

Echo Investment S.A. Capital Group

Mid-year condensed consolidated financial statement
as on and for a period of twelve months expiring on December 31, 2007



Kielce, February 29, 2008

1. Condensed consolidated balance sheet, in thousands PLN

	balance as on 2007.12.31 end of quarter	balance as on 2006.12.31 end of previous year
Assets		
1. Fixed assets		
1.1. Intangible assets	525	91
1.2. Goodwill of subsidiaries	40 382	32 687
1.3. Tangible assets	461 189	411 699
1.4. Long-term receivables	54	5
1.5. Investment immovable property	1 995 747	1 670 296
1.6. Long-term financial assets	11 394	21 671
1.7. Assets on account of deferred income tax	29 167	18 059
	2 538 458	2 154 508
2. Current assets		
2.1. Inventories	459 262	208 075
2.2. Tax receivables	45 698	48 274
2.3. Receivables on account of deliveries and services, other receivables	18 940	29 221
2.4. Short-term financial investments	33 478	613
2.5. Accruals	3 144	1 032
2.6. Cash and cash equivalents	394 947	297 791
	955 469	585 006
Assets total	3 493 927	2 739 514
Liabilities		
1. Equity		
1.1. Equity allocated to shareholders of the dominant company	1 517 082	1 195 243
1.1.1. Initial capital	21 000	21 000
1.1.2. Supplementary capital	985 994	538 319
1.1.3. Profit (loss) carried forward	188 247	357 790
1.1.4. Profit (loss) of the current year	321 901	278 132
1.1.5. Foreign exchange gains/losses arising from conversion of foreign companies' data	(60)	2
1.2. Minority capitals	15 823	10 584
	1 532 905	1 205 827
2. Reserves		
2.1. Reserve for deferred income tax	239 382	178 766
2.2. Other reserves	31 778	32 055
	271 160	210 821
3. Long-term debt		
3.1. Financial debt	1 295 647	902 909
3.2. Other debt	32 181	40 857
	1 327 828	943 766
4. Short-term debt		
4.1. Financial debt	28 257	158 061
4.2. Tax debt	8 361	8 838
4.3. Debt on account of deliveries and services	119 796	88 333
4.4. Other debt	205 620	123 868
	362 034	379 100
Liabilities total	3 493 927	2 739 514

Book value (in thousands PLN)	1 517 082	1 195 243
Number of shares	420 000 000	420 000 000
Book value per one share (in PLN)	3,61	2,85
Diluted number of shares	420 000 000	420 000 000
Diluted book value per one share (in PLN)	3,61	2,85

OFF-BALANCE ITEMS in thousands PLN	balance as on 2007.12.31 end of quarter	balance as on 2006.12.31 end of previous year
1. Off-balance receivables	-	-
2. Off-balance debt	22 880	13 034

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

	4 th quarter of year the period from 2007.10.01 to 2007.12.31	4 quarters the period from 2007.01.01 to 2007.12.31	4 th quarter the period from 2006.10.01 to 2006.12.31	4 quarters the period from 2006.10.01 to 2006.12.31
Operating income	95 599	380 827	72 752	333 249
Operating costs	(38 863)	(188 135)	(27 758)	(144 163)
Gross profit (loss) on sales	56 736	192 692	44 994	189 086
Profit (loss) on sales of immovable property	610	29 616	(2 690)	8 919
Revaluation of immovable property	22 933	248 068	5 606	238 449
Costs of sales	(5 816)	(21 554)	(3 102)	(9 736)
Overheads	(19 815)	(47 007)	(9 742)	(43 694)
Other operating incomes (costs)	(2 199)	1 901	852	(1 999)
Profit before tax and financial income/costs	52 449	403 716	35 918	381 025
Financial incomes	18 582	38 158	609	14 773
Financial costs	(34 463)	(89 562)	(11 181)	(64 860)
Foreign exchange gains/losses	29 933	49 586	21 709	15 134
Revaluation of goodwill of subsidiaries	(2)	(75)	(9)	(18)
Shares in profits of associated companies	(5)	(15)	6	(1)
Gross profit (loss)	66 494	401 808	47 052	346 053
Income tax	(13 667)	(74 668)	(10 193)	(66 982)
Net profit (loss)	52 827	327 140	36 859	279 071
Profit (loss) allocated to minority shareholders	(837)	5 239	(1 725)	939
Profit (loss) allocated to shareholders of the dominant company	53 664	321 901	38 584	278 132
Net profit (loss) (annualized)		321 901		278 132
Weighted average number of ordinary shares		420 000 000		420 000 000
Profit (loss) per one ordinary share (in PLN)		0,77		0,66
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted profit (loss) per one ordinary share (in PLN)		0,77		0,66

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

	Initial capital	Supplementary capital	Profit (loss) carried forward	Profit (loss) of the current year	Foreign exchange gains/losses arising from conversion	Equity capital allocated to shareholders of the dominant company	Minority capitals	Total shareholders' equity
For 4 quarters (current year), period from 2007.01.01 to 2007.12.31								
Balance at the beginning of the period	21 000	538 319	635 922		2	1 195 243	10 584	1 205 827
Corrections of basic errors			-			-		-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	538 319	635 922	-	2	1 195 243	10 584	1 205 827
Distribution of profit/loss carried forward	-	447 675	(447 675)	-		-	-	-
Net profit (loss) of the current period	-	-	-	321 901	(62)	321 839	5 239	327 078
Balance at the end of the period	21 000	985 994	188 247	321 901	(60)	1 517 082	15 823	1 532 905
For 4 quarters (previous year), period from January 1, 2006 to December 31, 2006								
Balance at the beginning of the period	21 000	353 771	542 332	-		917 103	18 145	935 248
Changes in applied accounting principles (policy)	-	-	6	-		6	-	6
Corrections of basic errors	-	-	-	-		-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	353 771	542 338	-	-	917 109	18 145	935 254
Distribution of profit/loss carried forward	-	184 548	(184 548)	-		-	-	-
Changes in minority shares	-	-	-	-		-	(8 500)	(8 500)
Net profit (loss) of the current period	-	-	-	278 132	2	278 134	939	279 073
Balance at the end of the period	21 000	538 319	357 790	278 132	2	1 195 243	10 584	1 205 827

4. Condensed consolidated cash flow statement, in thousands PLN

Cash flow statement	4 quarters the period from 2007.01.01 to 2007.12.31	4 quarters the period from 2006.10.01 to 2006.12.31
A. Cash flows on operating activity – indirect method		
I. Net profit (loss)	327 140	279 071
II. Adjustments total		
1. Share in net (profits) losses of associated companies	15	1
2. Depreciation of fixed assets	6 252	4 980
3. Revaluation of goodwill	75	18
4. Foreign exchange gains/losses	(27 973)	(8 841)
5. Interest and shares in profits (dividends)	46 670	49 576
6. (Profit) loss on investment activity	(261 029)	(245 389)
7. Change in reserves	49 581	58 995
8. Change in inventories	(229 697)	(125 788)
9. Change in receivables	(122 957)	(32 486)
10. Change in short-term debt, except for loans and credits	258 927	65 275
11. Change in accruals	10 065	(2 059)
12. Other adjustments	7 545	499
	(262 526)	(235 219)
III. Net cash flows on operating activity (I+/-II)	64 614	43 852
B. Cash flows on investment activity		
I. Incomes		
1. Sales of intangible assets and tangible assets	211 562	1 230
2. Sales of investments in immovable property and in intangible assets	45 628	84 243
3. From financial assets	141 555	67 908
4. Other incomes from investments	-	13
	398 745	153 394
II. Expenditures		
1. Acquisition of intangible assets and tangible assets	(301 800)	(172 714)
2. Investments in immovable property and in intangible assets	(127 876)	(26 121)
3. On financial assets	(154 761)	(58 653)
4. Dividends and other shares in profits paid to minority	-	(8 500)
5. Other investment expenditures	(141)	(197)
	(584 578)	(266 185)
III. Net cash flows on investment activity (I-II)	(185 833)	(112 791)
C. Cash flows on financial activity		
I. Incomes		
1. Net incomes from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credit facilities	251 291	246 019
3. Issue of debenture bonds	346 405	334 023
4. Other financial incomes	-	591
	597 696	580 633

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

Cash flow statement ctd.	4 quarters the period from 2007.01.01 to 2007.12.31	4 quarters the period from 2006.10.01 to 2006.12.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other disbursements to owners	-	-
3. Expenses on account of profit allocation, other than disbursements to owners	-	-
4. Repayments of loans and credits	(138 631)	(155 771)
5. Redemption of debenture bonds	(160 000)	(220 800)
6. On account of other financial debt	-	-
7. Repayments of debts under financial lease contracts	-	(487)
8. Interest	(74 592)	(70 968)
9. Other financial expenses	(50)	(10)
	(373 273)	(448 036)
III. Net cash flows on financial activity (I-II)	224 423	132 597
D. Net cash flows total (A.III+/-B.III+/-C.III)	103 204	63 658
E. Difference in cash balances, including:	97 155	55 309
- change in cash balance due to foreign exchange gains/losses	(6 049)	(8 349)
F. Cash at the beginning of period	297 792	242 483
G. Cash at the end of period (F+/-D), including:	394 947	297 792
- with limited disposability	150	57 333

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

Echo Investment S.A. (hereinafter 'the Company'), formerly operating under the name of 'Echo Press' Sp. z o.o., was registered in Kielce on July 23, 1992. The registered office of the Company is located in Kielce. As from October 1, 2007 the Company's registered address has been changed from: ul. Zagnańska 27 to: Al. Solidarności 36.

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

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

As on December 31, 2007 and December 31, 2006, the Capital Group was employing 342 and 286 persons, respectively.

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

The presented statement refers to the twelve months' period expiring on December 31, 2007, with comparative data referring to the twelve months' period expiring on December 31, 2006. The statement is expressed in thousands Polish zlotys.

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

The organization authorized to audit the financial statements of Echo Investment SA is BDO Numerica Sp. z o.o. with its registered office in Warsaw, postcode 02- 676, 12 Postępu Street. This financial statement of the Capital Group and of Echo Investment SA as a company has not been audited by the aforementioned company.

5.2 Principles applied during preparation of the quarterly report

The consolidated statement of Echo Investment S.A. for the fourth quarter of the year 2007 has been prepared in accordance with the International Financial Reporting Standards, approved by the European Commission. Guidelines included in the IFRS no. 1 and IAS no. 34 have been applied in preparation of the statement. The rules of valuating assets and liabilities and determining the bottom line were applied as on the balance day.

The management board of the dominant company used its best knowledge in applying standards, interpretation, methods and principles of valuating the particular items of the condensed consolidated financial statement for the fourth quarter of the year 2007. Preparation of financial statements in accordance with the IFRS required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. The presented financial data has not been verified by an auditor.

