

Echo Investment Capital Group

Consolidated interim condensed financial statement
as at and for a nine month period ending on September 30, 2008



Kielce, November 14, 2008

1. Condensed consolidated balance sheet, in thousands PLN

| | balance as at 2008.09.30 quarter end balance | balance as at 2007.12.31 previous year-end balance | balance as at 2007.09.30 quarter end balance |
|--|---|---|---|
| <i>Assets</i> | | | |
| 1. Fixed assets | | | |
| 1.1. Intangible assets | 477 | 525 | 445 |
| 1.2. Goodwill of subsidiary entities | - | - | - |
| 1.3. Tangible fixed assets | 650 904 | 467 818 | 410 831 |
| 1.4. Long-term receivables | 52 | 54 | 5 |
| 1.5. Investment real-estate | 1 930 934 | 1 925 595 | 1 910 440 |
| 1.6. Investments in affiliate entities | 371 | 10 960 | 10 990 |
| 1.7. Loans granted | 42 | 40 | 4 734 |
| 1.8. Deferred income tax assets | 42 358 | 40 776 | 19 397 |
| | 2 625 138 | 2 445 768 | 2 356 842 |
| 2. Current assets | | | |
| 2.1. Inventory | 524 040 | 492 136 | 393 346 |
| 2.2. Deferred income tax receivables | 1 964 | 10 948 | 1 303 |
| 2.3. Other assets receivables | 28 485 | 35 265 | 33 175 |
| 2.4. Commercial and other receivables | 8 052 | 13 215 | 47 710 |
| 2.5. Loans granted | 544 | 26 758 | 10 868 |
| 2.6. Derivative financial instruments | 38 078 | 6 720 | - |
| 2.7. Short-term interim settlements | 5 276 | 3 144 | 2 216 |
| 2.8. Cash and other cash assets | 455 443 | 394 046 | 615 496 |
| | 1 061 882 | 982 232 | 1 104 114 |
| T o t a l A s s e t s | 3 687 020 | 3 428 000 | 3 460 956 |

1. Condensed consolidated balance sheet, in thousands PLN, cont'd

| | balance as at 2008.09.30 quarter end balance | balance as at 2007.12.31 previous year-end balance | balance as at 2007.09.30 quarter-end balance |
|---|--|--|--|
| Liabilities | | | |
| 1. Equity | | | |
| 1.1. Attributable to the equity holders of the company | 1 584 729 | 1 514 075 | 1 466 896 |
| 1.1.1. Initial capital | 21 000 | 21 000 | 21 000 |
| 1.1.2. Supplementary capital | 1 574 520 | 985 994 | 985 994 |
| 1.1.3. Profit (loss) carried forward | (77 701) | 191 325 | 191 325 |
| 1.1.4. Profit (loss) of the current year | 74 274 | 319 500 | 268 584 |
| 1.1.5. Foreign exchange gains/losses arising from conversion of foreign companies' data | (7 364) | (3 744) | (7) |
| 1.2. Minority capital | (8) | 19 | 85 |
| | 1 584 721 | 1 514 094 | 1 466 981 |
| 2. Long-term liabilities | | | |
| 2.1. Credits and loans | 1 384 081 | 1 230 619 | 1 245 663 |
| 2.2. Deposits received | 33 188 | 32 180 | 35 800 |
| 2.3. Deferred income tax reserve | 263 041 | 247 777 | 222 213 |
| | 1 680 310 | 1 510 576 | 1 503 676 |
| 3. Short-term liabilities | | | |
| 3.1. Credits and loans | 140 365 | 36 358 | 85 126 |
| 3.2. Derivative financial instruments | 5 559 | - | - |
| 3.3. Deferred income tax liabilities | 1 726 | 2 906 | 3 473 |
| 3.4. Other tax liabilities | 6 700 | 6 068 | 7 600 |
| 3.5. Commercial and other liabilities | 49 370 | 130 990 | 159 731 |
| 3.6. Advance payments received | 191 003 | 192 076 | 195 204 |
| 3.7. Short-term interim settlements | 17 357 | 24 018 | 24 475 |
| 3.8. Reserves for liabilities | 9 909 | 10 914 | 14 690 |
| | 421 989 | 403 330 | 490 299 |
| Total liabilities | 3 687 020 | 3 428 000 | 3 460 956 |
| | | | |
| Bookkeeping value (in thousands PLN) | 1 584 729 | 1 514 075 | 1 466 896 |
| Total number of shares | 420 000 000 | 420 000 000 | 420 000 000 |
| Bookkeeping value per share (in PLN) | 3,77 | 3,60 | 3,49 |
| Diluted number of shares | 420 000 000 | 420 000 000 | 420 000 000 |
| Diluted bookkeeping value per share (in PLN) | 3,77 | 3,60 | 3,49 |

| OFF-BALANCE ITEMS in thousands PLN | balance as at 2008.09.30 end of quarter | balance as at 2007.12.31 end of previous year | balance as at 2007.09.30 end of quarter |
|---------------------------------------|--|--|--|
| 1. Off-balance receivables | - | - | - |
| 2. Off-balance liabilities | 22 423 | 22 501 | 23 397 |

2. Condensed consolidated Profit and Loss account, in thousands PLN

| | 3 rd quarter period from 2008.07.01 to 2008.09.30 | 3 quarter - period from 2008.01.01 to 2008.09.30 | 3 rd quarter period from 2007.07.01 to 2007.09.30 | 3 quarter- period from 2007.01.01 to 2007.09.30 |
|---|--|---|--|--|
| Operating income | 96 061 | 273 065 | 87 706 | 278 697 |
| Operating costs | (36 579) | (115 709) | (52 175) | (147 183) |
| Gross sales profit (loss) | 59 482 | 157 356 | 35 531 | 131 514 |
| Real-estate sales profit (loss) | - | - | 29 006 | 29 006 |
| Revaluation of real property | 33 336 | 2 284 | 25 757 | 221 660 |
| Sales costs | (5 518) | (15 985) | (8 095) | (15 738) |
| General Board costs | (13 540) | (36 142) | (8 988) | (27 165) |
| Other operating income (costs) | (2 936) | 15 229 | 3 651 | 4 140 |
| Profit before tax and financial income/costs | 70 824 | 122 742 | 76 862 | 343 417 |
| Financial income | 4 265 | 33 829 | 5 637 | 18 953 |
| Financial costs | (37 169) | (82 403) | (16 711) | (52 762) |
| Foreign exchange profit (loss) | (13 481) | 21 418 | (412) | 18 785 |
| Revaluation of goodwill subsidiaries' value | 26 | 2 | - | (73) |
| Gross profit (loss) | 24 465 | 95 588 | 65 376 | 328 320 |
| Income tax | (6 783) | (21 324) | (8 566) | (59 672) |
| Net profit (loss) | 17 682 | 74 264 | 56 810 | 268 648 |
| Profit (loss) allocated to minority shareholders | - | (10) | (644) | 64 |
| Profit (loss) allocated to holding company shareholders | 17 682 | 74 274 | 57 454 | 268 584 |
| Annualized net profit /loss | | 125 190 | | 307 168 |
| Weighted average number of common shares | | 420 000 000 | | 420 000 000 |
| Profit (loss) annualized per ordinary share (in PLN) | | 0,30 | | 0,73 |
| Diluted weighted average number of common shares | | 420 000 000 | | 420 000 000 |
| Diluted profit (loss) per one common share (in PLN) | | 0,30 | | 0,73 |

