (CU Open Pension Fund)

has become the holder of a stake of Echo Investment S.A.'s (the Company's) shares exceeding 10% of votes at the general meeting of shareholders of the Company.

Before the aforementioned transaction, as at May 11, 2009, CU Open Pension Fund used to hold 41,874,227 shares of Echo Investment S.A., corresponding to 9.97% of the Issuer's share capital. These shares gave 41,874,227 votes, forming 9.97% of the total number of votes at the Issuer's general meeting of shareholders.

After closing and settlement of the aforementioned transaction, as at May 11, 2009 CU Open Pension Fund was holding 43,274,227 shares of Echo Investment S.A., corresponding to 10.30% of the Issuer's share capital. These shares carried 43,274,227 votes, constituting 10.30% of the total number of votes at the Issuer's general meeting of shareholders.

Investment in the shares of Echo Investment S.A. is a portfolio investment. CU Open Pension Fund acknowledges the possibility of further increasing its involvement in the Company during the next 12 months as of the submission date of the present notice, for the purpose of achieving maximum safety and profitability of the open pension fund's investments. CU Common Pension Society further informs that, in accordance with the provisions of the Act on organization and functioning of pension funds and secondary legislation issued under the said Act, CU Open Pension Fund's involvement may not exceed 20% of the Company's share capital. The Fund does not preclude transferring of its shares in case of appropriate growth of value or occurrence of relevant investment risk.

On July 21, 2009 the Issuer was notified by ING Powszechnie 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 the Issuer's share capital. These shares carried 42,374,824 votes, corresponding to 10.09% of the total number of votes at the Issuer's general meeting of shareholders.

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

8. Total number and nominal value of all shares of the issuer and shares in the issuer's Capital Group companies held by managing and supervising persons

Shares of Echo Investment S.A. have been quoted on the Warsaw Stock Exchange since March 1996. As at June 30, 2009, 420,000,000 shares of the Company are presently available for stock trade. Nominal value of one share is PLN 0.05. All shares carry the same privileges. Each share carries one vote at the General Meeting of Shareholders of the Company.

Information about issues of Echo Investment's shares:

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

8.1. Shares of Echo Investment S.A. held by supervising persons

Shares of Echo Investment S.A. held by supervising persons as at June 30, 2009 are illustrated in the table below:

Supervising person	Balance as at 2009-06-30 [pcs.]	Par value of one share	Par value total	Percentage of share capital
Wojciech Ciesielski , Chairman of the Supervisory Board	1.440.000	0.05 PLN	72,000 PLN	0,34%
Andrzej Majcher , Deputy Chairman of the Supervisory Board	100.800	0.05 PLN	5,040 PLN	0,02%
Mariusz Waniolka , Member of the Supervisory Board	did not hold any shares	0.05 PLN	-	-
Robert Oskard , Member of the Supervisory Board	did not hold any shares	0.05 PLN	-	-
Karol Żbikowski , Member of the Supervisory Board	did not hold any shares	0.05 PLN	-	-
Tomasz Kalwat , Member of the Supervisory Board	14.860	0.05 PLN	743 PLN	0,004%

8.2. Shares of Echo Investment S.A. held by managing persons

Shares of Echo Investment S.A. held by managing persons as at June 30, 2009 are illustrated in the table below:

Managing person	Balance as at 2009-06-30 [pcs.]	Par value of one share	Par value total	Percentage of share capital
Piotr Gromniak , President of the Management Board	did not hold any shares	0.05 PLN	-	-
Artur Langner , Vice-President of the Management Board	did not hold any shares	0.05 PLN	-	-

On January 07, 2009 the Issuer received a notice dated January 07, 2009, whereunder a person holding a managing function in the organizational structure of Echo Investment SA, acting pursuant to Article 160 of the Financial Instrument Trading Act of July 29, 2005 (Journal of Laws No. 183, item 1538) with reference to §2 sub-paragraph 5 of the Regulation of the Minister of Finance as of November 15, 2005 on transmitting and announcing information about certain financial instruments transactions and the rules of preparing and keeping a list of persons to whom certain confidential information is made available (Journal of Laws No. 229 item 1950), hereby communicates that a transaction of purchase of Echo Investment SA's shares was executed.

1,800 ordinary bearer shares were bought at PLN 1.70 per share on the regulated market during ordinary session of the Warsaw Stock Exchange on November 24, 2008.

The notifying party requested that his or her personal data is kept confidential, quoting the provisions of Article 3 Clause 2 of the Regulation of the Minister of Finance as of November 15, 2005 on transmitting and announcing information about certain financial instruments transactions and the rules of preparing and keeping a list of persons to whom certain confidential information is made available.

On January 30, 2009 the Issuer received a notice dated January 30, 2009, whereunder a person holding a managing function in the organizational structure of Echo Investment SA, acting pursuant to Article 160 of the Financial Instrument Trading Act of July 29, 2005 (Journal of Laws No. 183, item 1538) with reference to §2 sub-paragraph 5 of the Regulation of the Minister of Finance as of November 15, 2005 on transmitting and announcing information about certain financial instruments transactions and the rules of preparing and keeping a list of persons to whom certain confidential information is made available (Journal of Laws No. 229 item 1950), hereby communicates that a transaction of purchase of Echo Investment SA's shares was executed by a close relative thereto. 300 ordinary bearer shares were bought at PLN 6.58 per share on the regulated market during ordinary session of the Warsaw Stock Exchange on January 31, 2008.

The notifying party requested that his or her personal data is kept confidential, quoting the provisions of Article 3 Clause 2 of the Regulation of the Minister of Finance as of November 15, 2005 on transmitting and announcing information about certain financial instruments transactions and the rules of preparing and keeping a list of persons to whom certain confidential information is made available.

9. Proceedings in court, before a competent arbitration tribunal or a competent public administration authority, with a total value corresponding to at least 10% of the value of the Company's equity

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

10. Execution by the Company or the Company's subsidiary of one or more significant transactions with affiliated companies, whether each or every one of these transactions are significant, on different terms than arm's length transactions, indicating the transacted amount(s) if any

Neither Echo Investment S.A. nor any subsidiary entered into any significant transactions with affiliated companies on different terms than arm's length transactions in the 1st half of 2009.

11. Granting of loan or credit sureties by the Company or a subsidiary to one entity or unit of that entity if the total value of existing sureties or guarantees is an equivalent of at least 10% of the Company's equity

During the 1st half 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 the Issuer's equity.

12. Other important information for assessment of human resources, property, financial standing, earnings, and any fluctuations thereof, in respect of Echo Investment Capital Group. Important data for assessment of the Group's solvency.

Employment in the Capital Group is as follows:

Balance as at	June 30, 2009	December 31, 2008	June 30, 2008
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Headcount	308	345	370
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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.

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

Sales markets

All projects executed by Echo Investment Capital Group in the 1st half of 2009 were located in the Polish market only. The companies forming the Capital Group realized their investments in the markets of the following cities: Warsaw, Krakow, Poznań, Kielce and Szczecin.