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

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

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

- Short-term investments are valued according to acquisition prices, accounting for write-offs due to permanent loss in value. Cash and cash equivalents include assets in the form of domestic monies, foreign currency and financial instruments, as well as other financial assets, particularly interest on loans granted if it falls due within 3 months from the report date. The same definition of cash applies to the cash flow statement.
- The following items are created on account of deferred tax: deferred income tax assets and provision for income tax. These items are valued according to their reasonable estimated value. The provision is calculated with the tax rate to be valid in the following accounting period. Deferred income tax assets on account of tax loss are established if settlement of such loss in the following years is certain of occurring.
- Share capital and reserve capital is valued in its nominal value.
- Reserves are established if the Company is under an existing obligation resulting from past events, it is probable that fulfillment of this obligation will result in the necessity of expending funds that constitute economic benefits and it is possible to reliably estimate the value of such obligation. Reserves are particularly established for costs of investment projects in progress, costs of bonuses, cash equivalents for unused holiday benefits and audit costs that have not been incurred but which fall due in the current period, as well as for expected losses to be yielded in future periods.
- Long-term financial debts are valued with the 'depreciated cost of debt' method, according to IAS 39. The risk and the possibility of early repayment of long-term debt is taken into consideration in valuation. Other debts are disclosed in the balance sheet as payable amounts.

- The amount of the company social benefits fund is established on the basis of the Act on Company Social Benefits Fund (Journal of Laws of 1994, no. 43, item 163, as amended) and disclosed in the balance sheet in its nominal value, as an amount brought forward.
- Accrued incomes and costs are disclosed in their nominal value.
- Foreign currencies are valued as on the balance day, applying relevant exchange rates of Pekao SA bank applicable as on the balance day.
- The bottom line is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, yield and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference on account of income tax and other charges on the bottom line. The bottom line (profit/loss) is determined using the multiple-step method.
 - a) The costs of manufacture of products sold include yielded costs pertaining to the revenues in a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.
 - b) With regard to long-term construction contracts, the bottom line is affected by estimated income, considering advancement of investment execution as on the balance day, pursuant to the principles under IAS No. 11 'Construction Contracts'. Advancement of investment execution is determined as the share of costs borne as on the balance day in total estimated investment costs. Revenues of the current period are established in the same proportion towards total estimated revenues. Own costs of sales of production consisting in execution of construction contracts are disclosed according to the actual advancement of investment execution.
 - c) Sales are valued on the basis of production costs, using one of the following two methods, depending on the types of projects:
 - return ratio according to the sales contract, or average (calculated) return ratio assumed by the company;
 - percentage of such items as, for instance, sold area of land, sold shares, etc. (according to average prices)Own cost of sold premises and land is settled in proportion to sold shares in land.
In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.
 - d) The following factors also affect the bottom line:
 - in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,
 - yielded costs of sales and overheads and costs not yet borne, booked according to the principle of matching revenues and costs,
 - profits and losses on sale of securities,
 - all financial incomes receivable by the company,
 - yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23 'Borrowing Costs'. The company activates the part of financial costs that is directly related to acquisition and production of assets disclosed as inventories and investments in progress. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts). The structure of expenditure in the company is calculated in the following subcategories: overheads, advances, loans granted, expenses on fixed assets, financial investments, intangible assets and non-activated inventories and expenses reduced by revenues from advances on activated projects. The value of activated financial costs corresponding to the latter item is calculated pro rata on the basis of the structure of expenditures in the company. It is divided among specific projects according to structure of expenses less advances.
 - realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.
- Cash flow statement is prepared according to indirect method.

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

Echo Investment Capital Group did not change its accounting principles in 2007.

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

Echo Investment S.A., which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current developer projects. The group companies have been established or acquired for the purpose of performing certain investment tasks. They do not engage in any type of business activity other than one involved in the realization process of a specific project, followed by provisions of lease services of already completed property components or other services. As on December 31, 2007 the Echo Investment S.A. Capital Group consists of 98 subsidiaries that are fully consolidated and 4 companies valued according to ownership rights method.

Fully consolidated companies:

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

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

Companies valued according to ownership rights method:

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

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

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

- "WAN 11" Sp. z o.o. ['WAN 11' Limited Liability Company] - 50% of basic capital and 50% of voting rights at the general meeting of shareholders;
- "Projekt Echo - 64" Sp. z o.o. ['Project Echo - 64' Limited Liability Company] - 50% of basic capital and 50% of voting rights at the general meeting of shareholders;
- "Projekt S" Sp. z o.o. ['Project S' Limited Liability Company] - 63% of basic capital and 63% of voting rights at the general meeting of shareholders.

Capital relationships within the Capital Group concern the following:

- "Piomot - Auto" Sp. z o.o., holding 5.53% of basic capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.;
- "Zakłady Ogrodnicze Naramowice" Sp. z o.o., holding 99.8% of basic capital of "Projekt Naramowice" Sp. z o.o.;
- „Echo - Kielce 1” Sp. z o.o., holding:
 - 99.97% of basic capital of "Echo - Galeria Kielce" Sp. z o.o.,
 - 100% of basic capital of "Princess Boryszewska" Sp. z o.o.
- "Projekt Echo - 37" Sp. z o.o., holding 0.001% of basic capital of "Echo - SPV 6" Sp. z o.o.;
- "Echo - Pasaż Grunwaldzki" Sp. z o.o., holding 1% of share of "Echo - Pasaż Grunwaldzki Sp. z o.o." Spółka komandytowa;
- "Echo - Arena" Sp. z o.o., holding 1% of share of "Echo - Arena Sp. z o.o." Spółka komandytowa;
- "Echo - Galaxy" Sp. z o.o., holding 1% of share of "Echo - Galaxy Sp. z o.o." Limited Company;
- "Projekt Echo - 60" Sp. z o.o., holding 1% of share of "Echo - Galaxy Sp. z o.o." Limited Company;
- "Projekt Echo - 43" Sp. z o.o., holding 0.01% of share of "Echo - Galaxy Sp. z o.o." Limited Company;
- "Galeria Echo - Kielce" Sp. z o.o., holding 0.01% of basic capital of "Echo - Galeria Kielce" Sp. z o.o.;
- "Projekt Echo - 41" Sp. z o.o., holding 1% of share of "Projekt Echo - 41 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 42" Sp. z o.o., holding 1% of share of "Projekt Echo - 42 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 45" Sp. z o.o., holding 1% of share of "Projekt Echo - 45 Sp. z o.o." Spółka komandytowa;
- „Echo - Centrum Bankowości i Finansów Łódź” Spółka z o.o., holding 47.98% of basic capital of „Projekt Echo - 53” Sp. z o.o.;
- „Echo - Centrum Biznesu Łódź” Spółka z o.o., holding 51.96% of basic capital of „Projekt Echo - 53” Sp. z o.o.;
- „Echo - Centrum Tarnów” Sp. z o.o., holding 99.93% of basic capital of „Projekt Echo - 61” Sp. z o.o.;
- „Echo - Centrum Jelenia Góra” Sp. z o.o., holding 99.93% of basic capital of „Projekt Echo - 56” Sp. z o.o.;
- „Echo - Galaxy Sp. z o.o.” Sp. k., holding 99.99% of basic capital of „Projekt Echo - 60” Sp. z o.o.;
- „Echo - Pasaż Grunwaldzki Sp. z o.o.” Sp. k., holding 99.99% of basic capital of „Projekt Echo - 62” Sp. z o.o.;
- „Echo - Centrum Poznań” Sp. z o.o., holding 99.87% of basic capital of „Projekt Echo - 81” Sp. z o.o.;
- „Echo Investment Ukraine” LLC, holding:
 - 99.99% of basic capital of „Echo - Projekt 1” LLC
 - 99.99% of basic capital of „Echo - Projekt 2” LLC
- „Echo - Projekt 1” LLC, holding 0.01% of basic capital of „Echo - Projekt 2” LLC;
- „Echo - Projekt 2” LLC, holding 0.01% of basic capital of „Echo - Projekt 1” LLC;
- "Projekt Echo - 17" Sp. z o.o., holding the following respective shares of basic capital of:
 - 1.00% of capital of "Wygłędów" Sp. z o.o.,
 - 1.00% of capital of "Projekt Echo - 37" Sp. z o.o.,
 - 1.00% of capital of "Projekt Echo - 39" Sp. z o.o.,
 - 1.00% of capital of "Galeria Echo - Kielce" Sp. z o.o.,
 - 1.00% of capital of "Echo ACC" Sp. z o.o.,
 - 1.00% of capital of "Projekt Echo - 30" Sp. z o.o.,
 - 1.00% of capital of "Echo - Galaxy" Sp. z o.o.,
 - 1.00% of capital of "Echo - Pasaż Grunwaldzki" Sp. z o.o.,
 - 1.00% of capital of "Projekt Echo - 34" Sp. z o.o.,

- 1.00% of capital of "Est On Property Management" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 41" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 42" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 43" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 44" Sp. z o.o.,
- 1.00% of capital of "Projekt Echo - 45" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 55" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 57" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 58" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 59" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 64" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 67" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 68" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 69" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 70" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 71" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 72" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 73" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 74" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 75" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 76" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 77" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 80" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 83" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 84" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 85" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 86" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 87" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 88" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 89" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 90" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 91" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 92" Sp. z o.o.,
- 0,05% of capital of "Echo - Arena" Sp. z o.o.,
- 0,03% of capital of "Malta Office Park" Sp. z o.o.,
- 0,03% of capital of "Echo - SPV 6" Sp. z o.o.,
- 0,02% of capital of "Projekt Echo - 28" Sp. z o.o.,
- 0,02% of capital of "Echo - Centrum Biznesu Łódź" Sp. z o.o.,
- 0,02% of capital of "Projekt Naramowice" Sp. z o.o.,
- 0,01% of capital of "Echo Investment - Centrum Handlowo-Rozrywkowe Gliwice" Sp. z o.o.,
- 0,008% of capital of "Athina Park" Sp. z o.o.,
- 0,007% of capital of "Echo - Centrum Veneda" Sp. z o.o.,
- 0,006% of capital of "Echo - Centrum Bełchatów" Sp. z o.o.,
- 0,006% of capital of "Echo - Centrum Rzeszów" Sp. z o.o.,
- 0,005% of capital of „Echo - Property Poznań 1” Sp. z o.o.;
- 0,004% of capital of "MDP" Sp. z o.o.,
- 0,004% of capital of "Echo - Centrum Tarnów" Sp. z o.o.,
- 0,002% of capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.,
- 0,002% of capital of „Echo - Kielce 1” Sp. z o.o.;
- 0,001% of capital of "Projekt Echo - 53" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 54" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 56" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 60" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 61" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 62" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 63" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 65" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 66" Sp. z o.o.,
- 0,001% of capital of "Projekt Echo - 81" Sp. z o.o.

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

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

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

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

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

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

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

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

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

1. On November 23, 2007 Echo Investment SA (Issuer of Bonds) redeemed 500 discount bonds. As a consequence of repurchase, the bonds were redeemed according to Article 24 clause 1 of the Act as of June 29, 1995 on Bonds (Journal of Laws No. 120 item 1300, as amended). The bonds were issued on May 24, 2007 under the Contract for performance of a Bonds Issuance Program as of April 16, 2004 with BRE Bank S.A., seated in Warsaw (RB no. 38/2007 of May 24, 2007).