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

| | Initial capital | Reserve capital | Non-distributed profit (loss) carried forward | Current year profit (loss) | Foreign exchange profit/losses | Holding company shareholders' equity | Minority capitals | Total owner's equity |
|---|-----------------|------------------|---|----------------------------|--------------------------------|--------------------------------------|-------------------|----------------------|
| For the 3-quarter period (current year), from 2008.01.01 to 2008.09.30 | | | | | | | | |
| Balance at the beginning of time period, after comparable data reconciliation | 21 000 | 985 994 | 510 825 | - | (3 744) | 1 514 075 | 19 | 1 514 094 |
| Distribution of profit/loss carried forward | - | 588 526 | (588 526) | - | - | - | - | - |
| Changes in minority shares | - | - | - | - | - | - | (17) | (17) |
| Net profit (loss) - current period | - | - | - | 74 274 | (3 620) | 70 654 | (10) | 70 644 |
| Balance at given period-end | 21 000 | 1 574 520 | (77 701) | 74 274 | (7 364) | 1 584 729 | (8) | 1 584 721 |
| For the 4-quarter period (previous year), from 2007.01.01 to 2007.12.31 | | | | | | | | |
| Balance at start of time period, after comparable data reconciliation | 21 000 | 538 319 | 639 000 | - | 2 | 1 198 321 | 21 | 1 198 342 |
| Distribution of profit/loss carried forward | - | 447 675 | (447 675) | - | - | - | - | - |
| Changes in minority stakes | - | - | - | - | - | - | - | - |
| Current period net profit (loss) | - | - | - | 319 500 | (3 746) | 315 754 | (2) | 315 752 |
| Balance as at the end of given time period | 21 000 | 985 994 | 191 325 | 319 500 | (3 744) | 1 514 075 | 19 | 1 514 094 |
| For the 3-quarter period (previous year), from 2007.01.01 to 2007.09.30 | | | | | | | | |
| Balance at the beginning of given time period, after comparable data reconciliation to | 21 000 | 538 319 | 639 000 | - | 2 | 1 198 321 | 21 | 1 198 342 |
| Distribution of profit/loss carried forward | - | 447 675 | (447 675) | - | - | - | - | - |
| Changes in minority stakes | - | - | - | - | - | - | - | - |
| Current period net profit (loss) | - | - | - | 268 584 | (9) | 268 575 | 64 | 268 639 |
| Balance as at the end of given time period | 21 000 | 985 994 | 191 325 | 268 584 | (7) | 1 466 896 | 85 | 1 466 981 |

4. Condensed consolidated cash flow statement, in thousands PLN

| Cash flow statement | 3-quarter period from 2008.01.01 to 2008.09.30 | 3-quarter period from 2007.01.01 to 2007.09.30 |
|---|--|--|
| A. Operating cash flow— indirect method | | |
| I. Net profit (loss) | 74 264 | 268 648 |
| II. Total adjustments | | |
| 1. Affiliate entities share in net (gains) losses | 25 | 10 |
| 2. Amortization of fixed assets | 3 807 | 2 928 |
| 3. Revaluation of goodwill | (2) | 73 |
| 4. Foreign exchange gains (losses) | (20 922) | (23 446) |
| 5. Interest and profit share (dividends) | 23 473 | 34 280 |
| 6. Investments' (profit) loss | 13 944 | (238 484) |
| 7. Change in reserves | 11 507 | 52 286 |
| 8. Change in inventories | (83 834) | (127 966) |
| 9. Change in receivables | 3 010 | (11 307) |
| 10. Change in short-term liabilities, excluding credits and loans | (79 597) | 97 395 |
| 11. Change in interim settlements | 4 927 | 11 616 |
| 12. Other adjustments | 33 581 | 19 |
| | (90 081) | (202 596) |
| III. Operating net cash flow (I+/-II) | (15 817) | 66 052 |
| B. Investments cash flow | | |
| I. Income | | |
| 1. Sales of intangible assets and tangible fixed assets | 915 | 210 550 |
| 2. Sales of real estate investments and intangible assets | - | 45 194 |
| 3. From financial assets | 143 448 | 101 612 |
| 4. Other investment income | 214 | - |
| | 144 577 | 357 356 |
| II. Expenditures | | |
| 1. Acquisition of intangible assets and tangible fixed assets | (87 552) | (68 497) |
| 2. Real estate and intangible assets investments | (18 322) | (218 751) |
| 3. On financial assets | (146 813) | (98 063) |
| 4. Dividends and other profit shares disbursed to minority | - | - |
| 5. Other investment expenditures | (2 379) | (318) |
| | (255 066) | (385 629) |
| III. Investments net cash flow (I-II) | (110 489) | (28 273) |
| C. Financial operations cash flow | | |
| I. Income | | |
| 1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments towards company capital | - | - |
| 2. Credit and loans | 370 275 | 230 499 |
| 3. Issue of debenture bonds | - | 346 405 |
| 4. Other financial income | - | - |
| | 370 275 | 576 904 |

4. Condensed consolidated cash flow statement, in thousands PLN, cont'd

| Cash flow statement, continued | 3-quarter period from 2008.01.01 to 2008.09.30 | 3-quarter period from 2007.01.01 to 2007.09.30 |
|---|---|---|
| II. Expenditures | | |
| 1. Acquisition of own shares (stocks) | - | - |
| 2. Dividends and other disbursements to owners | - | - |
| 3. Profit share expenses, other than disbursements to owners | - | - |
| 4. Repayment of credits and loans | (115 265) | (130 987) |
| 5. Redemption of debenture bonds | - | (110 000) |
| 6. Other financial liabilities | - | - |
| 7. Payment of financial lease contracts obligations | - | - |
| 8. Interest | (67 315) | (53 003) |
| 9. Other financial expenses | - | - |
| | (182 580) | (293 990) |
| III. Financial operations net cash flow (I-II) | 187 695 | 282 914 |
| D. Total net cash flow (A.III+/-B.III+/-C.III) | 61 389 | 320 693 |
| E. Change in cash balances, including: | 61 397 | 318 490 |
| - foreign exchange gains/losses | 8 | (2 203) |
| F. Cash at the beginning of balance period | 394 046 | 297 006 |
| G. Cash at the end of balance period (F+/-D), including: | 455 443 | 615 496 |
| - with limited disposability | - | - |

5. Additional information to the condensed consolidated financial statement**5.1 General information**

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

Echo Investment Capital Group's (hereinafter 'the Capital Group') primary operations can be divided into four (4) major segments:

- (a) construction and rental of space in shopping centers and shopping/entertainment centers,
- (b) construction and sale of residential apartments,
- (c) construction and rental of office space,
- (d) construction and sales of hotels.

As on September 30, 2008 and September 30, 2007, the Capital Group's employed 371 and 324 employees, respectively.

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

The presented statement refers to the nine-month period ending on September 30, 2008, with comparative data referring to the nine-month period ending on September 30, 2007. The statement was devised in thousands Polish zlotys (PLN), pursuant with the International Financial Reporting Standards approved by the European Commission.

Shares of Echo Investment S.A., - the holding company - have been listed on the Warsaw Stock Exchange since 1996. The number of Echo Investment SA shares is 420,000,000 ordinary bearer shares.

The organization authorized to audit the financial statements of Echo Investment SA is PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw, Poland, registry no. 144, as an auditor of financial statements certified by the National Board of Chartered Accountants.

5.2 Principles applied while devising the quarterly report

The consolidated statement of Echo Investment S.A. Capital Group shows consolidated financial data for the 9-month period ending on September 30, 2008, as well as comparable data for the period of 9 months ending on September 30, 2007, and comparable data for the period of 12 months ending on December 31, 2007 (in respect of the balance sheet and statement of changes in equity). Unless otherwise specified, all financial data in the Group's consolidated financial statements are given in thousands PLN.