Echo Investment Capital Group

Changes in sources of supply

With regard to purchase of services provided by Echo Investment Capital Group companies, the dominant share measured as the proportion between purchases and income from sales total is held by companies partnering Echo Investment Capital Group in the range of execution of specific developer projects. In the 1st half of 2009, the value of transactions with one party exceeded the 10% threshold in relation to the value of the Capital Group's revenues. This party is not related to Echo Investment Capital Group.

Largest suppliers of Echo Investment Capital Group in the 1st half of 2009:

Contract party	Value of transactions [million PLN]	Percentage share in net sales income
Modzelewski & Rodek Sp. z o.o.	62,5	27%
Eiffage Budownictwo Mitex SA	19,1	8%
Przedsiębiorstwo Elementów Budowlanych Fabet	8,6	4%

Changes among buyers

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

In the 1st half of 2009, trade with no client exceeded 10% of consolidated net income from sales.

Largest clients of Echo Investment Capital Group in the 1st half of 2009:

Client	Value of transactions [million PLN]	% of share in net sales incomes
Carrefour Polska Sp. z o.o.	17,8	8%
Polkomtel S.A.	10,6	5%
NOMI S.A.	9,4	4%

Echo Investment S.A.

Changes in sources of supply

With regard to purchase of services provided by Echo Investment S.A., the dominant share measured as the proportion between purchases and income from sales total is held by companies partnering Echo Investment S.A. in the range of execution of specific developer projects. In the first half of 2009,

transactions with one partner exceeded the 10% threshold of the value of the Company's revenues. Echo Investment SA is not related to that party.

Largest suppliers of Echo Investment S.A. in the 1st half of the year 2009:

Contract party	Value of transactions [million PLN]	% of share in net sales incomes
Modzelewski & Rodek Sp. z o.o.	62,5	32%
Eiffage Budownictwo Mitex SA	19,1	10%
Przedsiębiorstwo Elementów Budowlanych Fabet	8,6	4%

Changes among buyers

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

In the 1st half of 2009, trade with two clients - subsidiaries of Echo Investment SA - exceeded 10% of net sales income.

Largest clients of Echo Investment S.A. in the 1st half of the year 2009:

Contract party	Value of transactions [million PLN]	% of share in net sales incomes
Echo - Park Postępu Sp. z o.o.	55,2	28%
Echo - Galeria Kielce Sp. z o.o.	35,8	18%
Projekt Echo - 63 Sp. z o.o.	11,8	6%

12.2 Significant contracts for Echo Investment Capital Group's business operations, including contracts made between shareholders, known to Echo Investment Capital Group companies, and insurance contracts, partnering agreements or cooperation agreements made during the first half of 2009.

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

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

Credit agreements

On June 15, 2009 the Issuer received a credit agreement dated June 10, 2009 (the Agreement) signed by correspondence between 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, the Borrower) 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 50 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 223,645,000). The credit facility will be disbursed in five installments until September 30, 2010 inclusive. Interest rate shall be based on annual EURIBOR rate plus margin. The ultimate due date for repayment of this credit facility shall be January 31, 2020. The funds obtained under the Agreement shall be used for refinancing the costs of development of the Postępu Office Park in Warsaw, a group of four seven-storey

office buildings with total leasable area of approximately 33,400 square meters, with 811 parking places, situated on a plot of land with an area exceeding 11,800 square meters (the Property). The Subsidiary is the owner of the aforementioned estate of office buildings and a perpetual lessee of the plot of land.

The following collaterals are provided as a guarantee of repayment of all amounts due to the lender under the loan agreement:

- capped mortgage on the Borrower's Property,
- registered pledges on shares in the initial capital of the Subsidiary, held by the Issuer and the Issuer's subsidiary "Projekt - Echo 17" Sp. z o.o. ['Project - Echo 17' Limited Liability Company],
- assignment of receivables due to the Borrower under lease contracts and insurance policy,
- lien on the Borrower's bank accounts,
- the Borrower's statement of submission to execution.

In addition, as a security against currency risk, the parties to the Agreement shall execute a hedging contract whereunder swap, forward swap or derivatives transactions will be executed for all or part of outstanding installments.

On June 22, a credit agreement (the Agreement) was signed by between the Issuer's subsidiary Malta Office Park Sp. z o.o. [Malta Office Park Limited Liability Company] with its registered seat in Kielce (the Subsidiary, the Borrower) and Westdeutsche ImmobilienBank AG with its registered seat in Mainz, Germany (the Bank, the Lender). Under the said Agreement, the Lender lends to the Borrower 31.785 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 143,150,104.50). Interest shall be charged based on fixed or variable annual EURIBOR rate plus margin. The credit amount will be disbursed in two tranches. Part of the credit amount will be designated for refinancing the expenditures made on development of the 1st stage of Malta Office Park of Poznań (the Project), and the remaining funds will be used for covering the costs of development of the next 2nd stage of the Project and for financing the Borrower's current activities. The group of office buildings in Poznań called Malta Office Park (stages I and II) is composed of five office buildings with a combined gross leasable area of approximately 22,640 square meters, with 458 parking places, situated on a plot of land with an area exceeding 30,800 square meters (the Property). At the same time, according to the Contract provisions, the Bank grants a credit to the Borrower up to the amount of 20 million PLN for covering the costs of VAT related to development of the aforementioned investment. Interest charge on this credit facility, which is delivered in PLN, shall be determined on the basis of WIBOR 1M plus margin. The ultimate due date for credit repayment shall be 63 months after signing the present Agreement.

The following collaterals are provided as a guarantee of repayment of all amounts due to the lender under the loan agreement:

- capped mortgage on the Borrower's Property,
- registered pledges on shares in the initial capital of the Subsidiary, held by the Issuer and the Issuer's subsidiary "Projekt - Echo 17" Sp. z o.o. ['Project - Echo 17' Limited Liability Company],
- assignment of receivables due to the Borrower under lease contracts and insurance policy,
- lien on the Borrower's bank accounts,
- the Borrower's statement of submission to execution.

The Borrower shall also enter into a hedging contract with the Bank or with other banks. Interest rate fluctuation risk hedging transactions will be executed on the basis of such contract.

See also: sub-clause 12.4.4.

Property trade

On January 21, 2009 Echo Investment S.A. (the Buyer) and TBS Nasz Dom Sp. z o.o. with its registered seat in Poznań (the Seller) signed a final contract of purchase of freehold right to undeveloped property situated in Poznań, Katowicka Street, for a price of PLN 3.16 million.

On February 21, 2009 Echo Investment S.A. (the Seller) and Echo-Property Poznań 1 Sp. z o.o. (the Buyer) signed a contract of sale of freehold of property situated in Krakow, Tyniecka Street, with the area of approximately 10,060 square meters. The contract value is PLN 4.3 million.