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

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

Under resolution no. 5 on distribution of profit, on May 29, 2007 the Ordinary General Meeting of Shareholders of "Echo Investment S.A." decided to exclude the net profit earned by the Company during the expired financial year 2006, in the amount of PLN 80,754 thousand (read: eighty million seven hundred and fifty-four thousand zlotys) from distribution to shareholders and to allocate the total amount thereof to the Company's supplementary capital for the purpose of financing the Company's current operations.

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

1. On January 11, 2008 Echo Investment SA, in the course of fulfilling the obligation mentioned in Article 57 clause 3 with reference to Article 56 clause 1 item 1 of the Act on Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005. (Journal of Laws no. 184 item 1539), in its current report no. 6/2008 communicated to the general public such confidential information the communication whereof was delayed under the Regulation of the Minister of Finance of April 13, 2006 on types of information that may affect issuer's reasonable interest and manner of proceeding by an issuer with respect to delayed public disclosure of confidential information (Journal of Laws of 2006 No. 67 item 476).

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

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

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

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

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

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

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

3. On January 14, 2008 as a consequence of signing agreements of transfer of shares between Echo Investment S.A. with its registered seat in Kielce (the Buyer) and Mr. M. Bieniek and D. Kościwicz (the Sellers), Echo Investment S.A. acquired the shares of the Issuer's subsidiary "Projekt S" Sp. z o.o. with its registered seat in Kielce (the Subsidiary).

The object of contract are 32 shares in the Subsidiary's initial capital, constituting 32% of the initial capital of "Projekt S" Sp. z o.o., with a total nominal value of PLN 16,000 (the Shares). The sales price of the shares was a PLN equivalent of USD 5.6 million, which equaled PLN 13,470,800 as on the shares acquisition day (according to average rate of exchange published by the National Bank of Poland). Upon acquisition of the aforementioned assets, Echo Investment S.A. now holds 95% share in the Company's initial capital, carrying 95 votes at the general meeting of shareholders. The acquired financial assets were financed with Echo Investment SA's own funds.

4. On February 25, 2008 the subsidiary – "Projekt Echo-47" Sp. z o.o. seated in Kielce and Perganso Sp. z o.o. seated in Warsaw signed an agreement of acquisition of perpetual usufruct right to the real estate situated in Krakow, Opolska and 29 Listopada Streets, with an area of 23,770 square meters. The contract value was PLN 33.12 million net. The company intends to develop an advanced class A office project on the property, with area to let exceeding 50 thousand square meters. The anticipated commencement date of investment will be in the 1st half of 2009, and completion date – in the 2nd half of 2010.

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

1. The Capital Group was expanded with 12 new companies:

1. The District Court in Kielce, 10th Economic Department of the National Court Register, registered the following 10 subsidiaries:
 - Projekt Echo - 83 Sp. z o.o. [Project Echo - 83 Limited Liability Company], having its registered seat in Kielce,
 - Projekt Echo - 84 Sp. z o.o. [Project Echo - 84 Limited Liability Company], having its registered seat in Kielce,
 - Projekt Echo - 85 Sp. z o.o. [Project Echo - 85 Limited Liability Company], having its registered seat in Kielce,
 - Projekt Echo - 86 Sp. z o.o. [Project Echo - 86 Limited Liability Company], having its registered seat in Kielce,
 - Projekt Echo - 87 Sp. z o.o. [Project Echo - 87 Limited Liability Company], having its registered seat in Kielce,
 - Projekt Echo - 88 Sp. z o.o. [Project Echo - 88 Limited Liability Company], having its registered seat in Kielce,
 - Projekt Echo - 89 Sp. z o.o. [Project Echo - 89 Limited Liability Company], having its registered seat in Kielce,

- Projekt Echo - 90 Sp. z o.o. [Project Echo - 90 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 91 Sp. z o.o. [Project Echo - 91 Limited Liability Company], having its registered seat in Kielce,
- Projekt Echo - 92 Sp. z o.o. [Project Echo - 92 Limited Liability Company], having its registered seat in Kielce.

The value of initial capital of each of these companies is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes carried by the shares at each company's general meeting of shareholders is 1000.

In each of the aforementioned newly established subsidiaries:

- Echo Investment SA took up 999 shares carrying 99.9% of votes at the general meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.
 - the Issuer's subsidiary Projekt - Echo 17 Sp. z o.o. [Project - Echo 17 Limited Liability Company] of Kielce took up 1 share carrying 0.1% of votes at the general meeting of shareholders. The purchase price is PLN 50 for share.
- The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. with its registered seat in Kielce.

2. The subsidiary „Echo Investment Ukraine Limited Liability Company with its registered seat in Kiev acquired 100% of the initial capital of „Echo - Projekt 1” Limited Liability Company with its registered seat in Kiev, with nominal value of UAH 42,000, and 99.99% of the initial capital of „Echo - Projekt 2” Limited Liability Company with its registered seat in Kiev, with a value of UAH 41,995.80. - „Echo - Projekt 1” LLC took up 0.01% of the initial capital of „Echo - Projekt 2” LLC with a value of UAH 4.2. On September 26, 2007 the Regional National Registration in Kiev registered the aforementioned changes to the initial capitals of the companies whose shares were acquired. Shares in the initial capital of „Echo - Projekt 1” LLC were acquired on the basis of contracts of transfer of shares, executed between „Echo Investment Ukraine” Limited Liability Company (the Buyer) and individuals being Ukrainian citizens (the Sellers). The purchase price of the shares is UAH 42,000, an equivalent of PLN 22,264.20 according to the average rate of exchange of the National Bank of Poland as on the day of registration of the changes in initial capital of the Subsidiaries). The Buyer intends to use the acquired shares as long-term capital investment. The acquired shares were financed with the Buyer's own funds. Shares in the initial capital of „Echo - Projekt 2” LLC were acquired on the basis of a contract of transfer of shares, executed between „Echo Investment Ukraine” Limited Liability Company (the Buyer) and an individual being a Ukrainian citizen (the Seller). The purchase price of the shares is UAH 41,995.80, an equivalent of PLN 22,261.97 according to the average rate of exchange of the National Bank of Poland as on the day of registration of the changes in initial capital of the Subsidiaries).

II. 2 companies were eliminated from the Capital Group:

1. On November 12, 2007, the Group transferred 100% shares of the subsidiary „Projekt Echo - 82” Sp. z o.o. with its registered seat in Kielce with total nominal value of PLN 50,000. The sales price of the shares was PLN 58,000 and their book value in the Issuer's accounts is PLN 50,000. The buyers of the shares were Ustra Sp. z o.o. with its registered seat in Kielce (99 shares) and Magellan - Pro Equity Fund I SA with its registered seat in Kielce (1 share).
2. On November 28, 2007 Echo sold 100% of shares of the Issuer's subsidiary „Projekt Echo - 78” Sp. z o.o. with its registered seat in Kielce, with a total nominal value of PLN 50,000. The sales price of shares was PLN 57,798 and the book value of these shares in the Issuer's books of accounts was PLN 50,000. Buyers of shares: Cersanit I Sp. z o.o. with its registered seat in Krasnystaw (99 shares) and Cersanit SA (1 share).

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

1. On October 18, 2007, Echo Investment SA with its registered seat in Kielce (the Seller) sold to WAN SA (the Buyer) 500 shares constituting 50% of the initial capital of the subsidiary „Projekt Echo - 64” Sp. z o.o. with its registered seat in Kielce with total nominal value of PLN 25,000. The sales price of the shares was PLN 28,000 and their book value in the Issuer's accounts is PLN 25,000. After sale of the aforementioned shares, Echo Investment SA holds 49.9% in the initial capital of „Projekt Echo - 64” Sp. z o.o.
2. On October 31, 2007, a contract of transfer of establishment was made between the Issuer's subsidiaries: „Echo - Centrum Jelenia Góra” Sp. z o.o. [„Echo - Jelenia Góra Center” Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo - 56” Sp. z o.o. [„Project Echo - 56” Limited Liability Company] with its registered seat in Kielce („the Buyer”). The object of the establishment transfer contract is an establishment comprising right of perpetual usufruct of immovable property situated in Jelenia Góra, with an area of 48,209 sq. m, including ownership of a shopping center building erected thereon and forming a separate object of ownership, with all rights and obligations pertaining thereto. The value of contract is PLN 74,150,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiary is PLN 73,327,760.14 (as on June 30, 2007). The aforementioned establishment forms a non-cash contribution for coverage of newly established 1,483,000 shares in the initial capital of „Projekt Echo - 56” Sp. z o.o. [„Project Echo - 56” Limited Liability Company] with total nominal value of PLN 74,150,000. These shares form 99.93% of the Company's initial capital, giving 1,483,000 votes at the meeting of shareholders. On December 20, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register registered a change in the value of initial capital of „Projekt Echo - 56” Sp. z o.o. [„Project Echo - 56” Limited Liability Company]. The value of the initial capital was raised by 74,150,000 and currently equals 74,200,000 and is divided into 1,484,000 shares with nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1,484,000. As on the registration date, ownership structure in „Projekt Echo - 56” Sp. z o.o. has changed and is now as follows:

- the Issuer's subsidiary "Echo - Centrum Jelenia Góra" Sp. z o.o. ("Echo - Jelenia Góra Center" Limited Liability Company) with its registered seat in Jelenia Góra holds 1,483,000 shares with a total value of PLN 74,150,000, carrying 1,483,000 votes at the general meeting of shareholders, which constitutes 99.9326% of the initial capital,
- Echo Investment SA holds 999 shares in the subsidiary with a total value of PLN 49,950, carrying 999 votes at the meeting of shareholders, which constitutes 0.0673% of the initial capital,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ["Project Echo - 17" Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0001% of the initial capital.

3. On November 22, 2007, in the course of executing resolution no. 4 "on: consenting to transfer the Company's branch offices constituting organized parts of the Company's enterprise through a non-cash contribution of each branch office to an Echo Investment SA's subsidiaries", which was enacted on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement was made between Echo Investment SA with its registered seat in Kielce (the Seller) and the subsidiary "Projekt Echo - 66" Sp. z o.o. with its registered seat in Kielce (the Buyer) on transfer of an organized part of enterprise - an establishment preparing an individual balance sheet. The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA - Oddział Warszawa" ["Echo Investment Joint Stock Company - Warsaw Branch"] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, right of perpetual usufruct to immovable property situated in Warsaw at Postępu Street, with an area of 11,823 square meters, and ownership right to the building erected thereon forming a separate property, with all rights and obligations pertaining thereto. The value of contract is PLN 53,232,850 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 19,385,992 (as on September 30, 2007).

The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 1,064,657 shares in the initial capital of "Projekt Echo - 66" Sp. z o.o. with total value of PLN 53,232,850, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 1,064,657 votes at the meeting of shareholders.