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

The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards approved by the European Commission. Guidelines contained in IFRS 1 and IAS 34 has been applied in the preparation of the above statement. The assets and liabilities valuation and determining of the financial result principles valid on the day of the balance have been applied herein, as at the balance day. The financial statement was prepared according to the historical cost methodology, excluding investment properties and derivative financial instruments, which are valued at fair values. The statement has been drawn up under the assumption of continued business activity in the foreseeable future, with the consideration of the lack of any circumstances that might indicate any risk to the continuation of the business operation.

The Company's Management Board has used its best knowledge in respect of the application and interpretation standards, methods and principles of valuing each and all individual items of the above condensed consolidated financial statement.

In preparing the above current financial statement, the Group has applied new interpretations issued by the IFRS Committee applicable to the Group's reporting period starting as at January 01, 2008. The guidelines thus applied have not affected this financial statement to any significant extent. The Group has implemented the following interpretations:

IFRIC 11 interpretation "Group and Treasury Share Transactions"

IFRIC interpretation 11 was issued by the International Financial Reporting Interpretations Committee on November 02, 2006, and applies to annual periods beginning on or after March 1, 2007. This interpretation contains the following guidelines pertaining to:

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

IFRIC interpretation 12 *Service Concession Arrangements*

IFRIC interpretation 12 was issued by the International Financial Reporting Interpretations Committee on November 30, 2006 and applies to annual periods beginning on or after January 01, 2008. This interpretation contains guidelines on the application of existing standards by parties to service concession agreements between the public and the private sector. IFRIC 12 concerns those agreements in which the employer controls the type of service provided by the operator using the infrastructure, recipients of these services and the prices thereof.

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

IFRIC interpretation 14 was issued by the International Financial Reporting Interpretations Committee on July 09, 2007, and applies to annual periods beginning on or after January 01, 2008. This interpretation contains general guidelines concerning IAS 19-compliant assessment of the limit on a surplus of fair value of a defined benefit scheme beyond the current value of a defined benefit scheme, which can be recognized as an asset. In addition, IFRIC 14 explains how statutory or contractual requirements regarding minimum funding may impact the value of asset or liability under a defined benefit scheme.

Until the publishing date of the present financial statement, the International Accounting Standards Board and the International Financial Reporting Standards Interpretation Committee have issued the following standards and interpretations that have not been enforced as yet.

New IFRS 8 Operating Segments

IFRS 8 was issued by the International Accounting Standards Board on November 30, 2006 and applies to annual periods beginning on or after January 01, 2009. The IFRS 8 substitutes the IAS 14 - "Segment Reporting". The new standard sets forth the new requirements regarding posting of business segment data, product and service information, geographical range of activity, and key clients. IFRS 8 requires a "management approach" to reporting financial results of operating segments. The Group intends to implement IFRS 8 as of January 01, 2009. Application of these standards shall not affect the Group's financial result.

Revised IAS 23 Borrowing Costs

The revised IAS 23 was published by the International Accounting Standards Board on March 29, 2007, and applies to annual periods beginning on or after January 01, 2009. Variation refers to the accounting approach to those costs of third party financing which may directly be attributed to acquisition, construction or production of an asset requiring significant time of preparation for intended use or sale. Under this amendment, it is no longer possible to immediately post these costs in the profit and loss account for the period when the costs arose. According to the new Standard requirement, these costs should be capitalized. As of the preparation date of this financial statement, the above specified revision of IAS 23 has not yet been approved by the European Union. The Group intends to apply the revised IAS 23 as of January 01, 2009. Application of these standards shall not affect the Group's financial result.

Revised IAS 1 Presentation of Financial Statements

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

Revised IFRS 3 Business Combinations

The revised IAS 3 was published by the International Accounting Standards Board on January 10, 2008, and applies prospectively to business combinations with acquisition dates on or after July 01, 2009. The changes involve an option to recognize minority shares at fair value or according to proportion in fair value of identified net assets, conversion of shares previously held by the acquired entity to fair value and posting the difference to the income statement, and additional guidelines regarding application of acquisition methods, including recognition of transaction costs as the cost of a period in which it was incurred. As of the preparation date of this financial statement, the above specified revision of IFRS 3 has not yet been approved by the European Union. The Group intends to apply the revised IFRS 3 as of July 01, 2009. Application of these standards shall not have any significant impact on the Group's financial result.

Revised IAS 27 Consolidated and Separate Financial Statements

The revised IAS 27 was published by the International Accounting Standards Board on January 10, 2008 and applies to annual periods beginning on or after July 01, 2009. The standard requires the outcomes of transactions with minority shareholders to be posted directly as equity, provided that the current holding company retains control over the entity. The standard further details the method of accounting in case of lost control over a subsidiary, requiring restatement of the remaining shares to fair value and posting the difference to the income statement. As of the date of the preparation of this financial statement, the above specified revision of IAS 27 has not as yet been approved by the European Union. The Group intends to apply the revised IAS 27 as of January 01, 2010. Application of these standards shall not have any significant impact on the Group's financial result.

Revised IFRS 2 – Share-based Payment

The revised IFRS 2 was published by the International Accounting Standards Board on January 17, 2008, and applies to annual periods beginning on or after January 01, 2009. The revision of this Standard concerns the following two issues: explaining that the only requirements for the effective vesting of rights are the service provision condition and the condition relating to the entity's operating results. Other qualities of share-based payment scheme are not acknowledged as vesting conditions. The standard clarifies that the accounting representation of scheme cancellation by the entity or other party to the transaction should be identical. As of the date of preparation of this financial statement, the above specified revision of IFRS 2 has not as yet been approved by the European Union. The Group intends to apply the revised IFRS 2 as of January 01, 2009. Application of these standards shall not affect the Group's financial result.

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

Revisions to IAS 32 and IAS 1 were published by the International Accounting Standards Board on February 14, 2008, and apply to annual periods beginning on or after January 01, 2009. The changes relate to the accounting approach to some financial instruments bearing certain similarity to capital instruments but classified as financial liabilities. According to the new Standard requirement, such financial instruments as financial instruments with sell option and instruments obligating the company to disburse the share in net assets only if the company is wound up, upon fulfilling certain conditions, are presented as equity. As of and on the date of preparation of this financial statement, the above specified revisions of IAS 32 and IAS 1 has not yet been approved by the European Union. The Group intends to apply the revised IAS 32 and IAS 1 as of January 01, 2009. Application of these standards shall not affect the Group's financial result.

IFRS corrections in 2008

The International Accounting Standards Board has published the IFRS Corrections, amending 20 standards. These corrections involve changes in presentation, posting and valuation, as well as terminology and editorial changes. The majority of these corrections will apply to annual periods beginning on or after January 01, 2009. As of the date of preparation of this financial statement, the above specified standard revisions have not as yet been approved by the European Union. The Group intends to apply the revised IFRS 2 according to transition requirements. Application of these standards shall not affect the Group's financial result.

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

Revisions to IFRS 1 and IAS 27 were published by the International Accounting Standards Board on May 22, 2008 and apply to annual periods beginning on or after January 01, 2009. These revisions allow the use of either the fair value or balance sheet value determined according to existing accounting principles as the 'assumed cost' for fully owned subsidiaries, associated companies and partially owned subsidiaries in a separate financial statement. In addition, the definition of *cost-based approach* has been eliminated and substituted by dividend-based revenue recognition in a separate financial statement. As of and on the date of preparation of this financial statement, these revisions of IFRS 1 and IAS 27 has not yet been approved by the European Union. The Group intends to apply the revised IAS 1 and IAS 27 as of January 01, 2009. Application of these standards shall not have any significant impact on the Group's financial result.