On February 20, 2009, a contract of sale of property with an approximate area of 2,016 square meters, located at Duszna Street in Poznań, was executed between the following subsidiaries: Echo - Property Poznań 1 Sp. z o.o. (the Seller) and Echo - Metropolis Sp. z o.o. (the Buyer). The contract value was about 4.29 million PLN.

On April 29, 2009 Echo Investment S.A. (the Seller) and Eiffage Budownictwo Mitex S.A. (the Buyer) signed a contract of sale of perpetual leasehold of land plot situated in Kielce, Łódzka Street, with the area exceeding 800 square meters. The value of contract is 167 thousand PLN net.

On June 8, 2009, Echo Investment S.A. (the Seller) and Malta Office Park Sp. z o.o. (the Buyer) signed a final contract of purchase of freehold of a plot of land with the area of 1,379 square meters in Poznań, Katowicka Street, for a net amount of PLN 3.27 million.

Shopping centers and shopping/entertainment centers

On February 3, 2009 the Echo - Veneda Sp. z o.o. subsidiary acquired land property situated in Łomża at Sikorskiego Street, with a total area of ca. 3,500 square meters. The purchase price was PLN 0.5 million.

On March 4, 2009, the Echo - Veneda Sp. z o.o. subsidiary and the City of Łomża entered into an agreement concerning reconstruction of the traffic system in relation to the development of the planned Veneda shopping center in Łomża.

On May 14, 2009, Echo Investment S.A. and Studio A4 Sp. z o.o. of Szczecin signed a contract for designing works on the Astra Shopping Center in Szczecin. The value of contract is 750 thousand PLN.

Works started in June 2009 on development of a sports hall within the scope of 2nd stage of extension of the Galeria Echo shopping and entertainment center in Kielce. On June 1, 2009 Echo Investment signed a contract for development of a sports hall with Fakt Budownictwo Sp. z o.o. of Kielce as the general contractor. The contract value is PLN 9.9 million net. Completion of this investment is scheduled for December 31, 2009. Earth works are currently in progress. The sports hall will have an area of approx. 3500 square meters.

On June 24, 2009 the City Council of Łomża decided to adopt the Local Spatial Development Plan. This decision enables Echo Investment to develop the Galeria Veneda shopping center at the crossing of Zawadzka and Sikorskiego Streets in Łomża. An arcade of approximately 90 shops and a hypermarket will be opened on the area of approximately 39,000 square meters. The architectural concept was created at the Mąka Sojka Architekci design studio of Warsaw, in collaboration with Echo Investment's team of architects.

The final fee for execution of the "General Contracting of the Investment and Project Management Agreement" of December 30, 2005 has been established as PLN 240.3 million. Pursuant to the said contract, the Issuer's subsidiary: Echo - Pasaż Grunwaldzki Spółka z o.o. sp. k. with its registered seat in Kielce, as the Investor, hired Echo Investment S.A. as the Project Manager to realize the entire investment of a modern shopping, service and entertainment center called Pasaż Grunwaldzki, with a car park, on a

real property situated in Wrocław between Marii Curie-Skłodowskiej Street, Grunwaldzki Square, Piastowska Street and Grunwaldzka Street.

Offices and Hotels

On January 06, 2009, Annex 1 (the Annex) of January 06, 2009 was executed to the agreement for project management and general contracting of investment (the General Contracting Agreement) of October 8, 2008 between the Issuer's subsidiary „Projekt Echo – 63” Spółka z ograniczoną odpowiedzialnością [‘Project Echo – 63’ Limited Liability Company] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the Project Manager and the General Contractor of Investment).

According to the terms of the Annex, the Project Manager and the General Contractor of Investment shall receive a fee based on investment budget, whereof the estimated net value is approx. 78.4 million PLN.

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

On January 22, 2009, Orbis S.A. with its registered seat in Warsaw (the Buyer) accepted the quotation offered by the Issuer's subsidiary “Echo – Kielce 1” Sp. z o.o. [‘Echo – Kielce 1’ Limited Liability Company] with its registered seat in Kielce (the Seller), dated January 19, 2009 (the Quotation) concerning extension of the preliminary conditional agreement (the Agreement).

The Parties agreed on the basis of their respective statements that the Seller and the Buyer should enter into the Promised Agreement until March 13, 2009, provided that the conditions enumerated in Current Report no. 44/2008 of September 05, 2008 are fulfilled until February 16, 2009, including:

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

On February 16, 2009, Orbis S.A. with its registered seat in Warsaw (the Buyer) accepted the quotation offered by the Issuer's subsidiary “Echo – Kielce 1” Sp. z o.o. [‘Echo – Kielce 1’ Limited Liability Company] with its registered seat in Kielce (the Seller), dated February 12, 2009 concerning extension of the preliminary conditional agreement (the Agreement). The Parties agreed on the basis of their mutual representations that the Seller and the Buyer should enter into the Promised Agreement until March 31, 2009, provided that the aforementioned conditions are fulfilled until March 20, 2009.

On February 16, 2009 Echo Investment S.A. with its registered seat in Kielce (the Investor) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor) signed Annex 2 dated February 12, 2009 to the core and shell construction contract for an establishment, dated September 08, 2008 (the Contract).

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

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

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

The Management Board of the Issuer further informs that as a result of the above changes being implemented, the currently anticipated completion date of the 1st stage of development of the facility is the 2nd half of 2010.

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

On April 17, 2009, the Issuer received Annex 1 dated April 15, 2009 (the Annex) to the zero state construction contract of December 18, 2008 (the Contract), signed by correspondence between Echo Investment S.A. with its registered seat in Kielce (the Investor) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor).

Under the aforementioned Contract, the Contractor agreed to carry out the works consisting in raw state construction of an office establishment located on a real property in Krakow, Lea Street (Object of Contract, Facility), including performance of earth works, raw state construction with necessary services. The Contractor also agreed to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision.

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

On April 22, 2009, "Echo - Park Postępu" Sp. z o.o. and Abbott Laboratories Poland Sp. z o.o. of Warsaw signed a contract of lease of office space in Park Postępu, Warsaw (approximately 3,600 square meters). The period of lease is 5 years.

On June 3, 2009 Echo Investment S.A. and Metalplast Stolarka Sp. z o.o. of Bielsko-Biała signed a contract for execution of building facade - office building in Krakow, Lea Street. The value of contract was PLN 6.215 million. Due date for completion is November 27, 2009.

On June 17, 2009, Orbis S.A. with its registered seat in Warsaw (the Buyer) accepted the quotation offered by the Issuer's subsidiary "Echo - Kielce 1" Sp. z o.o. ["Echo - Kielce 1" Limited Liability Company] with its registered seat in Kielce (the Seller), dated June 16, 2009 concerning extension of the preliminary conditional agreement (the Agreement). The Parties agreed on the basis of their respective statements that the Seller and the Buyer should enter into the Promised Agreement until October 30, 2009, provided that the conditions enumerated in Current Report no. 44/2008 of September 05, 2008 are fulfilled until October 16, 2009

Apartments

On March 2, 2009 Echo Investment SA and XY Studio S.C. Filip Domaszyński, Marta Nowosielska, Dorota Sibińska with its registered seat in Warsaw signed a contract for design works concerning the envisaged housing development in Krakow, Tyniecka Street. The value of contract was 715.5 thousand PLN net.