On December 18, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register registered a change in the value of initial capital of "Projekt Echo - 66" Sp. z o.o. ["Project Echo - 56" Limited Liability Company]. The value of the Subsidiary's initial capital was raised by 53,232,850 and currently equals 53,282,850 and is divided into 1,065,657 shares with nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1,065,657.

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

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

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

5. On November 30, 2007 an agreement of transfer of ownership of an establishment was made between the Issuer's subsidiaries: „Echo - Galaxy spółka z ograniczoną odpowiedzialnością” Sp. k. with its registered seat in Kielce („the Seller”) and „Projekt Echo - 60” Sp. z o.o. with its registered seat in Kielce („the Buyer”). The object of contract is an establishment comprising right of perpetual usufruct of real estate located in Szczecin, Al. Wyzwolenia and Malczewskiego Streets, with an area of 20,361 sq. m, including ownership of the Galaxy shopping and entertainment center erected on the real estate and constituting a separate object of ownership, with all rights and obligations under the contract of lease of real estate situated in Szczecin at Malczewskiego Street, with an area of 5,831 square meters, and all rights and obligations pertaining thereto. The value of contract is PLN 382,550,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 393,500,834.5 (as on September 30, 2007). The aforementioned establishment forms a non-cash contribution for coverage of newly established 7,651,000 shares in the initial capital of "Projekt Echo - 60" Sp. z o.o. ["Project Echo - 60" Limited Liability Company] with total nominal value of PLN 382,550,000. These shares form 99.99% of the Company's initial capital, giving 7,651,000 votes at the meeting of shareholders.

In addition, on November 29, 2007 the subsidiary "Projekt Echo - 17" Sp. z o.o. with its registered seat in Kielce sold 1 share in the initial capital of "Projekt Echo - 60" Sp. z o.o. to "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. The sale price of that share was PLN 58.

On December 19, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register registered changes in the value of initial capital of subsidiary "Projekt Echo - 60" Sp. z o.o. ["Project Echo - 60" Limited Liability Company] with its registered seat in Kielce. The value of the Subsidiary's initial capital was increased by 382,550,000 and now equals PLN 382,600,000, divided into

7,652,000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 7,652,000.

As on the registration date, ownership structure in "Projekt Echo - 60" Sp. z o.o. has changed and is now as follows:

- the Issuer's subsidiary "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. ("Echo - Galaxy Limited Liability Company" Limited Partnership) with its registered seat in Kielce holds 7,651,001 shares in the subsidiary with a total value of PLN 382,550,050, carrying 7,651,001 votes at the general meeting of shareholders, which constitutes 99.99% of the initial capital,
- "Echo Investment SA" holds 999 shares in the subsidiary with a total value of PLN 49,950, yielding 999 votes at the meeting of shareholders, which forms 0.01% of the initial capital,

6. On November 30, 2007 an agreement of transfer of ownership of an establishment was made between the Issuer's subsidiaries: „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce („the Seller") and „Projekt Echo - 62" Sp. z o.o. with its registered seat in Kielce („the Buyer"). The object of contract is an enterprise comprising ownership right to land property with an area of 27,932 square meters and a building of the Pasaż Grunwaldzki shopping and entertainment center erected on the aforementioned property, as well as the right of perpetual usufruct of land property situated in Wrocław with the area of 6,826 square meters and ownership of an administrative and sanitary building erected on that land property and being a separate object of ownership, located in Wrocław, Grunwaldzki Square, and ownership right of an apartment located in Wrocław, and all rights and obligations pertaining thereto. The value of contract is PLN 386,550,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 167,240,767.37 (as on September 30, 2007). The aforementioned establishment forms a non-cash contribution for coverage of newly established 7,731,000 shares in the initial capital of "Projekt Echo - 62" Sp. z o.o. [“Projekt Echo - 60” Limited Liability Company] with total nominal value of PLN 386,550,000. These shares form 99.99% of the Company's initial capital, giving 7,731,000 votes at the meeting of shareholders.

On December 19, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register registered changes in the value of initial capital of subsidiary "Projekt Echo - 62" Sp. z o.o. [“Projekt Echo - 62” Limited Liability Company] with its registered seat in Kielce. The value of the Subsidiary's initial capital was increased by 386,550,000 and now equals PLN 386,600,000, divided into 7,732,000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 7,732,000.

As on the registration date, ownership structure in "Projekt Echo - 62" Sp. z o.o. has changed and is now as follows:

- the Issuer's subsidiary "Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp. k. ("Echo - Grunwaldzki Arcade Limited Liability Company" Limited Partnership) with its registered seat in Kielce holds 7,731,000 shares in the subsidiary with a total value of PLN 386,550,000, carrying 7,731,000 votes at the general meeting of shareholders, which constitutes 99.98707% of the initial capital,
- Echo Investment SA holds 999 shares in the subsidiary with a total value of PLN 49,950, carrying 999 votes at the meeting of shareholders, which constitutes 0.01292% of the initial capital,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. [“Projekt Echo - 17” Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.00001% of the initial capital.

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

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

- 1,600,000 (one million six hundred thousand) series A ordinary bearer shares,
 - 38,400,000 (thirty-eight million four hundred thousand) series B ordinary bearer shares,
 - 20,000,000 (twenty million) series C ordinary bearer shares,
 - 60,000,000 (sixty million) series D ordinary bearer shares,
 - 20,000,000 (twenty million) series E ordinary bearer shares,
 - 280,000,000 (two hundred and eighty million) series F ordinary bearer shares.
- All shares with nominal value of PLN 0.05. The total number of votes yielded by all shares is 420,000,000.

8. On December 10, 2007 the District Court in Kielce, 10th Department of the National Court Register registered changes in the value of initial capital of subsidiary "Projekt Echo - 81" Sp. z o.o. [“Projekt Echo - 81” Limited Liability Company] with its registered seat in Kielce. The value of the subsidiary's initial capital was increased by 39,838,000 and now equals PLN 39,888,000, divided into 797,760 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 797,760.

As on the registration date, ownership structure in "Projekt Echo - 81" Sp. z o.o. [“Projekt Echo - 81” Limited Liability Company] has changed and is now as follows:

- the Issuer's subsidiary "Echo - Centrum Poznań" Sp. z o.o. ("Echo - Poznań Center" Limited Liability Company) with its registered seat in Kielce holds 796,760 shares with a total value of PLN 39,838,000, carrying 796,760 votes at the general meeting of shareholders, which constitutes 99.87% of the initial capital,
- Echo Investment SA holds 999 shares in the subsidiary with a total value of PLN 49,950, carrying 999 votes at the meeting of shareholders, which constitutes 0.13% of the initial capital,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0001% of the initial capital.

Changes in the initial capital of "Projekt Echo - 81" Sp. z o.o. ['Project Echo - 81' Limited Liability Company] were effected through non-cash contribution by the Issuer's subsidiary "Echo - Centrum Poznań" Sp. z o.o. ['Echo - Poznań Center' Limited Liability Company] with its registered seat in Kielce, constituting an enterprise, for covering up the newly established 796,760 shares in the initial capital of "Projekt Echo - 81" Sp. z o.o. with total nominal value of PLN 39,838,000. "Echo - Centrum Poznań" Sp. z o.o. intends to consider the Subsidiary's shares thus taken up as a long-term capital investment.

The accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiary was PLN - 1,034,618.05 (as on September 30, 2007), including the following major components of the enterprise.

- tangible assets, including ownership right to land property situated in Poznań at Krauthofera Street and Dmowskiego Street, worth PLN 43.15 million,

- obligations under loan agreements in the amount of PLN 44.19 million.

The value of the enterprise forming the non-cash contribution, as on the date of the enterprise transfer agreement (the Agreement) made between "Echo - Centrum Poznań" Sp. z o.o. (the Seller) and "Projekt Echo - 82" Sp. z o.o. (the Buyer), i.e. as on November 15, 2007, amounted to PLN 39,838,000, including the value of fixed assets revaluated according to market value as on the effective date of the Agreement was PLN 85.00 million and the value of the enterprise's loan obligations was PLN 45.17 million.

9. On December 20, 2007 the District Court in Kielce, 10th Economic Department of the National Court Register registered changes in the value of initial capital of subsidiary "Projekt Echo - 65" Sp. z o.o. ['Project Echo - 65' Limited Liability Company] with its registered seat in Kielce. The value of the subsidiary's initial capital was increased by 9,570,050 and now equals PLN 9,620,050, divided into 192,401 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 192,401.

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

- Echo Investment SA with its registered seat in Kielce holds 192,400 shares in the subsidiary with a total value of PLN 9,620,000, giving 192,400 votes at the meeting of shareholders, forming 99.9995% of the initial capital,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0005% of the initial capital.

Changes in the initial capital of "Projekt Echo - 65" Sp. z o.o. ['Project Echo - 65' Limited Liability Company] were effected through non-cash contribution by the Issuer's subsidiary "Echo - Centrum Poznań" Sp. z o.o. ['Echo - Poznań Center' Limited Liability Company] with its registered seat in Kielce, constituting an organized part of enterprise in the form of a Branch office under company name "Echo Investment SA - Oddział Szczecin" ("Echo Investment SA - Szczecin Branch") (the Branch), for covering up the 191,401 newly established shares in the initial capital of "Projekt Echo - 65" Sp. z o.o. with a total nominal value of PLN 9,570,050. The Branch constituted an organized part of the enterprise of Echo Investment SA within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. The Branch comprised ownership right to immovable property situated in Szczecin at Malczewskiego Street, with an area of 5,242 square meters, with all rights and obligations pertaining thereto. The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiaries was PLN 4,373,469.35 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 9,570,050.

10. On December 27, 2007 the District Court in Kielce, 10th Department of the National Court Register registered changes in the value of initial capital of subsidiary "Projekt Echo - 63" Sp. z o.o. ['Project Echo - 63' Limited Liability Company] with its registered seat in Kielce. The value of the subsidiary's initial capital was increased by 12,744,400 and now equals PLN 12,794,400, divided into 255,888 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 255,888.

As on the registration date, ownership structure in "Projekt Echo - 63" Sp. z o.o. has changed and is now as follows:

- Echo Investment SA with its registered seat in Kielce holds 255,887 shares in the subsidiary with a total value of PLN 12,794,250, giving 255,887 votes at the meeting of shareholders, forming 99.9996% of the initial capital,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0004% of the initial capital.

Changes in the initial capital of "Projekt Echo - 63" Sp. z o.o. ['Project Echo - 63' Limited Liability Company] were effected through non-cash contribution by the Issuer's subsidiary "Echo - Centrum Poznań" Sp. z o.o. ['Echo - Poznań Center' Limited Liability Company] with its registered seat in Kielce, constituting an organized part of enterprise in the form of a Branch office under company name "Echo Investment SA - Oddział Kraków" ("Echo Investment SA - Krakow Branch") (the Branch), for covering up the 254,888 newly established shares in the initial capital of "Projekt Echo - 63" Sp. z o.o. with a total nominal value of PLN 12,744,400. These assets included, among other, right of perpetual usufruct and ownership right of real estates situated in Krakow at Lea Street, with the office building erected thereon and constituting ownership separate from land, with all rights and obligations pertaining thereto. The aforementioned non-cash contributions were effected on the basis of agreement of transfer of ownership of an organized part of an enterprise, which was made on November 22, 2007 between Echo Investment SA (the Seller) and the subsidiary "Projekt Echo - 63" Sp. z o.o. with its registered seat in Kielce (the Buyer). The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiaries was PLN 3,668,704.84 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 12,744,400.