Revised IAS 39 Financial Instruments: Recognition and Measurement – Hedged Item Classification Criteria

Revisions to IAS 39 Hedged Item Classification Criteria were published by the International Accounting Standards Board on July 31, 2008, and apply to annual periods beginning on or after July 01, 2009. These revisions include explanations on the principles of assessing compliance of hedged risk or cash flow with the criteria for assessment as hedged items under specific circumstances application methods. Inflation is no longer allowed to be established as a potentially hedged component of a fixed interest rate instrument. Under these changes, it is not allowed to incorporate a time value to one-sided hedged risk when options are considered as a hedging instrument. As of the date of the preparation of this financial statement, the above specified changes to IAS 39 have not as yet been approved by the European Union. The Group intends to apply the revised IAS 39 as of January 01, 2010. Application of these standards shall not affect the Group's financial result.

IFRIC interpretation 13 Customer Loyalty Programmes

IFRIC interpretation 13 was issued by the International Financial Reporting Interpretations Committee on June 27, 2007, and applies to annual periods beginning on or after July 01, 2008. This interpretation contains accounting guidelines on the accounting recognition of transactions under loyalty programmes implemented by an entity for its customers, such as loyalty cards or loyalty award credits. Specifically, IFRIC 13 indicates a correct method of recognizing liabilities arising when the entity has to deliver certain products or services free of charge or at reduced prices to customers in exchange for their credits. As of the date of generating this financial statement, IFRIC interpretation 13 has not yet been approved by the European Union. The Group intends to apply IFRIC interpretation 13 as of January 01, 2009. Application of these standards shall not affect the Group's financial result.

IFRIC interpretation 15 Agreements for the Construction of Real Estate

IFRIC interpretation 15 was issued by the International Financial Reporting Interpretations Committee on July 03, 2008, and applies to annual periods beginning on or after January 01, 2009. This interpretation provides guidance on how to assess a real estate construction agreement in order to determine whether its results should be presented in a financial statement under IAS 11 Construction Contracts, or the IAS 18 Revenue. Additionally, IFRIC 15 indicates the point of recognizing income from construction service. As of the date of preparation of this financial statement, IFRIC interpretation 15 has not yet been approved by the European Union. The Group intends to apply IFRIC interpretation 15 as of January 01, 2009. Application of these standards shall not affect the Group's financial result.

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

IFRIC interpretation 16 was issued by the International Financial Reporting Interpretations Committee on July 03, 2008, and applies to annual periods beginning on or after October 01, 2008. This interpretation contains guidelines on determining whether risk arises from the foreign currency exposure

to the functional currency of the foreign operation and the presentation currency of the parent entity's consolidated financial statements. Additionally, IFRIC 16 clarifies which entity within a Group can hold a hedging instrument in a hedge of a net investment in a foreign operation and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument. IFRIC 16 also clarifies how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment. As of the date of preparation of this financial statement, IFRIC interpretation 16 has not yet been approved by the European Union. The Group intends to apply IFRIC interpretation 16 as of January 01, 2009. Application of these standards shall not affect the Group's financial result.

5.3 Variation of applied accounting principles consequences (conversion of financial statements for preceding periods), with description

Echo Investment Capital Group did not change its accounting principles during the 3rd quarter of 2008. Detailed accounting policies are presented in the interim report for the six-month period ending on June 30, 2008.

5.4 Composition of Echo Investment S.A. Capital Group

Echo Investment S.A., as the owner of the Group companies, plays a 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 process of the development of a specific project, followed by provision of lease services of already completed assets or other services.

As of and on September 30, 2008, Echo Investment Capital Group consists of 100 subsidiaries that are fully consolidated, 1 partially owned subsidiary consolidated according to the proportional method, and 3 companies valued according to the ownership rights method.

Fully consolidated companies:

- "Athina Park" Spółka z o.o. ['Athina Park' Limited Liability Company], having its registered seat in Kielce, Poland
- "Centrum Handlowe PHS" Spółka Akcyjna ['PHS Shopping Center' Joint Stock Company], having its registered seat in Szczecin, Poland
- "Echo - Arena" Spółka z o.o. ['Echo - Arena' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Arena Sp. z o.o." Spółka komandytowa ['Echo - Arena Limited Liability Company' Limited Partnership], having its registered seat in Kielce, Poland
- "Echo - Aurus" Sp. z o.o. ['Echo - Aurus' Limited Liability Company], having its registered seat in Kielce, Poland (formerly "Wyględów" Spółka z o.o. ['Wyględów' Limited Liability Company] with its registered seat in Kielce, Poland)
- „Echo - Building Ingatlanhasznosító” Kft., having its registered seat in Budapest, Hungary
- "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, Poland
- "Echo - Centrum Belchatów" Spółka z o.o. ['Echo - Belchatów Center' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Centrum Biznesu Łódź" Spółka z o.o. ['Echo - Łódź Business Center' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Centrum Jelenia Góra" Spółka z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company], having its registered seat in Jelenia Góra, Poland
- "Echo - Centrum Poznań" Spółka z o.o. ['Echo - Poznań Center' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Centrum Przemysł" Spółka z o.o. ['Echo - Przemysł Center' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Centrum Rzeszów" Spółka z o.o. ['Echo - Rzeszów Center' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Centrum Tarnów" Spółka z o.o. ['Echo - Tarnów Center' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Galaxy" Spółka z o.o. ['Echo - Galaxy' Limited Liability Company], having its registered seat in Kielce, Poland
- „Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa ["Echo - Galaxy Limited Liability Company" Limited Partnership], having its registered seat in Kielce, Poland
- "Echo-Galaxy Szczecin" Sp. z o.o. ['Echo-Galaxy Szczecin' Limited Liability Company], having its registered seat in Szczecin, Poland
- "Echo - Galeria Kielce" Sp. z o.o. ['Echo - Kielce Gallery' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Kielce 1" Sp. z o.o. ['Echo - Kielce 1' Limited Liability Company], having its registered seat in Kielce, Poland
- "Echo - Metropolis" Spółka z o.o. ['Echo - Metropolis' Limited Liability Company] with its registered seat in Kielce, Poland (formerly "Projekt Echo - 81" ['Project Echo - 81' Limited Liability Company], having its registered seat in Kielce, Poland)
- "Echo - Pasaż Grunwaldzki" Spółka z o.o. ['Echo - Grunwaldzki Arcade' Limited Liability Company], having its registered seat in Kielce, Poland
- „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Spółka komandytowa ["Echo - Grunwaldzki Arcade Limited Liability Company" Limited Partnership], having its registered seat in Kielce, Poland