See also: sub-clauses 4.1. and 5.1 of this Report.

12.2.2 Contracts made between shareholders

Echo Investment S.A. does not know about any contracts made between shareholders during the first half of 2009.

12.2.3. Insurance contracts

Scope of coverage of Echo Investment Capital Group	Underwriter	Amount of insurance [in thousands PLN]
property insurance - buildings	PTU S.A., TU Compensa S.A., STU Ergo Hestia S.A., Generali TU S.A., TU Allianz Polska S.A.	1 335 975
property insurance - equipment	PTU S.A., TU Compensa S.A., STU Ergo Hestia S.A., Generali TU S.A., TU Allianz Polska S.A.	13 594
third party liability insurance	TU Compensa S.A., PTU S.A., STU Ergo Hestia S.A., TU Generali TU S.A.	52 730
construction and assembly risk insurance policies	TU Compensa S.A., Generali TU S.A., PTU S.A.	907 950
insurance against loss of profit	TU Allianz Polska S.A., PTU S.A., Generali TU S.A., TU Compensa S.A.	188 699
other insurance policies	PZU S.A.	1 140
TOTAL		2.500.087

Range of coverage of Echo Investment S.A.	Underwriter	Insurance amount [in thousands PLN]
property insurance - buildings	TU Compensa S.A., STU Ergo Hestia S.A.	87 793
property insurance - equipment	STU Ergo Hestia S.A., TU Compensa S.A., PTU SA	7 026
third party liability insurance	PTU S.A., STU Ergo Hestia S.A.	5 268
construction and assembly risk insurance policies	PTU S.A.	15 750
property insurance - other	PTU S.A., TU Compensa S.A.	74
TOTAL		115 911

12.3. Partnering or cooperation agreements

Echo Investment Capital Group did not conclude any significant partnering or cooperation agreements during the 1st half of 2009.

12.4 Credits and loan agreements, specifying due dates, insurance, collaboration or cooperation agreements.

12.4.1. Credit agreements of the parent company

Echo Investment S.A.'s liabilities on account of credits taken as at the end of the 1st half of 2009 are presented in the table below:

Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used as at 2009-06-30 [in thousands PLN]	Final repayment date
PKO BP SA	Advance on current account	PLN	20.000	0	20.08.2009
PKO BP SA	Working capital facility	PLN	40.000	0	20.08.2009
PeKaO S.A.	Advance on current account	PLN	40.000	0	30.09.2009
BZ WBK SA	Advance on current account	PLN	16.000	0	31.10.2009
PeKaO SA	Working capital facility	PLN	90.000	60.000	30.09.2010

12.4.2 Credit agreements of subsidiaries

Echo Investment Capital Group's obligations on account of credits taken as at the end of the 1st half of 2009 are presented in the table below:

Company raising the loan	Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands]	Credit used [in thousands] as at 2009-06-30*	Final repayment date
Echo - Centrum Bełchatów Sp. z o.o.	Pekao S.A.	Long-term credit	EUR	4.962	420	2010-04-30
Projekt Echo 61 Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	11.100	2.261	2010-07-15
Projekt Echo 56 Sp. z o.o.	PeKaO S.A.	Long-term credit	EUR	9.101	1.098	2010-08-31
Echo - Centrum Przemysł Sp. z o.o.	ING Bank Śląski SA	Long-term credit	EUR	4.230	954	2012-06-30
Company raising the loan	Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands]	Credit used [in thousands] as at 2009-06-30*	Final repayment date

Echo Galeria Kielce Sp. z o.o.	Kredyt Bank SA	Long-term credit	EUR	18.000	10.395	2013-10-31
cho Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o.	PeKaO SA	Long-term credit	EUR	36.300	26.287	2014-02-28
Athina Park Sp. z o.o.	Eurohypo AG	Long-term credit	EUR USD	13.840 8.200	12.084 7.189	2014-09-30
WAN 11 Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	32.100**	27.912	2016-01-29
Echo - Galaxy Szczecin Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	100.000	95.695	2022-09-30
Projekt Echo 62 Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	100.000	98.592	2022-09-30

* Credit used - by face value.

** 100% of liability under credit agreement.

12.4.3. Loan agreements

12.4.3.1. Loans taken by Echo Investment Capital Group

Echo Investment Capital Group did not raise any loans in the 1st half of 2009.

Echo Investment S.A.'s liabilities on account of short-term loans taken as at the end of the 1st half of 2009 are presented in the table below:

Entity	Outstanding loan amount [in thousands PLN] as at 2009-06-30	Final repayment date
Centrum Handlowe PHS SA	1.927	December 31, 2009
Echo Property Poznań - 1 Sp. z o.o.	60	December 31, 2009
Echo Pasaż Grunwaldzki Sp. z o.o. Sp.k.	1.217	December 31, 2009
Echo SPV - 6 Sp. z o.o.	1.500	December 31, 2009
Projekt Echo - 61 Sp. z o.o.	2.738	December 31, 2009

12.4.3.2. Loans granted by Echo Investment Capital Group

Echo Investment Capital Group's receivables on account of loans granted as at the end of the first half of 2009 are presented in the table below:

Entity	Outstanding loan amount [in thousands PLN] as at 2009-06-30	Final repayment date
Wan Invest Sp. z o.o.	55	31.12.2009
Individuals	143	-

Echo Investment S.A.'s receivables on account of short-term loans granted as at the end of the 1st half of 2009 are presented in the table below:

Entity	Outstanding loan amount [in thousands PLN] as at 2009-06-30	Final repayment date
Projekt Naramowice Poznań Sp. z o.o.	79.224	December 31, 2009
Echo Metropolis Sp. z o.o.	47.338	December 31, 2009
Princess Boryszewska Sp. z o.o.	43.968	December 31, 2009
Athina Park Sp. z o.o.	14.394	December 31, 2009
Malta Office Park Sp. z o.o.	7.177	December 31, 2009
Projekt S Sp. z o.o.	1.197	December 31, 2009
Princess Investment Sp. z o.o.	610	December 31, 2009
Other...	127	-

Echo Investment S.A.'s receivables on account of long-term loans granted as at the end of the 1st half of 2009 are presented in the table below:

Entity	Outstanding loan amount [in thousands PLN] as at 2009-06-30	Final repayment date
MDP Sp. z o.o.	1.513	May 30, 2011
Centrum Bankowości i Finansów Łódź Sp. z o.o.	4.126	December 31, 2011
Echo Investment Hungary Kft.	352	December 31, 2011
Echo - Centrum Biznesu Łódź Sp. z o.o.	8.288	December 31, 2012

12.4.4. Debt instruments contracts

Apart from own funds, loans and facilities, daily operations of the Capital Group are also financed through issuance of debenture bonds. The dominant company - Echo Investment S.A. - is currently implementing active programs of issuance of long-term and short-term financial instruments (bonds). Pursuant to contract made as regards the Bonds Issue Program with BRE Bank in 2004, Echo Investment S.A. has certain liabilities due to issued debt securities. The maximum total nominal value of all bonds thus issued by Echo Investment SA cannot exceed 600 million PLN.