IV. Names of the following subsidiaries were changed:

- the name of "Echo Centrum - Gdynia" Sp. z o.o. ['Echo Center - Gdynia Limited Liability Company], having its registered seat in Kielce, changed into "Echo - Property Poznań 1" Spółka z ograniczoną odpowiedzialnością ['Echo - Property Poznań 1' Limited Liability Company'], having its registered seat in Kielce,

V. The District Court in Kielce, 10th Economic Department of the National Court Register, registered the following branch offices:

- „Echo Investment SA – Oddział Kraków” ('Echo Investment SA – Krakow Branch')
- „Echo Investment SA – Oddział Warszawa” ('Echo Investment Joint Stock Company – Warsaw Branch')
- „Echo Investment SA – Oddział Szczecin” ('Echo Investment Joint Stock Company – Szczecin Branch').

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

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

5.10.1 Suretyship agreements

1. The surety for the debts of Echo-Galaxy Sp. z o.o. Sp.k. with its registered seat in Kielce on account of loan granted by EUROHYPO AG Bank, with its registered seat in Eschborn, Germany. The surety was granted by Echo Investment SA in favor of EUROHYPO AG to the amount not exceeding EUR 100 million.

2. The surety for the debts of Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp.k. [Echo – Grunwaldzki Arcade Limited Liability Company, Limited Partnership] with its registered seat in Kielce on account of loan granted by EUROHYPO AG Bank, with its registered seat in Eschborn, Germany, has expired. The surety was granted by Echo Investment SA in favor of EUROHYPO AG to the amount not exceeding EUR 13 million.

3. On May 15, 2007 Echo Investment SA granted a surety for the obligation of a subsidiary "Projekt – Echo 39" Sp. z o.o. ['Project – Echo 39' Limited Liability Company] with its registered seat in Kielce for payment of sales price for the right of perpetual usufruct of immovable property situated in Kalisz. The surety was granted up to the amount of PLN 18,807 million.

4. On July 4, 2007 Echo Investment SA granted a surety to "Projekt Echo – 49" Sp. z o.o. ['Project Echo – 49' Limited Liability Company] with its registered seat in Kielce on account of the obligation to remedy a damage, up to the amount of 1,361 thousand USD.

5. On July 4, 2007 surety granted in favor of the Municipal Office of Lodz concerning payment of fees for perpetual usufruct of land by MDP Sp. z o.o. [MDP Limited Liability Company] expired. The value of surety was PLN 8,370 thousand. The surety was valid until 2095.

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

Surety in favor of	Value (in thousands)	Expiry date	On account of
Bank PeKaO SA [PeKaO Joint Stock Company]	740 PLN	until the day of contract of transfer from the rights of bank performance guarantee in favor of PeKaO SA Bank.	Surety for the liabilities of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Limited Liability Company] as a collateral of a loan granted by PeKaO SA Bank.
Natural person	18,807 PLN	until December 31, 2010	Surety for subsidiary's obligations
Projekt Echo 49 Sp. z o.o. [Project Echo 49 Limited Liability Company]	3,315 PLN	until July 04, 2010	Surety for obligations concerning remediation of damage regarding Projekt – Echo 49 Sp. z o.o. [Project – Echo 49 Limited Liability Company]

5.10.2 Guarantee agreements

1. Bank guarantee as of September 23, 2005, granted by BZ WBK S.A. Bank by way of securing payment for execution of construction of an underground passage and other components of reconstruction of the road system of Grunwaldzki Square in Wrocław, granted in favor of the Commune of Wrocław, has expired. The value of that guarantee was PLN 17,894 thousand.

2. Bank guarantee as of August 15, 2004, granted by PeKaO SA Bank as a security of debts and possible liquidated damages related to the contract of purchase of land in Wrocław from the Commune of Wrocław, has expired. The value of that guarantee was PLN 3,831 thousand.

3. Bank guarantee as of August 2, 2006, granted by EUROHYPO AG as a collateral of payment of remuneration for construction works in favor of Strabag Sp. z o.o., has expired. The value of the guarantee was PLN 18,241 thousand.
4. On September 4, 2007, an annex was executed concerning extension of the validity period of a bank guarantee granted by PKO BP SA Bank as a security of obligations towards Spółdzielnia Spożywców MOKPOL. The validity period was changed from September 5, 2007 to March 5, 2008.
5. On September 27, 2007, the bank guarantee granted by PKO BP SA Bank as a security of obligations towards Spółdzielnia Spożywców MOKPOL expired. The value of that guarantee was PLN 3,995 thousand.

5.11 Description of the issuer's significant achievements or failures

During the 4th quarter of the year 2007, Echo Investment S.A. and Capital Group companies realized projects initiated in the previous years and became involved in new investments in the segments described below:

The Polish market

Segment of shopping centers and shopping/entertainment centers

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

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

Development of the largest shopping and entertainment center in Słupsk, called ARENA, is planned on the Company's property of 64,000 sq. m, to be situated in an attractive location of Słupsk at Grottgera Street. The building shall offer about 75,000 sq. m total area and 38,000 sq. m rentable area. Lease agreements were made with such companies as Helios, Media Markt, BC Club, Rossmann, Ravel. In the 3rd quarter of 2007, an application was filed for a building permit decision concerning erection of the aforementioned building.

A preliminary lease agreement was signed with Tesco (Polska) Sp. z o.o. The preliminary lease agreement concerns lease of ca. 8,900 square meters of commercial surface in the Arena shopping and entertainment center that is being prepared for development in Słupsk at Grottger Street (the Mall). The Tenant is going to engage in trade and service activity in the Mall in the form of a grocery and household goods store in unlimited range of standard commodities typically sold in such Tesco outlets in Poland. The contract of lease that the parties agreed to sign foresees a term of 30 years. The estimated value of contract for 30 years of lease is a Polish zloty equivalent of EUR 17.69 million, i.e. PLN 65.31 as on the contract effective date according to the average rate of exchange published by the National Bank of Poland. A precondition for signing the aforementioned lease contract is obtaining a final building permit decision for the Mall by the Subsidiary or another organization contracted thereby and taking possession of the real estates dedicated to the development of the Mall not later than on July 31, 2008. The aforementioned condition is a condition precedent.

The anticipated project commencement date will be the 1st half of 2008, and completion date will fall in the 2nd half of 2010.

Echo Capital Group intends to develop a modern regional shopping and entertainment center on its immovable property located in Kalisz. The facility will be built at Górnosłaska Street and Trasa Bursztynowa (the Amber Route). The total area of the contemplated center shall be ca. 100,000 square meters, with rentable area of about 40,000 square meters. The launching of the project is scheduled for 2010 and completion in 2012.

On January 10, 2008 through acquisition of shares in Ultra Marina Sp. z o.o., Echo Investment SA acquired the title to immovable property exceeding 3 hectares in size, located at Krakusa i Wandy Street in Koszalin. The value of shares acquisition contract was PLN 11.77 million. The Company intends to develop a modern shopping and entertainment center on this land. Area to let in the building will be about 35 thousand square meters. The anticipated commencement date of investment falls in the 2nd half of 2009 and completion date in the 2nd half of 2011.

In the 4th quarter of 2007, Echo Investment SA entered into an agreement with the City of Lublin regarding development of PARK ECHO on Górki Czechowskie, Lublin. The city is going to initiate amendment of the spatial development plan, thus enabling commencement of development activities on the scheduled investment. The Company shall at its own expense reconstruct the traffic system in the neighborhood of the contemplated shopping and entertainment center Park Echo and the existing crossing of al. Solidarności with al. Sikorskiego and ul. Gen. Bolesława Ducha. The estimated value of this investment project shall be about 80 million zlotys.

According to the provisions of the aforementioned agreement, the City agreed to take whatever action is required to amend the local spatial development plan of the City of Lublin, within 36 months from the effective date of agreement, for the Company's real estate with the approximate area of 113 hectares, located in Lublin at Poligonowa Street, in the area of so-called Górki Czechowskie, in order to enable Echo Investment SA to execute its contemplated investments. The Company intends to build the following establishments on the aforementioned

property:

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

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

- prepare a concept and complete technical documentation with a building permit for reconstruction of the traffic system in the vicinity of the contemplated Mall and the existing crossing of Al. Solidarności with Al. Sikorskiego and ul. Gen. Bolesława Ducha,
- reconstruct the traffic system at the Company's sole expense,
- deliver the reconstructed traffic system before opening the Mall and complete the development of the park comprised by the contemplated investment not later than within 36 months from entry into force of a Resolution of the Lublin City Council, approving the amendments to the local spatial development plan,
- transfer the entire road system gratuitously to the City following completion of the investment consisting in reconstruction of the traffic system.

If a building permit for the Mall cannot be obtained within 24 months from the date of entry into force of the aforementioned Resolution of the Lublin City Council approving of the amendments to the local spatial development plan, Echo Investment SA shall be entitled to terminate the agreement. The estimated cost of reconstruction of the traffic system will be about 80 million PLN. Specific terms and conditions of reconstruction of the traffic system shall be stipulated in a separate agreement (Road Agreement). Should the parties to the agreement fail to enter into a Road Agreement within 9 months from the effective date of the present agreement, either party may terminate the agreement.

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

During the 4th quarter of 2007, the Łomża City Council agreed to an amendment of the spatial development conditions and directions study in order to allow development of a shopping center exceeding 2,000 square meters in size.

Echo Capital Group also intends to expand some of its existing shopping and shopping/entertainment centers. The plans concern extension of the Galeria Echo shopping and entertainment center in Kielce. Target area of the building will be 64,000 square meters. Anticipated completion date of this development falls in the 1st quarter of 2011.

Echo Capital Group is also planning extension of its shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław. Target rentable area will be about 78,700 square meters. Anticipated completion date of this extension project falls in the 2nd half of 2011.

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

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

Segment of office areas

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

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

The Warsaw market

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

The Poznań market

Realization of the 'Malta Office Park' office complex in Poznań was progressing (rentable area of about 31,000 square meters). Core and shell of the first stage is completed by Fakt Budownictwo Sp. z o.o. construction company of Kielce. Commercialization of the project was also initiated. 30% of area comprised in the 1st stage of development was let to Projekty Bankowe POLSOFT. The six office buildings designed by Litoborski-Marciniak design office of Poznań shall be executed in three stages. First stage of construction is expected to complete in the 2nd half of the year 2008.