- „Echo - Projekt 1” LLC, having its registered seat in Kiev, Ukraine.
- „Echo - Projekt 2” LLC, having its registered seat in Kiev, Ukraine
- „Echo - Property Poznań 1” Spółka z ograniczoną odpowiedzialnością [‘Echo - Property Poznań 1’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Echo - SPV 6” Sp. z o.o. [‘Echo - SPV 6’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Echo - Veneda” Sp. z o.o. [‘Echo - Veneda’ Limited Liability Company], having its registered seat in Kielce, Poland,
- “Echo ACC” Spółka z o.o. [‘Echo ACC’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Echo Bau” Spółka z o.o. [‘Echo Bau’ Limited Liability Company], having its registered seat in Kielce, Poland
- “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, Poland
- “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, Poland
- **“Echo Investment Hungary Ingatlanhasznosító Kft.”, having its registered seat in Budapest, Hungary**
- “Echo Investment Project Management” S.R.L., having its registered seat in Bucharest, Romania
- “Echo Investment Projekt 1” S.R.L., having its registered seat in Bucharest, Romania
- „Echo Investment Ukraine” LLC, having its registered seat in Kiev, Ukraine
- “Est On Property Management” Spółka z o.o. [‘Est On Property Management’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Malta Office Park” Spółka z o.o. [‘Malta Office Park’ Limited Liability Company], having its registered seat in Kielce, Poland
- “MDP” Spółka z o.o. [‘MDP’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Piomot Auto” Spółka z o.o. [‘Piomot Auto’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Princess Boryszewska” Spółka z o.o. [‘Princess Boryszewska’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Princess Investment” Spółka z o.o. [‘Princess Investment’ Limited Liability Company], having its registered seat in Kielce, Poland
- „Echo - Project Management Ingatlanhasznosító Kft., having its registered seat with principle offices located in Budapest, Hungary
- “Projekt Echo - 17” Spółka z o.o. [‘Project Echo - 17’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 28” Spółka z o.o. [‘Project Echo - 28’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 30” Spółka z o.o. [‘Project Echo - 30’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 34” Spółka z o.o. [‘Project Echo - 34’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 37” Spółka z o.o. [‘Project Echo - 37’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 39” Spółka z o.o. [‘Project Echo - 39’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 41” Spółka z o.o. [‘Project Echo - 41’ Limited Liability Company], having its registered seat in Kielce, Poland
- „Projekt Echo - 41 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa [“Project Echo - 41 Limited Liability Company” Limited Partnership], having its registered seat in Kielce, Poland
- “Projekt Echo - 42” Spółka z o.o. [‘Project Echo - 42’ Limited Liability Company], having its registered seat in Kielce, Poland
- „Projekt Echo - 42 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa [“Project Echo - 42 Limited Liability Company” Limited Partnership], having its registered seat in Kielce, Poland
- “Projekt Echo - 43” Spółka z o.o. [‘Project Echo - 43’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 44” Spółka z o.o. [‘Project Echo - 44’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 45” Spółka z o.o. [‘Project Echo - 45’ Limited Liability Company], having its registered seat in Kielce, Poland
- „Projekt Echo - 45 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa [“Project Echo - 45 Limited Liability Company” Limited Partnership], having its registered seat in Kielce, Poland
- “Projekt Echo - 46” Spółka z o.o. [‘Project Echo - 46’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 47” Spółka z o.o. [‘Project Echo - 47’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 48” Spółka z o.o. [‘Project Echo - 48’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 53” Spółka z o.o. [‘Project Echo - 53’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 54” Spółka z o.o. [‘Project Echo - 54’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 55” Spółka z o.o. [‘Project Echo - 55’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 56” Spółka z o.o. [‘Project Echo - 56’ Limited Liability Company], having its registered seat in Jelenia Góra, Poland
- “Projekt Echo - 57” Spółka z o.o. [‘Project Echo - 57’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 58” Spółka z o.o. [‘Project Echo - 58’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 59” Spółka z o.o. [‘Project Echo - 59’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 61” Spółka z o.o. [‘Project Echo - 61’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 62” Spółka z o.o. [‘Project Echo - 62’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 63” Spółka z o.o. [‘Project Echo - 63’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 65” Spółka z o.o. [‘Project Echo - 65’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 66” Spółka z o.o. [‘Project Echo - 66’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 67” Spółka z o.o. [‘Project Echo - 67’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 68” Spółka z o.o. [‘Project Echo - 68’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 69” Spółka z o.o. [‘Project Echo - 69’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 70” Spółka z o.o. [‘Project Echo - 70’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 71” Spółka z o.o. [‘Project Echo - 71’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 72” Spółka z o.o. [‘Project Echo - 72’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 73” Spółka z o.o. [‘Project Echo - 73’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 74” Spółka z o.o. [‘Project Echo - 74’ Limited Liability Company], having its registered seat in Kielce, Poland
- “Projekt Echo - 75” Spółka z o.o. [‘Project Echo - 75’ Limited Liability Company], having its registered seat in Kielce, Poland

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

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

Companies valued according to ownership rights method:

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

All in part or entirely owned subsidiaries and affiliated companies are covered by consolidation. The dominant company holds 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries.

In subsidiaries partially owned by minority shareholders, the holding 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 Shareholders General Meeting;
- "Projekt S" Sp. z o.o. ['Project S' Limited Liability Company] - 95% of basic capital and 95% of voting rights at the Shareholders General Meeting.

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. [Ltd. Company];
- "Zakłady Ogrodnicze Naramowice" Sp. z o.o., holding 99,8% of basic capital of "Projekt Naramowice" Sp. z o.o. [Ltd. Company];
- „Echo - Kielce 1" Sp. z o.o., holding:
 - 99.97% of basic capital of "Echo - Galeria Kielce" Sp. z o.o. [Ltd. Company],
 - 100% of basic capital of "Princess Boryszewska" Sp. z o.o. [Ltd. Company]
- "Projekt Echo - 37" Sp. z o.o., holding 0,001% of basic capital of "Echo - SPV 6" Sp. z o.o. [Ltd. Company];
- "Echo - Pasaż Grunwaldzki" Sp. z o.o., holding 1% shares of "Echo - Pasaż Grunwaldzki Sp. z o.o." Spółka komandytowa [Ltd. Partnership Company];
- "Echo - Arena" Sp. z o.o., holding 1% shares of "Echo - Arena Sp. z o.o." Spółka komandytowa [Ltd. Partnership Company];
- "Echo - Galaxy" Sp. z o.o., holding 1% shares of "Echo - Galaxy Sp. z o.o." Spółka komandytowa [Ltd. Partnership Company];
- „Echo - Galaxy Szczecin" Sp. z o.o. (formerly „Projekt Echo - 60" Sp. z o.o.), holding 1% shares of „Echo - Galaxy Sp. z o.o." Spółka komandytowa [Ltd. Partnership Company];
- "Galeria Echo - Kielce" Sp. z o.o., holding 0,01% of basic capital of "Echo - Galeria Kielce" Sp. z o.o. [Ltd. Company];
- "Projekt Echo - 41" Sp. z o.o., holding 1% share of "Projekt Echo - 41 Sp. z o.o." Spółka komandytowa [Ltd. Partnership Company];
- "Projekt Echo - 42" Sp. z o.o., holding 1% shares of "Projekt Echo - 42 Sp. z o.o." Spółka komandytowa [Ltd. Partnership Company];