The balance of these liabilities as at the end of the 1st half of 2009 is presented in the table below:

Bank name	Type of instrument	Amount utilized [in thousands PLN]	Bonds redemption date
BRE Bank S.A.	Bonds	35.000	20.07.2009
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 a Bonds Issuance Program signed with BRE Bank S.A., seated in Warsaw, on February 13, 2009 Echo Investment SA issued discount bonds for a total value of PLN 35 million. The par value of a single bond is PLN 100 thousand. On May 14, 2009, the Company redeemed and cancelled the bonds. The bonds were redeemed at par value. Issue price and interest rate was determined on the basis of WIBOR 3M rate plus investors' margin. The issued bonds were not secured.

Under a Bonds Issuance Program signed with BRE Bank S.A., seated in Warsaw, on May 14, 2009 Echo Investment SA issued discount bonds for a total value of PLN 35 million. Nominal value of one bond is PLN 100 thousand. On June 17, 2009, bonds issue was rolled. The bonds were redeemed on July 20, 2009 at face value. Issue price and interest rate was determined on the basis of WIBOR 1M rate plus investors' margin. The issued bonds were not secured.

On May 30, 2009, the contract for execution of Bonds Issuance Programme (the Agreement) expired. The Agreement was originally signed on April 3, 2003 between Echo Investment S.A. and Bank BPH SA (currently Bank PeKaO SA as the legal successor of Bank BPH SA). Under the Agreement, the Bank would organize and provide complex service of issue of coupon bonds by Echo Investment S.A. on the non-public market. The maximum total nominal value of all bonds did not exceed PLN 250 million. The limit was not utilized.

12.4.5. Surety agreements

No changes have occurred in contingent obligations concerning sureties granted since the expiry of the last financial year.

Surety agreements in force as at June 30, 2009 are presented in the table below:

Surety in favor of	Value [in thousands]	Expiry date	On account of
Bank PeKaO S.A.	740 PLN	until signing a contract of transfer under the rights of bank performance guarantee in favor of PeKaO SA Bank	Surety securing repayment of liabilities of Echo Investment – Centrum Bełchatów Sp. z o.o., established as a collateral for a loan granted by Bank PeKaO SA
Natural person	18,807 PLN	until December 31, 2010	surety for the obligations of a subsidiary "Projekt – Echo 39" Sp. z o.o. ['Project – Echo 39' Limited Liability Company] for purchase of the right of perpetual usufruct of immovable property situated in Kalisz.
Projekt – Echo 49 Sp. z o.o.	4,320 PLN	until July 4, 2010	Surety for liabilities concerning remediation of damage regarding Projekt – Echo 49 Sp. z o.o. [Project – Echo 49 Limited Liability Company]

12.4.6. Guarantee agreements

As at June 30, 2009, Echo Investment SA has two valid guarantee agreements in force.

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. The guarantee will be valid until December 31, 2009.

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.

Guarantee agreements in force as at June 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.
of 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

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

Financial management Echo Investment Capital Group in the first half of 2009, in relation to the investment process in progress of erection of commercial facilities and apartments was mainly focused on obtaining sources of financing for realized projects, bridge financing (until the point of obtaining financing by subsidiaries) and maintaining safe liquidity ratios and assumed financing structure.

The Capital Group's operations during the 1st half of 2009 generated a positive result on all levels of the income statement. During the recent years, Echo Investment S.A. Capital Group has been increasingly emphasizing the increase of portfolio of commercial surfaces, which according to the Management Board should ensure stable revenues and cash flows and Echo Investment Capital Group's independency on cyclical phases in the economy and construction industry.

According to the Management Board, Echo Investment Capital Group's property and financial condition at the end of the 1st half of 2009 indicates the Capital Group's stable financial standing.

RETURN RATIOS

Echo Investment Capital Group:

1. Operating profit margin ratio (operating profit / sales revenues) – the value of this ratio increased in relation to the equivalent period of the preceding year as a result of a significant increase of operating profit (higher currency exchange rates for appraised properties, delivery of the office project in Poznań to users generated growth of operating profit compared to the same period of the preceding year where foreign exchange rates would decrease).

2. Balance net profit margin ratio (net profit / net sales income) - the value of this ratio decreased slightly in comparison to the equivalent period of the preceding year, as a consequence of a slightly lower rate of net profit growth as compared to the rate of sales income growth. This ratio being maintained on a

similar level indicates neutral impact of foreign exchange fluctuations on the Group's ultimate result. Positive exchange differences affecting the operating profit through valuation of properties (significant growth of operating profit margin) were offset with negative exchange differences through valuation of foreign currency credits and valuation of open forward items - currency sell.

3. Return on assets (net profit / total assets) – this ratio being maintained on the same level indicates that the asset growth rate within the Group is similar to the net profit growth rate.

4. Return on equity - ROE (net profit / equity) – increase of this ratio during the period shows that net profit would grow more rapidly than equity; increase of this ratio clearly indicates positive development of the Group.

The values of the specific ratios are illustrated in the table below.

Return ratios of Echo Investment Capital Group during the 1st half of 2009-2008 are presented in the table below:

Profitability ratios	1st half of 2009	1st half of 2008
Operating profit margin ratio <i>operating profit / net sales income</i>	135,4%	33,4%
Net balance profit margin ratio <i>net profit / net sales income</i>	30,9%	32,0%
Return on assets (ROA) <i>net profit / assets total</i>	1,7%	1,7%
Return on equity (ROE) <i>net profit / equity</i>	4,1%	3,6%

Echo Investment SA:

1. Operating profit margin ratio (operating profit / sales revenue) - the value of this ratio decreased in comparison to the equivalent period of the preceding year, as a consequence of a lower rate of net profit growth as compared to the rate of sales income growth. Decrease of this value cannot be interpreted as a negative occurrence, as both the operating incomes and operating profits during the period are higher than those of the equivalent period of the preceding year. This decrease only illustrates a change in the structure of sales. During the period under consideration, incomes earned through development of investments for Subsidiaries - characterized by lower returns than revenues from sales of apartments - held a significantly higher share in overall sales. Revenues from sales of apartments in the 1st half of 2008 and 2009, respectively, are similar in terms of value, but the significant growth of revenues from execution of investments has only reduced their percentage. Decrease of this ratio, with maintaining sales of apartments on a similar level, shows that Echo would not only sell the same quantity of products at the time of crisis, but even accelerate development of projects for lease, which is an outstandingly positive phenomenon in comparison to competitors.