The Krakow market

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

During the 4th quarter of 2007, a conditional agreement of purchase of real estate situated in Krakow at 29 Listopada and Opolska Streets was signed. The property can be purchased on the condition that the Commune of Krakow does not exercise its first right of refusal. As the Commune did not exercise its first right of refusal, on February 28, 2008 the subsidiary "Projekt Echo - 47" Sp. z o.o., pursuant to an agreement made with Pergranso Sp. z o.o. with its registered seat in Warsaw, acquired the right of usufruct to the aforementioned real estate with the area of 23,770 square meters. During the 4th quarter of 2007, a plot of land at Opolska Street, 11,625 square meters in size, was purchased to become an integral part of the contemplated future investment. The value of both agreements was PLN 41.4 million net. The company intends to develop an advanced office project with area to let exceeding 50 thousand square meters on the purchased properties. The anticipated commencement date of the 1st stage of investment will be in the 1st half of 2009, and completion date – in the 2nd half of 2010.

The Gdańsk market

The Company intends to develop office space on the immovable property in Gdańsk, Jana z Kolna Street. The class A building designed by Arch – Deco designing office of Gdynia shall comprise ca. 23,000 sq. m of rentable area. The anticipated commencement date of the development process falls in the 2nd half of 2008 and completion date in the 1st half of 2010.

The Szczecin market

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

The Katowice market

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

The Łódź market

The process of preparing development of an advanced complex of class A office buildings was commenced on a land plot in Lodz, Piłsudskiego Street. Area to let will be about 26,000 square meters. The launch of this investment project is planned for the 2nd half of 2008 and completion for the 1st half of 2010.

Segment of hotels

The Group's long experience and recognized partners provide good grounds for the company's operations on the market of hotels. During the preceding years, Echo Investment S.A. dealt with complex realization of hotels for key clients, acting as a general contractor of investments. The Capital Group's projects in the hospitality industry were executed in cooperation with international hotel chains: with the French chains of hotels Accor and Envergue, and with the Qubus group of Norway. Realized hotels operate in Warsaw, Kielce, Krakow, Szczecin, Lodz, Poznan, Czestochowa, Zabrze, Gliwice.

In the future, the Company is going to build hotels in cooperation with international hotel operators.

Housing segment

In the housing segment, Echo Capital Group realizes investment projects ranging from luxury apartment complexes, through high- and medium-standard residential buildings, to estates of single-family houses.

The Warsaw market

During the 4th quarter of 2007, realization of the 3rd stage of Inflancka Housing Estate, designed by Are Sp. z o.o. design office of Warsaw, was in progress (area for sale is 7,000 square meters). The anticipated date of completion of the next housing estate (130 apartments) falls in the 1st half of 2008.

2nd stage of the investment project at Zwycięzców Street was in progress (ca. 15,100 square meters for sale). The expected date of completion of 240 apartments designed by Szaroszyk & Rycerski Architekci Sp z o.o. of Warsaw shall be in the 1st half of 2008.

A project concerning residential buildings is currently under preparation: in Warsaw at Kazimierzowska Street (net area is about 5,300 square meters). The anticipated commencement date for building the 60 apartments designed by Mąka Sojka Architekci Sp. J. design office of Warsaw falls in the 1st half of 2008 and completion date in the 2nd half of 2009.

A new development project of a housing estate in Warsaw, Bielany district (Młociński Forest) is under preparation. 37 houses, comprising 9,200 thousand square meters, will be built on the 6.3 hectares of land. The anticipated commencement date for construction of this project designed by W.M. Musiał Architekci Sp. z o.o. design office falls in the 2nd half of 2008 and completion date in the 2nd half of 2009.

The Poznań market

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

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

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

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

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

The Krakow market

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

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

The Company initiated the process of preparing realization of a housing and commercial building to be erected in Cracow, Krasickiego Street (area for sale exceeds 5,600 square meters). The building designed by Studio S - Biuro Architektoniczne Szymanowski design office of Krakow will contain 84 apartments. The anticipated commencement date of investment falls in the 2nd half of 2008 and completion date in the 1st half of 2010.

The Company intends to develop residential buildings on its land situated in Krakow, Tyniecka Street. Area for sale will be about 5,000 sq. m (55 apartments). The launch of this investment project is anticipated in the 2nd half of 2008 and completion in the 1st half of 2010.

The Company intends to develop a residential building on its land situated in Krakow, Bronowicka Street, for an approximate area of 3,000 square meters. The establishment designed by Studio S Michał Szymanowski design office of Krakow will contain about 40 apartments. The launch of this investment project is anticipated in the 2nd half of 2008 and completion in the 1st half of 2010.

The Kielce market

Preparatory works were also performed for the development of another housing estate on the immovable property situated in Dyminy near Kielce. The housing estate designed by StoMM Architektura Maciej Stoczkiewicz design office of Kielce will cover about 200,000 square meters total area of land plots for sale. The Company intends to sell plots of land with designs of houses. The anticipated completion date of investment falls in the 2nd half of 2009.

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

The Łódź market

The process of preparing construction of residential buildings to be developed on real estate in Lodz, Okopowa and Gornicza Streets, has been initiated. The estimated area for sale will be about 53,000 square meters. (800 apartments). The anticipated commencement date of this investment project falls in the 2nd half of 2008 and completion date in the 1st half of 2013.

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

The Rzeszów market

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

The Wroclaw market

On November 7, 2007, by way of a tender being resolved, Echo Investment SA purchased real estate situated in Wrocław, Jedności Narodowej Street. The Company intends to develop a housing project on the above mentioned land. The land plot with an area of 7.4 thousand square meters was purchased for a price of 18.55 million PLN. A zoning decision has been issued for the real estate that allows erection of a multi-family residential building. Echo Investment intends to carry out a project comprising ca. 200 apartments with a total area of about 12,000 square meters. Design works are going to commence as early as this year, and launching of development is anticipated for 2008.

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

The foreign market

The Company intends to limit the risk related to its activity, thus aiming at geographical diversification of its territories of operations and launching its new investments abroad. Investments on foreign markets will primarily focus on the segment of commercial projects in Central and Eastern Europe. Within the range of its foreign operations, the Company intends to collaborate with local partners.

Hungary

Segment of shopping centers and shopping/entertainment centers

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

Segment of office projects

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

Romania

Segment of shopping centers and shopping/entertainment centers

Echo Investment Capital Group intends to develop a modern shopping and entertainment center with a total area exceeding 150,000 square meters and area to let of over 60,000 square meters on its immovable property 4 hectares in size, located in Brasov, Romania. The anticipated project commencement date will be the 1st half of 2009, and completion date will fall in the 1st half of 2012.

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

A significant factor influencing the bottom line for the 4th quarter of 2007 was the revaluation of commercial real estate consisting in Pasaż Grunwaldzki shopping and entertainment center in Wrocław in relation to external financing of the project.

Another factor having a significant impact on the bottom line was the quarterly update of appraisals of the Capital Group's real estates, accounting for such changes as those arising out of EUR/USD (q/q) foreign exchange gains/losses. The next event influencing the bottom line was the booking of revenues under final agreements of sale of a housing project in Warsaw at Inflancka Street (2nd stage) and revenues earned on lease of commercial surfaces. The bottom line is also highly influenced by valuation of credit obligations and cash in foreign currencies, as well as valuation of hedging instruments on foreign currencies.

5.13 Structure of revenues

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

- letting of areas 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 at the end of the 4th quarter of 2007 constituted 56.5% of net income from sales.

- sales of residential space:

The main source of income in this segment is the sale of apartments and, to a lesser extent, sale of commercial areas (shopping areas, offices and other premises situated within multifunctional housing projects). Revenues earned on this account constituted approx. **8.4%** of all consolidated revenues from sales of products.

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

Revenues from lease services are generated from lease of areas in office and hotel buildings owned by individual subsidiaries. Consolidated revenues yielded on this account and on account of realization of investments at the end of the 4th quarter of 2007 constituted 33.0% of all net incomes from sales.

- other revenues:

Other sources of revenues include revenues earned on property management services and other services. Property trade also forms a portion of other revenues. As at the end of the 4th quarter of 2007, this income made up 2.1% of the total.

Specification	Revenues for 4 quarters of 2007 [in millions PLN]	Revenues for 4 quarters of 2006 [in millions PLN]
Letting of areas in shopping centers and shopping/entertainment centers	215,2	150,9
Sales of residential space	32,0	111,5
Development and letting of areas in office and hotel facilities	125,7	59,7
Other revenues	7,9	11,1
Operating incomes total	380,8	333,2

5.14 Selected consolidated financial data

	in thousands PLN		in thousands EURO	
	4 quarters accrued the period from 2007.01.01 to 2007.12.31	4 quarters accrued the period from 2006.01.01 to 2006.12.31	4 quarters accrued the period from 2007.01.01 to 2007.12.31	4 quarters accrued the period from 2006.01.01 to 2006.12.31
I. Operating income	380 827	333 249	100 831	85 468
II. Profit before tax and financial incomes/costs	403 716	381 025	106 891	97 721
III. Gross profit (loss)	401 808	346 053	106 386	88 752
IV. Net profit (loss)	321 901	278 132	85 229	71 332
V. Net cash flows on operating activity	64 614	43 852	17 108	11 247
VI. Net cash flows on investment activity	(185 833)	(112 791)	(49 203)	(28 927)
VII. Net cash flows on financial activity	224 423	132 597	59 420	34 007
VIII. Net cash flows total	103 204	63 658	27 325	16 326
IX Assets total	3 493 927	2 739 514	975 412	715 054
X. Equity capital allocated to shareholders of the dominant company	1 517 082	1 195 243	423 529	311 976
XI. Long-term debts	1 327 828	943 766	370 695	246 337
XII. Short-term debts	362 034	379 100	101 070	98 951
XIII. Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
XIV. Profit (loss) per one ordinary share (in PLN/EUR)	0,77	0,66	0,20	0,17
XV. Diluted profit (loss) per one ordinary share (in PLN/EUR)	0,77	0,66	0,20	0,17
XVI. Book value per one share (in PLN/EUR)	3,61	2,85	1,01	0,74
XVII. Diluted book value per one share (in PLN/EUR)	3,61	2,85	1,01	0,74

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

The following shareholders, directly or indirectly through subsidiaries, held at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on February 29, 2008:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	164 809 630	39,24%	164 809 630	39,24%
Commercial Union OFE*	37 850 690	9,01%	37 850 690	9,01%
OFE PZU Złota Jesień*	35 430 620	8,44%	35 430 620	8,44%
OFE ING Nationale – Nederlanden Polska*	35 259 850	8,40%	35 259 850	8,40%

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

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (BZ WBK AIB Investment Funds Society Joint Stock Company, hereinafter referred to

as the Society), acting on behalf of Arka BZ WBK Open Stock Investment Fund, Arka BZ WBK Stable Growth Investment Fund, Arka BZ WBK Balanced Open Investment Fund, and Lukas Open Investment Fund (hereinafter referred to as the Funds) and pursuant to Article 69 clause 1 item 2 with reference to Article 87 clause 1 item 2 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005 (Journal of Laws No. 184 item 1539, as amended) notified that as a result of sales of shares that were cleared on October 30, 2007, the Funds enumerated above have become joint holders of shares carrying less than 5% of the total number of votes at the general meeting of shareholders of Echo Investment SA.