- „Projekt Echo - 43” Sp. z o.o., holding 0.01% shares of „Echo - Galaxy Sp. z o.o.” Limited Company;
- „Projekt Echo - 45” Sp. z o.o., holding 1% shares of „Projekt Echo - 45 Sp. z o.o.” Spółka komandytowa; [Ltd. Partnership Company]
- „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. [Ltd. Company];
- „Echo - Centrum Tarnów” Sp. z o.o., holding 99.93% of basic capital of „Projekt Echo - 61” Sp. z o.o. [Ltd. Company];
- „Echo - Centrum Jelenia Góra” Sp. z o.o., holding 99.93% of basic capital of „Projekt Echo - 56” Sp. z o.o. [Ltd. Company];
- „Echo - Galaxy Sp. z o.o.” Sp. k., holding 99.99% of basic capital of „Echo - Galaxy Szczecin” Sp. z o.o. (formerly „Projekt Echo - 60” Sp. z o.o. [Ltd. Company]);
- „Echo - Pasaż Grunwaldzki Sp. z o.o.” Sp. k., holding 99.99% of basic capital of „Projekt Echo - 62” Sp. z o.o. [Ltd. Company];
- „Echo - Centrum Poznań” Sp. z o.o., holding 99.87% of basic capital of „Echo - Metropolis” Spółka z o.o. with its registered seat Kielce, Poland, formerly „Projekt Echo - 81” Spółka z o.o. with its registered seat Kielce, Poland
- „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 2” LLC, holding 0.01% of basic capital of „Echo - Projekt 1” LLC;
- „Echo - Projekt 1” LLC, holding 0.01% of basic capital of „Echo - Projekt 2” LLC;
- „Echo Investment Project 1” SRL, holding 0.007% of basic capital of „Echo Investment Project Management” SRL;
- „Projekt Echo - 17” Sp. z o.o., holding the following respective shares of basic capital of:
 - 1.00% capital of „Echo Aurus” Sp. z o.o. with its registered seat Kielce, Poland, formerly „Wyględów” Sp. z o.o., [Ltd. Company];
 - 1.00% capital of „Projekt Echo - 37” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 39” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Echo ACC” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 30” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Echo - Galaxy” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Echo - Pasaż Grunwaldzki” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 34” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Est On Property Management” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 41” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 42” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 43” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 44” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 45” Sp. z o.o., [Ltd. Company]
 - 1.00% capital of „Projekt Echo - 93” Sp. z o.o. with its registered seat Kielce, Poland, formerly „Galeria Echo - Kielce” Spółka z o.o. [Ltd. Company] with its registered seat Kielce, Poland
 - 0.1% capital of „Projekt Echo - 55” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 57” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 58” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 59” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 67” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 68” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 69” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 70” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 71” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 72” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 73” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 74” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 75” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 76” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 77” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 80” Sp. z o.o., [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 83” Sp. z o.o. in liquidation, [Ltd. Company]
 - 0.1% capital of „Projekt Echo - 84” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Echo - 85” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Echo - 86” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Echo - 87” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Echo - 88” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Echo - 89” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Echo - 90” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Echo - 91” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Echo - 92” Sp. z o.o. in liquidation,
 - 0.1% capital of „Projekt Naramowice Poznań” Spółka z ograniczoną odpowiedzialnością [Ltd. Company], formerly: „Projekt Echo - 64” Sp. z o.o.;
 - 0.05% capital of „Echo - Arena” Sp. z o.o.,
 - 0.05% capital of „Wlementor Holdings Limited”;

- 0.03% capital of "Malta Office Park" Sp. z o.o., [Ltd. Company]
- 0.03% capital of "Echo - SPV 6" Sp. z o.o.,
- 0.02% capital of "Projekt Echo - 28" Sp. z o.o.,
- 0,02% capital of "Echo - Centrum Biznesu Łódź" Sp. z o.o.,
- 0,02% capital of "Projekt Naramowice" Sp. z o.o.,
- 0,01% capital of "Echo Investment - Centrum Handlowo-Rozrywkowe Gliwice" Sp. z o.o.,
- 0.008% capital of "Athina Park" Sp. z o.o.,
- 0.007% capital of "Echo - Centrum Veneda" Sp. z o.o.,
- 0.006% capital of "Echo - Centrum Bełchatów" Sp. z o.o.,
- 0.006% capital of "Echo - Centrum Rzeszów" Sp. z o.o.,
- 0.005% capital of „Echo - Property Poznań 1” Sp. z o.o.;
- 0,004% capital of "MDP" Sp. z o.o.,
- 0.004% capital of "Echo - Centrum Tarnów" Sp. z o.o.,
- 0,002% capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.,
- 0,002% capital of „Echo - Kielce 1” Sp. z o.o.;
- 0.001% capital of "Echo - Galaxy Szczecin" Sp. z o.o. (formerly „Projekt Echo - 60” Sp. z o.o.);
- 0.001% capital of "Projekt Echo - 53" Sp. z o.o.,
- 0.001% capital of "Projekt Echo - 54" Sp. z o.o.,
- 0.001% capital of "Projekt Echo - 56" Sp. z o.o.,
- 0.001% capital of "Projekt Echo - 61" Sp. z o.o.,
- 0.001% capital of "Projekt Echo - 62" Sp. z o.o.,
- 0.001% capital of "Projekt Echo - 63" Sp. z o.o.,
- 0.001% capital of "Projekt Echo - 65" Sp. z o.o.,
- 0.001% capital of "Projekt Echo - 66" Sp. z o.o.,
- 0,001% capital of „Echo - Metropolis” Spółka z o.o. with its registered seat Kielce, Poland, formerly „Projekt Echo - 81” Spółka z o.o. with its registered seat Kielce, Poland

The remaining 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 activities during the presented period

The operation of Echo Investment Capital Group covers multiple segments of the real estate market. Therefore, seasonality or cyclicity of yielded income or results is highly diversified. Consolidated sales revenues are primarily generated from the rental of commercial space (shopping centers, offices) and supplemented by other types of activity: sales of apartments, general contracting and project management services, real estate management and trade, as well as other minor ranges of business operation, which may be seasonal or cyclical in nature. The available portfolio of assets for lease, systematic execution and sale of residential project, along with other ranges of activity, guarantee comparable levels of income during each consecutive quarter to a significant extent. The Management Board cannot exclude other singular events that can affect the results yielded in a given period.

5.6 Information on the issuance, redemption and repayment of debt securities and equity instruments

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

Pursuant to Bonds Issue Program Agreement between BRE Bank S.A. in 2004 and BPH S.A. Bank in 2003, Echo Investment S.A. has certain obligations under issued debenture bonds. The balance of these liabilities as at the submission date of this statement is presented in the table below:

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

Echo Investment may issue bonds within the following limits:

- 600 million PLN pursuant to the terms of an agreement with BRE Bank SA,
- 250 million PLN, pursuant to the terms of an agreement with BPH SA Bank.

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

The dominant company – Echo Investment S.A. – did not pay any dividend in the previous years nor declare payment of such in the nearest future. On May 12, 2008, the Management Board of the Company presented the Supervisory Board of Echo Investment SA with a proposal for the allocation of net earnings disclosed in the Company's financial statement for the year expiring on December 31, 2007, and a proposal for the allocation of the Company's profits carried forward.

The Management Board of the Company proposed that the net profit for 2007, and net earnings carried forward over from the preceding years should be excluded from distribution to shareholders and allocated to supplementary capital of Echo Investment SA in its entirety for purposes of financing daily operations of the Company. The Supervisory Board of Echo Investment SA issued a positive opinion on the Management Board's proposal.

Under Article 395 § 2 item 2 of the Polish Code of Commercial Partnerships and Companies, the aforementioned recommendation has been ultimately presented to the General Meeting of Shareholders for consideration. On the basis of resolution no. 6 on distribution of profits carried forward, and resolution no. 7 on distribution of profit, the Ordinary General Meeting of Shareholders of Echo Investment SA decided to exclude the net profit earned by Echo Investment SA during the previous years and the net profit earned during the last financial year 2007, from distribution among shareholders and to allocate the whole amount of profit to supplementary capital for 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

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

Under the General Contracting and Project Management Agreement, the Contractor agrees to carry out comprehensive development of an office building with an underground car park and necessary utilities on the land property situated in Krakow, Poland, at ul. Lea [Street] (the Office Building, the Investment) until effective completion, meaning Building completion and Authorized Occupancy handover of the Office Building to the Investor and users of premises within the Office Building as well as obtaining all permits from appropriate authorities as required for the opening the aforesaid facility.