2. Balance profit margin ratio (net profit / net sales income) - the value of this ratio decreased in comparison to the equivalent period of the preceding year, as a consequence of a decrease of net profit and increase of sales revenues, as compared to the equivalent period of the preceding year. The factor contributing to lower net profit is the lower finance income, caused primarily by significantly lower payments of dividends from subsidiaries. Evidence of this decrease being caused by lower dividend payments and not by competition/market factors is the similar value of this ratio when calculated on the basis of consolidated data, eliminating all internal Group transactions.

3. Return on assets - ROA (net profit / total assets) – decrease of this ratio in comparison to the equivalent period of the preceding year is a consequence of a decrease of net profit with simultaneous growth of value of assets. The reason for lower net profit during the current period is described above.

4. Return on equity - ROE (net profit/equity) – decrease of this ratio in comparison to the equivalent period of the preceding year is a consequence of a decrease of net profit with simultaneous growth of value of equity. The reason for lower net profit during the current period is described above.

The values of the specific ratios are illustrated in the table below.

Return ratios of Echo Investment S.A. during the 1st half of 2009 and the 1st half of 2008 are presented in the table below:

Profitability ratios	1st half of 2009	1st half of 2008
Operating profit margin ratio <i>operating profit / net sales income</i>	15,5%	26,9%
Net balance profit margin ratio <i>net profit / net sales income</i>	6,5%	32,6%
Return on assets (ROA) <i>net profit / assets total</i>	1,0%	2,6%
Return on equity (ROE) <i>net profit / equity</i>	2,4%	6,8%

TURNOVER CYCLE RATIOS

Before analyzing the changes to these ratios, several characteristic features should be given, irrespective of the period concerned, namely their levels. Turnover cycles depend on the specific qualities of business activity, involving a relatively long project implementation cycles when compared to other industries. Because the Capital Group, and therefore the Company itself, considers inventories to include acquired ownership rights, perpetual leasehold rights, construction investments and costs concerned with developer projects executed for sale, it must be remembered that this cycle will always be long when compared to other industries, such as FMCG.

Echo Investment Capital Group:

- 1. Inventories cycle - days** (balance of inventories *180 / net sales incomes) – decrease of the value of this ratio in comparison to the preceding year is caused by decreasing value of inventories and increasing sales revenue. It means that the Group continues to manage the sales of its own products well, despite the crisis.
- 2. Current receivables cycle - days** (balance of current receivables * 180 / net sales income) - increase of this ratio is caused by growth rate of receivables being higher than the rate of growth of net sales incomes in comparison to the equivalent period of the preceding year.
- 3. Current trade liabilities cycle** (balance of current trade liabilities *180 / sales revenue – decrease of the value of this ratio is caused by the decrease in current liabilities with simultaneous growth of sales revenues against the equivalent period of the preceding year.

The values of the specific ratios are illustrated in the table below.

Turnover cycles of key assets and liabilities of Echo Investment Capital Group in the 1st half of 2009-2008 are presented in the table below:

Activity ratios	1st half of 2009	1st half of 2008
Inventories cycle in days (balance of inventories * 180 / net sales income)	344	523
Current receivables cycle, days (balance of current receivables * 180 / net sales income)	120	44
Current trade liabilities cycle, days (balance of current trade liabilities * 180 / net sales income)	39	78

Echo Investment SA:

1. Inventories cycle - days (balance of inventories * 180 / net sales incomes) – decrease of the value of this ratio in comparison to the preceding year is caused by decreasing value of inventories and increasing sales revenue. It means that the Group continues to manage the sales of its own products well, despite the crisis.

2. Current receivables cycle - days (balance of current receivables * 180 / net sales income) - increase of this ratio is caused by growth rate of receivables being higher than the rate of growth of net sales incomes in comparison to the equivalent period of the preceding year. However, part of this growth is purely technical, meaning that a significant part of loans granted to Group Companies were reclassified from long-term to short-term loans (as their repayment periods become shorter than one year with time passing). Another factor contributing to the increase of this value is an increase of trade receivables, however these receivables are due from Group Companies for investment execution services (this is also the source of the above mentioned increase of sales revenue) and they will be repaid in time.

3. Current trade liabilities cycle (balance of current trade liabilities * 180 / sales revenue – decrease of the value of this ratio is caused by the decrease in current liabilities with simultaneous growth of sales revenues against the equivalent period of the preceding year.

Turnover cycles of key assets and liabilities of Echo Investment S.A. in the 1st half of 2009 and in the 1st half of 2008 are presented in the table below:

Activity ratios	1st half of 2009	1st half of 2008
Inventories cycle in days (balance of inventories * 180 / net sales income)	346	800
Current receivables cycle, days (balance of current receivables * 180 / net sales income)	323	229
Current trade liabilities cycle, days (balance of current trade liabilities * 180 / net sales income)	81	349

LIQUIDITY RATIOS

Echo Investment Capital Group:

Liquidity ratios are based on current liabilities (denominator). During the period under consideration, decrease of these ratios was determined by growth of current liabilities as a consequence of posting valuation of currency forward transactions. However, these liabilities are based exclusively on accounting terms, as the maturity dates largely occur in 2010 and actual liabilities arising from these transactions will be determined according to foreign exchange rates as of the date of settlement, whereas the Polish zloty should be strengthening gradually according to all analyses and forecasts available (which is already visible on the basis of exchange rate trends after the balance date).

1. Current ratio (current assets / current liabilities) – decrease of this ratio is caused by more rapid rate of growth of liabilities (as a consequence of recognition of valuation of forward transactions on the foreign currency market) than the rate of growth of current assets in comparison to the equivalent period of the preceding year. However, these values still remain within the ranges consistent with generally applicable models, i.e. between 1.2 and 2.0.

2. Quick ratio ((current assets / inventories) / current liabilities) – decrease of this ratio is caused by more rapid rate of growth of liabilities (as a consequence of recognition of valuation of forward transactions on the foreign currency market) than the rate of growth of current assets exclusive of inventories. Even with posted valuations of currency transactions, this value is close to acceptable, i.e. from 0.7 to 1.0. Had the value been calculated with the exclusion of valuation of currency forwards, it would have equaled 1.09, i.e. similar to that of the preceding year.

3. Cash ratio (cash / current liabilities) – decrease of this ratio is caused on one hand by growth of liabilities (as a consequence of recognition of valuation of forward transactions on the foreign currency market) and on the other hand by decrease of cash balance in comparison to the equivalent period of the preceding year.

The values of the specific ratios are illustrated in the table below.

Liquidity ratios of Echo Investment S.A. Capital Group during the 1st half of 2009-2008 are presented in the table below:

Liquidity ratios	1st half of 2009	1st half of 2008
Current ratio <i>current assets / current liabilities</i>	1,62	2,65
Quick ratio <i>(current assets – inventories) / current liabilities</i>	0,65	0,99
Cash ratio <i>cash / current liabilities</i>	0,31	0,77

Echo Investment SA:

1. Equity to assets ratio (equity / total assets) – growth of this ratio is a consequence of faster growth of equity than assets, which remain on a similar level (slight increase).