Before the reduction of that percentage, the Funds' accounts contained 2,100,144 shares of Echo Investment SA, constituting 5.0003% of the Issuer's share capital. These shares carried 2,100,144 votes at the general meeting of shareholders, i.e. 5.0003% share in the total number of votes at the general meeting of shareholders of Echo Investment S.A.

As on October 30, 2007, a total of 2,091,144 shares were present in the Funds' securities accounts, giving 4.9789% of the Issuer's share capital. These shares carried 2,091,144 votes at the general meeting of shareholders, i.e. 4.9789% share in the total number of votes at the general meeting of shareholders of Echo Investment S.A.

The Society further informs that, in accordance with Article 46 clause 1 item 1 of the Act as of May 27, 2004 on Investment Funds (Journal of Laws No. 146, item 1546, as amended), it contracted the Funds' investment portfolios management from BZ WBK AIB Asset Management SA of Poznań.

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

Before increase of the foregoing share, customers of BZ WBK AIB Asset Management SA held 2,113,861 shares of Echo Investment SA on their accounts covered by the management agreement, forming 5.03% of the Issuer's share capital. These shares gave 2,113,861 votes, forming 5.03% of the total number of votes at the Issuer's general meeting of shareholders. On December 12, 2007 there were 2,007,152 shares of Echo Investment SA on BZ WBK AIB Asset Management SA customers' securities accounts, forming 4.78% of the Issuer's share capital. These shares gave 2,007,152 votes, forming 4.78% of the total number of votes at the Issuer's general meeting of shareholders.

Furthermore, BZ WBK AIB Asset Management SA informs that BZ WBK AIB TFI SA of Poznań, pursuant to Article 46 clause 1 item 1 of the Act as of May 27, 2004 on investment funds (Journal of Laws No. 146 item 1546, as amended), contracted management of investment funds' portfolios from BZ WBK AIB Asset Management SA. Considering the above, this information also accounts for Echo Investment SA's shares held by BZ WBK AIB TFI SA.

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

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

On October 18, 2007 the Extraordinary General Meeting of Shareholders of Echo Investment SA passed Resolution no. 6 on split of the Company's shares with appropriate amendment of the Company Articles (split of shares in proportion 1:10). The former nominal value of each share of PLN 0.50 has now been determined as PLN 0.05. As a result of such change in the nominal value of shares, the number of issued shares will grow from 42 million to 420 million shares. The date of shares replacement at the National Deposit of Securities and split at the Warsaw Stock Exchange shall be determined after the competent District Court has registered the changes in the National Court Register and in the Company Articles of Echo Investment SA.

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

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

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

On December 20, 2007 the National Deposit of Securities (KDPW SA) of Warsaw, acting pursuant to paragraph 86 and paragraph 2 clause 1 and clause 4 of the Regulations of the National Deposit of Securities decided through a Resolution No. 904/07 as of December 20, 2007 that, because of change of the nominal value of Echo Investment SA's shares, the 31st day of December 2007 shall be the splitting date of 42,000,000 shares of Echo Investment SA with a nominal value of PLN 0.50 each, code PLECHPS00019, into 420,000,000 shares of Echo Investment SA for a nominal value of PLN 0.05 each. As from December 31, 2007 code PLECHPS00019 shall denominate 420,000,000 shares of Echo Investment SA with nominal value of PLN 0.05 each

On December 31, 2007 the National Deposit of Securities (KDPW SA), in the course of executing its resolution no. 904/07 as of December 30, 2007, replaced Echo Investment SA's shares in the deposit of securities.

As on February 29, 2008, 420,000,000 shares of the Company are available for stock trade. All shares carry the same rights. Each share carries one vote at the General Meeting of Shareholders of the Company. Nominal value of one share is PLN 0.05.

Information about issues of Echo Investment's shares:

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

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

Managing persons	balance as on 2008-02-29	balance as on 2007-11-14
Jarosław Grodzki, President of the Management Board	did not hold any shares	did not hold any shares
Piotr Gromniak, Member of the Management Board	did not hold any shares	did not hold any shares
Artur Langner, Member of the Management Board	did not hold any shares	did not hold any shares

Supervising persons	balance as on 29.02.2008	balance as on 14.11.2007
Wojciech Ciesielski, Chairman of the Supervisory Board,	1,440,000 shares*	144,000 shares
Andrzej Majcher, Deputy Chairman of the Supervisory Board	100,800 shares*	10,080 shares
Mariusz Waniółka, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Karol Żbikowski, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Robert Oskard, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Tomasz Kalwat, Member of the Supervisory Board	14,860 shares	did not hold any shares

* The number of shares after shares replacement (1:10 split).

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

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

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

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

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

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

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

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

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

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

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

5.17 Information about court proceeding

During the period from January 01, 2007 to December 31, 2007, no proceedings were instigated before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. or its subsidiaries, whose joint value constitutes at least 10% of equity capitals of Echo Investment S.A.

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

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

5.19 Information about transactions with affiliated companies

On October 31, 2007, a contract of transfer of establishment was made between the Issuer's subsidiaries: „Echo – Centrum Jelenia Góra” Sp. z o.o. [‘Echo – Jelenia Góra Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo – 56” Sp. z o.o. [‘Projekt Echo – 56’ Limited Liability Company] with its registered seat in Kielce („the Buyer”).

The object of the establishment transfer contract is an establishment comprising right of perpetual usufruct of immovable property situated in Jelenia Góra, with an area of 48,209 sq. m, including ownership of a shopping center building erected thereon and forming a separate object of ownership, with all rights and obligations pertaining thereto. The value of contract was PLN 74,150,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiary was PLN 73,327,760.14 (as on June 30, 2007).

The aforementioned establishment forms a non-cash contribution for coverage of newly established 1,483,000 shares in the initial capital of “Projekt Echo – 56” Sp. z o.o. [‘Projekt Echo – 56’ Limited Liability Company] with total nominal value of PLN 74,150,000. These shares form 99.93% of the Company's initial capital, giving 1,483,000 votes at the meeting of shareholders.

The assets mentioned above used to be exploited before transfer in development and financial operations. “Projekt Echo – 56” Sp. z o.o. intends to continue their present manner of utilization.

On November 7, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce and a subsidiary „Projekt Echo – 65” Sp. z o.o. [‘Project Echo – 65’ Limited Liability Company] with its registered seat in Kielce. The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name “Echo Investment SA – Oddział Szczecin” [‘Echo Investment Joint Stock Company – Szczecin Branch’] (the “Branch”), forming an organized part of Echo Investment SA’s enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, ownership right to immovable property situated in Szczecin at Malczewskiego Street, with an area of 5,242 square meters, with all rights and obligations pertaining thereto. The value of contract was PLN 9,570,500. The aforementioned organized part of enterprise forms a non-cash contribution for coverage of newly established 191,401 shares in the initial capital of “Projekt Echo – 65” Sp. z o.o. [‘Project Echo – 65’ Limited Liability Company] with a total value of PLN 9,570,500. All newly established shares will be taken up by Echo Investment SA.

On November 15, 2007, a contract of transfer of enterprise was made between Echo Investment SA’s subsidiaries: „Echo – Centrum Poznań” Sp. z o.o. [‘Echo – PoznańCenter’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo – 81” Sp. z o.o. [‘Project Echo – 81’ Limited Liability Company] with its registered seat in Kielce.

The accounting value of the transferred establishment in the books of accounts of the Issuer’s subsidiary was PLN – 1,034,618.05 (as on September 30, 2007), including the following major components of the enterprise.

- tangible assets, including ownership right to land property situated in Poznań at Krauthofera Street and Dmowskiego Street, worth PLN 43.15 million,
- obligations under loan agreements in the amount of PLN 44.19 million.

The value of the enterprise forming the non-cash contribution, as on the date of the enterprise transfer agreement (the Agreement) made between “Echo – Centrum Poznań” Sp. z o.o. (the Seller) and “Projekt Echo – 82” Sp. z o.o. (the Buyer), i.e. as on November 15, 2007, amounted to PLN 39,838,000, including the value of fixed assets revaluated according to market value as on the effective date of the Agreement was PLN 85.00 million and the value of the enterprise’s loan obligations was PLN 45.17 million.

The aforementioned establishment forms a non-cash contribution for coverage of newly established 796,760 shares in the initial capital of “Projekt Echo – 81” Sp. z o.o. [‘Project Echo – 81’ Limited Liability Company] with total nominal value of PLN 39,838,000. These shares form 99.87% of the Company’s initial capital, giving 796,760 votes at the meeting of shareholders.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo – 63” Sp. z o.o. [‘Project Echo – 63’ Limited Liability Company] with its registered seat in Kielce (the Buyer).

The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name “Echo Investment SA – Oddział Kraków” [‘Echo Investment Joint Stock Company – Krakow Branch’] (the “Branch”), forming an organized part of Echo Investment SA’s enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets included, among other, right of perpetual usufruct and ownership right of real estates situated in Krakow at Lea Street, with the office building erected thereon and constituting ownership separate from land, with all rights and obligations pertaining thereto. The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer’s subsidiaries was PLN 3,668,704.84 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 12,744,400.

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

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo – 66” Sp. z o.o. [‘Project Echo – 66’ Limited Liability Company] with its registered seat in Kielce (the Buyer).

The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name “Echo Investment SA – Oddział Warszawa” [‘Echo Investment Joint Stock Company – Warsaw Branch’] (the “Branch”), forming an organized part of Echo Investment SA’s enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, right of perpetual usufruct to immovable property situated in Warsaw at Postępu Street, with an area of 11,823 square meters, and ownership right to the building erected thereon forming a separate property, with all rights and obligations pertaining thereto.

The value of contract is PLN 53,232,850 and the accounting value of the transferred establishment in the Issuer’s books of accounts is PLN 19,385,992 (as on September 30, 2007). The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 1,064,657 shares in the initial capital of “Projekt Echo – 66” Sp. z o.o. with total value of PLN 53,232,850, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company’s initial capital, giving 1,064,657 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer

in development and financial operations. "Projekt Echo - 66" Sp. z o.o. intends to continue their present manner of utilization.

On November 30, 2007 an agreement of transfer of ownership of an enterprise was made between the Issuer's subsidiaries: „Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce („the Seller") and „Projekt Echo - 60" Sp. z o.o. with its registered seat in Kielce („the Buyer"). The object of contract is an enterprise comprising right of perpetual usufruct of real estate located in Szczecin, Al. Wyzwolenia and Malczewskiego Streets, with an area of 20,361 sq. m, including ownership of the Galaxy shopping and entertainment center erected on the real estate and constituting a separate object of ownership, with all rights and obligations under the contract of lease of real estate situated in Szczecin at Malczewskiego Street, with an area of 5,831 square meters, and all rights and obligations pertaining thereto. The value of contract is PLN 382,550,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 393,500,834.5 (as on September 30, 2007).