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

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

The agreement has been considered significant on the basis of Issuer's equity criteria.

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

Under the said Annex, the Parties thereto have jointly agreed that the Landlord shall, by no later than March 31, 2010, deliver to the Tenant office space in a seven-storey class A office building with available for lease space measuring ca. 11,000 sq. m, which will be built in Krakow, Poland at ul. Lea [Street], with an above-ground and underground car park (the Leased Property).

The estimated value of net revenues from lease of the said office space is 92.48 million PLN (including 21.42 million EUR, which constitutes an equivalent of 72.72 million PLN, calculated per the average exchange rate of the National Bank of Poland on the effective date of the Annex).

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

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

On October 20, 2008, the Issuer's subsidiary „Projekt Echo – 65” Spółka z ograniczoną odpowiedzialnością [‘Project Echo – 65’ Limited Liability Company], with its registered seat in Kielce, Poland (the Investor) and Echo Investment S.A. with its registered seat in Kielce, Poland (the Project Manager and the General Contractor of Investment) jointly signed Annex 1 (the Annex) dated October 20, 2008 to the project management and general contracting of investment (the General Contracting Agreement) between the aforesaid two Parties.

According to the terms of the Annex, the Project Manager and the General Contractor of the Investment shall receive a fee based on investment budget, whereof the estimated net value is approx. 94.42 million PLN.

Under the General Contracting Agreement, the Project Manager and General Contractor of Investment has agreed to carry out complete realization of an office building (the Office Complex) on a real estate property located in Szczecin, Poland at ul. Malczewskiego [Street], from the commencement of the works until Building completion and Authorized Occupancy handover of the Office Complex to the Investor and users of premises in the Office Complex and obtaining all permits from competent authorities as required for opening the office building (the Investment Project).

On October 21, 2008 an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Echo – Arena Spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [‘Echo – Arena Limited Liability Company’ Limited Partnership] with its registered seat Kielce, Poland (the Investor) and Echo Investment S.A. with its registered seat Kielce, Poland (the Project Manager and the General Contractor of Investment).

Under the General Contracting Agreement, the Project Manager and General Contractor of Investment agrees to execute the development of “Arena” shopping and entertainment center on the property situated in Slupsk, Poland located between ul. Grottgera, Szczecińska and Bolesława Krzywoustego [Streets] (the Investment, the Center), from the start of construction until the time of occupancy handover of the Center to the Investor and to individual users. At the same time, the Project Manager and General Contractor agrees and covenants to obtain all permits from competent authorities as required for commencement of the Center's operation.

Development of the Investment will be completed not later than by May 31, 2011.

The Project Management and General Contractor shall receive a fee for the execution of the aforementioned agreement, based on the investment budget. The estimated net value of the agreement is about 274.96 million PLN.

The wording of the Agreement does not contain any provisions regarding liquidated damages. The agreement has been recognized as significant on the basis of the Issuer's equity criteria.

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

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

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

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

On October 31, 2008, an Enterprise Ownership Transfer Agreement has been entered into between the Issuer's subsidiaries: “Projekt Naramowice” Spółka z ograniczoną odpowiedzialnością [‘Project Naramowice’ Limited Liability Company] with its registered seat in Kielce, Poland („the Seller”) and “Projekt Naramowice Poznań” Spółka z ograniczoną odpowiedzialnością [‘Project Naramowice Poznań’ Limited Liability Company] with its registered seat Kielce, Poland (formerly “Projekt Echo – 64” Spółka z ograniczoną odpowiedzialnością [‘Project Echo – 64’ Limited Liability Company] („the Buyer”).

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

- an employer enterprise pursuant to the meaning of Article 231 of the Labor Code,
- freehold of properties situated in Poznań, Poland - Naramowice cadastral district, including:

- a) a 12,971 sq. m, lot with multiple-dwelling buildings erected thereon,

- b) undeveloped land lots having a total area of 428,527 square meters

- c) 3/18 share in a service establishment – a multiple-space garage situated in a building in Poznań, Poland at ul. Rubież [Street],

- all rights and obligations arising from contracts signed.

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

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

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

The Issuer's managers also perform managerial functions in the buying company and the company - seller of assets with significant value. The aforementioned assets have been recognized as significant on the basis of financial assets of significant value and the Issuer's equity criteria.

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

5.9 Specification of changes in the organization structure results, including changes arising from mergers, acquisitions or sales of Group entities, long-term investments, splits, restructuring or discontinuation of business activity

1. The Capital Group was expanded by 1 (one) new company:

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

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

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

- Echo Investment S.A. holds 99.95% shares in the Subsidiary's share capital, carrying 1,999 votes at the General Meeting of Shareholders,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. holds 0.05% share in the Subsidiary's share capital, carrying 1 vote at the General Meeting of Shareholders.

The Issuer and "Projekt Echo - 17" Sp. z o.o. intend to consider the shares thus taken up as a long-term capital investment.

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

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

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

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

- Mr. Andriy Smetana holds 0.0003 % share in the Subsidiary's initial capital, with a total value of 4.20 UAH (an equivalent of 1.93 PLN per the National Bank of Poland's average exchange rate valid on the day of initial capital changes official entry registration).

On August 04, 2008, the Issuer received a confirmation whereunder on August 01, 2008, the Registration Court in Bucharest, Romania, entered changes in the value and structure of share capital of the Issuer's subsidiary "Echo Investment Project 1" S.R.L. with its registered seat in Bucharest, Romania (the Subsidiary).. The Subsidiary's initial capital was increased to 26,004,000 RON (an equivalent of 23,783,258.40 PLN effective on the changes to the initial capital registry entry date of as per the National Bank of Poland's average exchange rate) and is divided into 2,600,400 shares with par value of 10 RON each (equivalent of 9.15 PLN - effective on the changes to the initial capital date as per the NBP's average exchange rate).

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

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

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

As on the registration date, Echo Investment SA took up the entire increased initial capital of the Subsidiary, constituting 99.8% of the current value of initial capital. As a consequence, Echo Investment SA now holds 100% of the initial capital, carrying the same proportion of votes at the Subsidiary's Shareholders' General Meeting . Change in the Subsidiary's share capital was registered as a consequence of non-cash contributions made by Echo

Investment S.A. with its registered seat in Kielce, Poland in the form of conversion of previously granted loans. Registration value of assets provided as non-cash contributions and their actual value to the Subsidiary on the contribution date, i.e. on August 07, 2008, is 22,533,011.50 PLN.

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

On September 04, 2008, a motion was filed with the District Court of Kielce, Poland, at the National Court Registry's X Division of Commerce, to commence the liquidation process of the Issuer's subsidiary: "Projekt Echo - 23" Sp. z o.o. with its registered seat in Kielce, Poland (the Company).. Resolution to dissolve the Company after its liquidation was passed by the Shareholders' Extraordinary General Meeting, with the appointment of Mr. Robert Oskard as the Company's liquidator.

The undertaken steps towards the dissolution of the Company ensue from the fact, that Company is not involved in developer or investment operation and there are no plans to use this Company for project development in the future. Its continued existence is not economically sound, and its liquidation will not affect the financial results of Echo Investment S.A. or the Group.

On September 25, 2008, motions were filed with the District Court in Kielce, Poland, at the National Court Registry's X Division of Commerce, to commence the liquidation process of the Issuer's following subsidiaries:

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

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

The undertaken steps towards the dissolution of the subsidiaries ensue from the fact, that the aforesaid are not involved in developer or investment operations and there are no plans to use the said subsidiaries for project development in the future. Their continued existence is not economically sound, and their liquidation will not affect the financial results of Echo Investment S.A. or the Group.