2. Equity to assets ratio (equity / total assets) – growth of this ratio is a consequence of growth of equity compared to decrease of fixed assets (reclassification of long-term loans into short-term loans).

3. Debt ratio (total liabilities / total assets) – minor decrease of this ratio is a result of faster rate of growth of total assets with simultaneous minor decrease of liabilities. As both the increase and the decrease referred to above are insignificant, this ratio remains on a similar level. Because forward transactions and foreign currency assets are practically non-existent at the Company (their levels are insignificant), it is evident that with the exclusion of foreign exchange impact on balance sheet items, the ratios would be similar to those of the preceding year, which was already mentioned with the analysis of the Group's ratios.

4. Debt to equity ratio (total liabilities / equity) – decrease of this ratio is a result of increase of equity with simultaneous reduction of liabilities against the balance of the equivalent period in the preceding year. Without any significant change in assets, the change of liabilities structure with higher percentage of equity shows that the company achieves satisfactory results on its assets, and the results have been designated for reducing the liabilities.

Liquidity ratios at the Company are higher than theoretically acceptable. This purposeful slightly excessive liquidity is determined by the company's readiness to respond quickly with purchases to any market opportunities that may arise.

The values of the specific ratios are illustrated in the table below.

Liquidity ratios of Echo Investment S.A. during the 1st half of 2009 and the 1st half of 2008 are presented in the table below:

Liquidity ratios	1st half of 2009	1st half of 2008
Current ratio <i>current assets / current liabilities</i>	3,83	2,75
Quick ratio <i>(current assets – inventories) / current liabilities</i>	1,98	0,96
Cash ratio <i>cash / current liabilities</i>	0,25	0,36

DEBT RATIOS

Echo Investment Capital Group:

1. Equity to assets ratio (equity / total assets) – decrease of this ratio is a consequence of faster growth of total assets than equity.

2. Equity to fixed assets ratio (equity / fixed assets) – decrease of this ratio is a consequence of faster growth of fixed assets than equity.

Decrease of these ratios is primarily due to growth in assets as a consequence of increasing value of property, considering the increasing rate of EUR/PLN exchange. As regards equity in the bottom line, this balance is compensated with valuation of loans and forward transactions in foreign currency (which are recognized in the balance sheet as liabilities) - foreign exchange fluctuation impact on the bottom line has been neutralized, as described earlier with return ratios.

3. Debt ratio (total liabilities / total assets) – increase of this ratio is a result of faster rate of growth of total liabilities than the growth rate of total assets. Growth of liabilities is primarily determined by the above mentioned valuation of forward transactions in foreign currencies.

4. Debt to equity ratio (total liabilities / equity) – increase of this ratio is a result of faster rate of growth of liabilities than the growth rate of equity.

As it was already mentioned with asset coverage ratios, increase of these ratios is a consequence of posting the accounting valuation of financial transactions as liabilities. With no recognition of impact of exchange differences on the financial result, and posting the same as assets or liabilities in the balance sheet, these ratios will always be distorted, as one side of the balance sheet is recognized as equity while the other side is ignored. With the exclusion of exchange differences, the values of these ratios would be similar to those of the equivalent period of the preceding year.

The values of the specific ratios are illustrated in the table below.

Assets coverage and debt ratios of Echo Investment S.A. Capital Group during the 1st half of 2009-2008 are presented in the table below:

Debt ratios	1st half of 2009	1st half of 2008
Equity to assets ratio <i>equity / assets total</i>	39,9%	46,9%
Equity to fixed assets ratio	48,1%	62,2%

<i>equity / fixed assets</i>		
Overall debt ratio <i>liabilities total / assets total</i>	54,1%	46,1%
Debt to equity ratio <i>liabilities total / equity</i>	135,6%	98,3%

Echo Investment SA:

1. Equity to assets ratio (equity / total assets) – growth of this ratio is a consequence of faster growth of equity than assets, which remain on a similar level (slight increase).

2. Equity to assets ratio (equity / total assets) – growth of this ratio is a consequence of growth of equity compared to decrease of fixed assets (reclassification of long-term loans into short-term loans).

3. Debt ratio (total liabilities / total assets) – minor decrease of this ratio is a result of faster rate of growth of total assets with simultaneous minor decrease of liabilities. As both the increase and the decrease referred to above are insignificant, this ratio remains on a similar level. Because forward transactions and foreign currency assets are practically non-existent at the Company (their levels are insignificant), it is evident that with the exclusion of foreign exchange impact on balance sheet items, the ratios would be similar to those of the preceding year, which was already mentioned with the analysis of the Group's ratios.

4. Debt to equity ratio (total liabilities / equity) – decrease of this ratio is a result of increase of equity with simultaneous reduction of liabilities against the balance of the equivalent period in the preceding year. Without any significant change in assets, the change of liabilities structure with higher percentage of equity shows that the company achieves satisfactory results on its assets, and the results have been designated for reducing the liabilities.

The values of the specific ratios are illustrated in the table below.

Assets coverage and debt ratios of Echo Investment S.A. during the 1st half of 2009 and the 1st half of 2008 are presented in the table below:

Debt ratios	1st half of 2009	1st half of 2008
Equity to assets ratio <i>equity / assets total</i>	40,3%	38,9%
Equity to fixed assets ratio <i>equity / fixed assets</i>	102,2%	86,8%
Overall debt ratio <i>liabilities total / assets total</i>	58,6%	59,8%
Debt to equity ratio <i>liabilities total / equity</i>	145,3%	153,7%

12.5 Assessment of factors and circumstances influencing the financial results gained in the 1st half of 2009

The following factor had a major impact on the bottom line of the first half of 2009:

- posting of incomes earned under final agreements of sale of the following housing projects:
 - in Warsaw, Inflancka Street (stage II and stage III), and Zwycięzców Street (stage II),
 - in Poznań – the Naramowice housing estate (stage III), and
 - land plots with designs of houses, consisted in the Bilcza II housing estate near Kielce;
- regular revenues earned from letting of office and commercial space;
- 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), lease rents adjustment, and variations of net earnings;
- change of yield rate on the Malta project, according to the valuation prepared for financing purposes;
- valuation of credit obligations and cash in foreign currencies,
- valuation of hedge instruments for foreign currencies,
- revaluation of non-financial assets.

Yet another factor influencing the results was the situation on the financial market and general economic trends in Poland, Hungary and Romania where Echo Capital Group operates.

As a security against EUR/PLN interest rate risk, Echo Capital Group has opened positions in derivatives on forwards market.

On January 6 and January 15, 2009, Echo Investment S.A. closed part of its open currency positions: forwards with nominal value of 35 million EUR (closing cost: 59 thousand PLN).

On March 16, 2009, Echo Investment S.A. closed part of its open currency positions: call option with nominal value of 2.8 million EUR (closing cost: 2,500 thousand PLN) and put option with nominal value of 4.0 million EUR (this option expired naturally without cost).

On April 16, 2009 Projekt Echo - 63 Sp. z o.o. swapped the expiring forwards with a face value of 10 million PLN for transactions with options for the same amount.