The aforementioned establishment forms a non-cash contribution for coverage of newly established 7,651,000 shares in the initial capital of "Projekt Echo - 60" Sp. z o.o. [Projekt Echo - 60' Limited Liability Company] with total nominal value of PLN 382,550,000. These shares form 99.99% of the Company's initial capital, giving 7,651,000 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo - 60" Sp. z o.o. intends to continue their present manner of utilization.

On November 30, 2007 an agreement of transfer of ownership of an enterprise was made between the Issuer's subsidiaries: „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce („the Seller") and „Projekt Echo - 62" Sp. z o.o. with its registered seat in Kielce („the Buyer"). The object of contract is an enterprise comprising ownership right to land property with an area of 27,932 square meters and a building of the Pasaż Grunwaldzki shopping and entertainment center erected on the aforementioned property, as well as the right of perpetual usufruct of land property situated in Wrocław with the area of 6,826 square meters and ownership of an administrative and sanitary building erected on that land property and being a separate object of ownership, located in Wrocław, Grunwaldzki Square, and ownership right of an apartment located in Wrocław, and all rights and obligations pertaining thereto. The value of contract is PLN 386,550,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 167,240,767.37 (as on September 30, 2007).

The aforementioned establishment forms a non-cash contribution for coverage of newly established 7,731,000 shares in the initial capital of "Projekt Echo - 62" Sp. z o.o. [Projekt Echo - 62' Limited Liability Company] with total nominal value of PLN 386,550,000. These shares form 99.99% of the Company's initial capital, giving 7,731,000 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo - 62" Sp. z o.o. intends to continue their present manner of utilization.

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

5.20 Information about sureties or guarantees granted

During the 4th quarter of 2007, Echo Investment Capital Group did not grant any sureties of loans or credits, or any guarantees combined to a single subsidiary organization or company that would exceed a total of at least 10% of the Issuer's equity.

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

During the consecutive period, the bottom line shall be influenced by the process signing final contracts of sale of the housing projects in Warsaw, Inflancka Street and Zwycięzców Street, and in Poznań - Naramowice housing project. The bottom line will also be affected by ultimate clearing of the fee payable to Echo Investment S.A. under General Contracting Agreement signed with Ustra Sp. z o.o. with its registered seat in Kielce concerning erection of a complex of office buildings in Kielce, al. Solidarności Street.

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

Other factors include regular incomes from lease contracts, progress of execution, lease and sale of currently built commercial and housing investments, purchase of real estate, and quality improvement and value increase of the available investment portfolio. Other important aspects shall include the situation in the financial market and general economic trends in Poland, Hungary and Romania, where the Company is going to commence its operations.

6. Mid-year individual financial statement, in thousands PLN, as on and for a period of twelve months expiring on December 31, 2007

	balance as on 2007.12.31 end of quarter and of current year	balance as on 2006.12.31 end of preceding year
Assets		
1. Fixed assets		
1.1. Intangible assets	524	89
1.2. Tangible assets	49 693	45 475
1.3. Long-term receivables	-	-
1.4. Long-term investments	527 131	376 975
1.4.1. Investment immovable property	442	102 834
1.4.2. Long-term financial assets	526 689	274 141
1.5. Deferred income tax assets	26 337	16 908
	603 685	439 447
2. Current assets		
2.1. Inventories	410 117	230 090
2.2. Short-term receivables	48 648	191 563
2.2.1. Tax receivables	19 074	6 069
2.2.2. Receivables on account of deliveries and services, other receivables	29 574	185 494
2.2.2.1. In affiliated companies	19 475	158 615
2.2.2.2. In other companies	4 116	26 879
2.3. Short-term financial investments	99 537	47 768
2.3.1. In affiliated companies	85 557	47 258
2.3.2. In other companies	13 979	510
2.4. Cash and cash equivalents	148 739	131 909
2.5. Accruals	1 575	277
	708 616	601 607
Assets total	1 312 301	1 041 054
Liabilities		
1. Equity		
1.1. Initial capital	21 000	21 000
1.2. Supplementary capital	378 967	298 213
1.3. Profit (loss) carried forward	4 083	4 083
1.4. Profit (loss) of the current year	57 358	80 754
	461 408	404 050
2. Reserves		
2.1. Reserve for deferred income tax	28 395	22 548
2.2. Other reserves	22 004	17 929
	50 399	40 477
3. Long-term debts		
3.1. Financial debt	553 488	252 049
3.1.1. To affiliated companies	-	6 088
3.1.2. To other companies	553 488	245 961
3.2. Other debt	-	-
	553 488	252 049
4. Short-term debts		
4.1. Financial debts	3 394	145 650
4.1.1. To affiliated companies	463	37 075
4.1.2. To other companies	2 931	108 575
4.2. Tax debts	612	2 974
4.3. Debt on account of deliveries and services	67 047	84 365
4.3.1. To affiliated companies	2 936	1 412
4.3.2. To other companies	64 112	82 952
4.4. Other debts	175 919	111 481
4.5. Special funds	34	9
	247 006	344 478
Liabilities total	1 312 301	1 041 054

Book value	461 408	404 050
Number of shares	420 000 000	420 000 000
Book value per one share (in PLN)	1,10	0,96

Off-balance liabilities (in thousands PLN)	balance as on 2007.12.31 end of quarter	balance as on 2006.12.31 end of previous year
1. Off-balance receivables	-	
2. Off-balance debts	23 619	464 593
Off-balance items total	23 619	464 593

Profit and loss account (in thousands PLN)	4 th quarter the period from 2007.10.01 to 2007.12.31	4 quarters the period from 2007.01.01 to 2007.12.31	4 th quarter the period from 2006.10.01 to 2006.12.31	4 quarters the period from 2006.10.01 to 2006.12.31
Operating incomes	58 065	254 343	146 684	259 237
Operating costs	(45 062)	(202 500)	(136 692)	(195 419)
Gross profit (loss) on sales	13 003	51 843	9 992	63 818
Profit (loss) on sales of real estate	-	-	(2 686)	3 890
Revaluation of real estate	9 030	21 461	(9 312)	(12 273)
Costs of sales	(5 793)	(21 848)	(3 132)	(9 818)
Overheads	(8 115)	(29 609)	(6 873)	(30 915)
Other operating incomes / costs	(2 367)	7 267	47 301	50 842
Profit before tax and financial incomes/costs	5 758	29 114	35 290	65 545
Financial incomes	23 249	82 811	6 816	53 979
Financial costs	(23 803)	(48 430)	(4 165)	(27 890)
including on account of foreign exchange gains/losses	(3 830)	(3 504)	-	1 412
Gross profit (loss)	5 204	63 495	37 941	91 634
Income tax	(299)	(6 137)	(9 819)	(10 880)
Net profit (loss)	4 905	57 358	28 122	80 754
Net profit (loss) (annualized)		57 358		80 754
Weighted average number of ordinary shares		420 000 000		420 000 000
Profit (loss) per one ordinary share (in PLN)		0,14		0,19
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted profit per one ordinary share (in PLN)		0,14		0,19

Statement of changes in equity (in thousands PLN)	Initial capital	Supplementary capital	Profit brought forward	Net profit in the period	Capitals total
For 4 quarters (current year), period from 2007.01.01 to 2007.12.31					
Balance at the beginning of the period	21 000	298 213	84 837	0	404 050
Corrections of basic errors					
Balance at the beginning of the period, after reconciliation to comparable data	21 000	298 213	84 837	0	404 050
Distribution of profit/loss carried forward		80 754	(80 754)		0
Net profit (loss) of the current period				57 358	57 358
Changes total	0	80 754	(80 754)	57 358	57 358
Balance at the end of the period	21 000	378 967	4 083	57 358	461 408
For 4 quarters (previous year), period from January 1, 2006 to December 31, 2006					
Balance at the beginning of the period	21 000	288 690	13 606	-	323 296
Changes in applied accounting principles (policy)	-	-	-	-	-
Corrections of basic errors	-	-	-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	288 690	13 606	-	323 296
Distribution of profit/loss carried forward	-	9 523	(9 523)	-	-
Net profit (loss) of the current period		-	-	80 754	80 754
Changes total	-	9 523	(9 523)	80 754	80 754
Balance at the end of the period	21 000	298 213	4 083	80 754	404 050

Cash flow statement (in thousands PLN)	4 quarters the period from 2007.01.01 to 2007.12.31	4 quarters the period from 2006.01.01 to 2006.12.31
Cash flows on operating activity – indirect method		
I. Net profit (loss)	57 358	80 754
II. Adjustments:		
1. Share in net (profits) losses of associated companies	-	-
2. Amortization / Depreciation	5 514	3 144
3. Foreign exchange gains/losses	8 970	8 171
4. Interest and shares in profits (dividends)	(28 968)	(23 038)
5. Current income tax in the profit and loss account	9 719	3 836
6. Income tax paid	(19 624)	(1 384)
7. (Profit) loss on investment activity	(21 068)	(44 339)
8. Change in reserves	9 922	11 000
9. Change in inventories	(180 778)	(114 753)
10. Change in receivables	143 238	54 287
11. Change in short-term liabilities, except for loans and credits	44 083	38 414
12. Change in accruals	(7 132)	3 313
13. Other adjustments	(24 056)	(19)
	(60 180)	(61 369)

Net cash flows on operating activity	(2 822)	19 385
Cash flows on investment activity		
I. Incomes		
1. Sales of intangible assets and tangible assets	87	202
2. Sales of investments in real estate and in intangible assets	1 141	70 257
3. From financial assets	90 432	73 386
4. Other incomes from investments	-	-
	91 660	143 846
II. Expenditures		
1. Acquisition of intangible assets and tangible assets	(9 427)	(4 692)
2. Investments in immovable property and in intangible assets	(805)	(9 630)
3. On financial assets	(176 982)	(83 415)
4. Other investment expenditures	1 932	(197)
	(185 282)	(97 934)
Net cash flows on investment activity	(93 622)	45 911
Cash flows on financial activity		
I. Incomes		
1. Net incomes from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credit facilities	3 977	526
3. Issue of debenture bonds	346 405	373 223
4. Other financial incomes	-	-
	350 382	373 749
Cash flow statement (in thousands PLN) ctd.		
	4 quarters the period from 2007.01.01 to 2007.12.31	4 quarters the period from 2006.01.01 to 2006.12.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other disbursements to owners	-	-
3. Expenses on account of profit distribution, other than disbursements to owners	-	-
4. Repayments of loans and credits	(42 715)	(83 051)
5. Redemption of debenture bonds	(160 000)	(265 000)
6. Interest	(25 423)	(23 145)
	(228 138)	(371 196)
Net cash flows on financial activity	122 244	2 554
Net cash flows total	25 800	67 850
Balance change of cash balance, including:	16 830	59 678
- change in cash balance due to foreign exchange gains/losses	(8 970)	(8 171)
Cash at the beginning of period	131 909	72 231
Cash at the end of period, including:	148 739	140 080
- with limited disposability	150	57 333

Kielce, dated February 29, 2008

Representatives of the Company:

Person in charge of keeping books of accounts:

President of the Management Board

Member of the Management Board

Chief Accountant

Jarosław Grodzki

Artur Langner

Tomasz Sulek