On May 4, 2009, Echo - Park Postępu Sp. z o.o. closed part of its open currency positions: forwards with nominal value of 15 million EUR (closing cost: 13,796 thousand PLN).

On June 10, 2009, Echo Investment S.A. closed part of its open currency positions: forward with a nominal value of 2 million EUR (closing cost: 1,840 PLN).

On June 15, 2009, Echo Investment S.A. closed part of its open currency positions: forward with a nominal value of 1 million EUR (closing cost: 639 thousand PLN)

On June 16, 2009, Echo Investment S.A. closed part of its open currency positions: forwards with nominal value of 1.5 million EUR (closing cost: 1,440 thousand PLN)

On June 16, 2009, Malta Office Park Sp. z o.o. closed part of its open currency positions: forwards with nominal value of 11 million EUR (closing cost: 4,924 thousand PLN). At the same time, the Company entered into hedging transactions for the amount of 10 million EUR.

With the open positions on the currency market, Echo Investment Capital Group was duly hedged as at June 30, 2009 for the part of cash flows allocated to 2009 (75.2 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 June 30, 2009 is as follows: forwards – PLN 281.6 million, currency options – PLN 25.5 million. Weighted average strike rate for the remaining open transactions is 3.5085 EUR/PLN.

Maturity dates of open hedging items:

Financial instrument	Currency	Type	Balance sheet value as at 2009-06-30 (million)	Nominal (million EUR)	2nd half of 2009	1st half of 2010	2nd half of 2010
					nominal	nominal	nominal

			PLN)		(million EUR)	(million EUR)	(million EUR)
Forward	EUR/PLN		- 281,6	279,0	61,0	99,5	118,5
Options	EUR/PLN	call	-25,6	25,2	14,2	11,0	0,0
	EUR/PLN	put	0,1	27,0	16,0	11,0	0,0

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

No significant changes in the basic rules of management took place during the 1st half of 2009. The development of the organization enforces improving management procedures applied both by Echo Investment S.A. and by other Capital Group companies.

12.6.1 Changes in the composition of managing and supervisory bodies of Echo Investment S.A. during the first half of 2009. Rules of appointing and dismissing managing and supervising persons. Ranges of authority of managing persons, specifically including the right to take decisions on issue or redemption of shares.

12.6.1.1. Management Board

No changes occurred among members of the Management Board of the Company during the 1st half of 2009.

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

Piotr Gromniak, President of the Management Board

Artur Langner, Vice-President of the Management Board

On June 10, 2009, the Management Board of Echo Investment S.A. revoked the procurator's power of attorney of Ms. Katarzyna Bialkowska. Renouncement of this power was related to termination of employment as at July 31, 2009.

12.6.1.2. Supervisory Board

In the 1st half of 2009, no changes occurred in the composition of the Supervisory Board of Echo Investment SA.

The present members of the Supervisory Board are as follows:

Wojciech Ciesielski, Chairman of the Supervisory Board,

Andrzej Majcher, Deputy Chairman of the Supervisory Board,

Mariusz Waniolka, Member of the Supervisory Board,

Robert Oskard, Member of the Supervisory Board,

Karol Żbikowski, Member of the Supervisory Board,

Tomasz Kalwat, Member of the Supervisory Board.

12.6.2. Rules of appointing and dismissing members of managing bodies. Authority of managing persons, particularly the right to decide on issue or redemption of shares.

12.6.3.1. Rules of appointing and dismissing members of managing bodies

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

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

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

12.6.2.2. Range of authority of members of managing bodies

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

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

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

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

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

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

14.1. Description of external and internal factors of significance for growth of Echo Investment Capital Group

Key **external** factors affecting the Capital Group's development include:

Positive factors:

- returning investment activity of Polish and foreign business entities and resulting demand for services provided by Capital Group companies,
- lower proportion of office and shop floor per 1000 inhabitants in Poland than in Western Europe,
- shortage of residential areas,
- Poland's accession to European structures, harmonization of national laws to Community standards,
- maintained economic growth in Poland, despite the global crisis,
- satisfactory condition of the Polish financial sector,
- activity of the Polish government supporting economic growth, including the "Family On Their Own" programme.

Negative factors:

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

Key **internal** factors significant for the development of Echo Investment Capital Group include:

Positive factors:

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

Negative factors:

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

14.2. Development perspectives for the business activity of Echo Investment S.A. and the Capital Group

With regard to noticeable signs of global economic crisis, the Management Board of Echo Investment SA has reviewed its investment plans in order to adjust them to economic forecasts for the upcoming year. Echo Investment Capital Group's activities are going to focus on optimizing developer processes within specific investment projects. The Company is carefully monitoring the developments on the real estate market, and decisions concerning implementation of specific projects are taken on a case-by-case basis, according to current analyses. In order to minimize the risk of adverse market variations, the Group adapts its project implementation schedules to actual market situation, applying such means as staging of executed investments.

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

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

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

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

The Management Board of the Company intends to develop its business operations on foreign markets, in Central and Eastern Europe. At present, a comprehensive shopping, service and office center in Budapest, Hungary, and a shopping & entertainment center in Brasov, Romania, are being commercialized.

15. Factors influencing future results of Echo Investment Capital Growth in the perspective of at least the next six months

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 – the Naramowice housing project (stage 3), and
 - land plots with designs of houses, consisted in the Bılca II housing estate near Kielce;
- sale of real estate situated in Łódź, Piotrkowska Street, to ORBIS S.A. with its registered seat in Warsaw,
- fair value appraisal of the Malta Office Park project (stage 2) in Poznań, the Park Postępu office project in Warsaw, and the office building at Lea Street in Krakow, which are scheduled for opening in the 2nd half of 2009,
- quarterly revaluation of fair value of owned properties, accounting for factors such as foreign exchange rate fluctuations (EUR and USD), review of yield rates and lease rent rates.

Other key factors that will affect the bottom line in the perspective of at least the following six months include:

- regular revenues from lease contracts,
- advancement of execution, letting and sales of currently built commercial and housing projects,
- possible purchasing and sales of real estates,
- appraisal of credit obligations and cash in foreign currencies,

- valuation of hedging instruments for foreign currencies,
- revaluation of non-financial assets,
- overall trends on the real estate market,
- situation on the financial market and general economic trends in Poland, Hungary and Romania, where Echo Capital Group operates.

16. Events after the balance date

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.

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.

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.

See also: clause 7 of this Report.

Kielce, August 27, 2009

_____ Piotr Gromniak President of the Management Board	_____ Artur Langner Vice-President of the Management Board
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STATEMENT OF THE MANAGEMENT BOARD

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

The Management Board of Echo Investment SA further represents that PricewaterhouseCoopers Sp. z o.o. of Warsaw, which audited the semi-annual consolidated financial statements, was selected in accordance with valid laws, and that both the firm and the chartered accountants carrying out the audit fulfilled the criteria for issuing an impartial and independent audit report, according to valid provisions of national legislation.

Kielce, August 27, 2009

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