IV. Names of the following subsidiaries were changed:

- the name of "Galeria Echo - Kielce" Sp. z o.o. ['Echo Gallery - Kielce' Limited Liability Company], having its registered seat in Kielce, Poland, changed into "Projekt Echo - 93" Sp. z o.o. ['Project Echo - 93' Limited Liability Company'], having its registered seat in Kielce, Poland,
- the name of "Wyględów" Sp. z o.o. ['Wyględów' Limited Liability Company], having its registered seat in Kielce, Poland, changed into "Echo Aurus" Sp. z o.o. ['Echo Aurus' Limited Liability Company'], having its registered seat in Kielce, Poland,
- the name of "Projekt Echo - 81" Spółka z o.o. ['Project Echo - 81' Limited Liability Company], having its registered seat in Kielce, Poland, changed into "Echo - Metropolis" Spółka z o.o. ['Echo - Metropolis' Limited Liability Company'], having its registered seat in Kielce, Poland,
- the name of "Projekt Echo - 64" Spółka z o.o. ['Project Echo - 64' Limited Liability Company], having its registered seat in Kielce, Poland, changed into "Projekt Naramowice Poznań" Spółka z ograniczoną odpowiedzialnością ['Project Naramowice Poznań' Limited Liability Company'], having its registered seat in Kielce, Poland;

5.10 Information on changes in contingent liabilities or contingent assets that took place after the end of the last turnover year

The following changes in contingent liabilities since the end of the last turnover year took place:

5.10.1 Suretyship agreements

Issuer's suretyship agreements in force as of September 30, 2008 are presented in the table below:

| Surety in favor of | Value (in thousands) | Expiry date | On account of |
|------------------------------|----------------------|---|---|
| Bank PeKaO SA | 740 PLN | Until the effective day of the transfer from the rights of bank contract performance guarantee in favor of PeKaO SA Bank. | Surety for the liabilities of Echo Investment – Centrum Belchatów Sp. z o.o. [Echo Investment – Belchatów Center Limited Liability Company] as a collateral of a loan granted by PeKaO SA Bank. |
| Natural person | 18,807 PLN | by December 31, 2010 | Surety for subsidiary's obligations |
| Projekt – Echo 49 Sp. z o.o. | 3,228 PLN | By July 04, 2010 | Surety for obligations concerning remediation of damage regarding Projekt – Echo 49 Sp. z o.o. [Project – Echo 49 Limited Liability Company] |

5.10.2 Guarantee agreements

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

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

As of September 30, 2008, there are no bank guarantee agreements in force.

5.11 Description of the Issuer's significant achievements or failures

During the 3rd quarter of 2008, Echo Investment S.A. and Capital Group companies were executing projects initiated during the previous periods, and became involved in new investments in the segments described below.

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

The Polish market

Segment of shopping centers and shopping/entertainment centers

Shopping and shopping/entertainment centers built by the Capital Group operate in more than ten (10) cities in Poland. The stability of the commercial space market is due to high market demand, adaptability to specific clients' requirements, and high diversification of sectors and industries.

The Group's tenants of commercial areas are both domestic and international store chains, as well as local companies. Key tenants in shopping centers include: Carrefour, Tesco, Real, Nomi, ITI Neovision, RTV Euro AGD, Empik, Douglas, Saturn Planet, Supermarkety Drogerijne Rossman, and other tenants.

The ARENA shopping & entertainment center in Słupsk

Development of the largest shopping and entertainment center in Słupsk, called ARENA, is scheduled on the Company's 64,000 sq. m property is to be situated in an attractive location of Słupsk at Grottgera Street. The facility will offer about 38,000 sq. m of space available for lease.

During the 3rd quarter of 2008, the prerequisites specified in the preliminary lease agreement (the Agreement) executed on November 27, 2007, between the Issuer's subsidiary Echo – Arena Spółka z ograniczoną odpowiedzialnością Spółka komandytowa [Echo – Arena Limited Liability Company Limited Partnership] with its registered seat in Kielce, Poland (the Landlord, the Subsidiary) and Tesco (Polska) Sp. z o.o. with its registered seat in Krakow, Poland (the Tenant) has been complied with. The preliminary Lease Agreement concerns the lease of approx. 8,900 square meters of commercial surface area in the Arena shopping and entertainment center that is being prepared for development in Słupsk at Grottgera Street (the Mall). The Tenant is going to engage in sales and services operation in the Mall in the form of a grocery and household goods store with an unlimited assortment range standard for these types of Tesco facilities in Poland.

A precondition for signing the aforementioned Lease Agreement was the obtaining of a final building permit for the construction of the Mall in Słupsk, Grottgera Street (the Mall) by the Subsidiary or another organization contracted thereby and taking possession of the real estates dedicated to the development of the Mall by no later than on July 31, 2008. The Subsidiary has obtained a final building permit for the Mall and took up the properties designated for the development site. The aforementioned was a precedent condition.

Under the foregoing agreement, the Landlord and the Tenant have agreed to enter into a proper Lease Agreement by no later than December 31, 2010. The duration of the planed lease of space in Mall will be 30 (thirty) years.

The tenants of the center will include: Tesco, Helios, Media Markt, BC Club, Rossmann, Ravel. The scheduled execution commencement date for the project is the 2nd half of 2008, and completion date – the 2nd half of 2010.

The METROPOLIS shopping & entertainment center in Poznań, Poland

Echo Capital Group intends to build a modern shopping and entertainment center called METROPOLIS on the Company's real estate property situated in Poznan, Hetmanska Street, offering about 80,000 square meters leasable area. The mall has been designed by Studio ADS architects' firm of Poznan. The Group is currently determining the architectural concept of the design.

Shopping & entertainment center in Kalisz

Echo Capital Group intends to develop a modern regional shopping and entertainment center on its real estate property located in Kalisz. The facility will be built at Górnośląska Street and Trasa Bursztynowa (the Amber Route).. The gross floor space area of the planned center will total ca. 100,000 square meters, with gross leasable area of about 40,000 sq. m. The launch of the project is scheduled for 2010 and completion in 2011.

Shopping & entertainment center in Koszalin

Development of a modern shopping & entertainment center is planned in Koszalin, on Krakusa i Wandy Street. Area to let in the building will total about 35 thousand square meters. The anticipated commencement date of this investment falls in the 1st half of 2010 and completion date in the 1st half of 2012.

Shopping & entertainment center in Lublin

The Company's investment plans include development of the so-called Echo Park in Górki Czechowskie, Lublin. On August 20, 2008, the Issuer terminated the November 2007 agreement between Echo Investment S.A. and the Municipality of Lublin (the City) for the reconstruction of the road system within the area of Al. Solidarności, Al. Sikorskiego, ul. Gen. Bolesława Duchan, and ul. Poligonowa Streets. The reason for the termination of the above said agreement was the Parties' failure to agree on detailed conditions of the road system reconstruction, and ultimately failure to enter into an agreement specifying the aforesaid terms, provisions and conditions. The Issuer's Management Board shall attempt to reach an agreement with the City on new details of the investment project scheduled by the Issuer.

Under the agreement signed with the Company in November 2007, the City has agreed to alter the spatial development plan within 36 months of the effective date of an agreement, thus enabling commencement of development works on the scheduled investment. **The Company was expected to reconstruct, at its own expense, the traffic system in the neighborhood of the planned Park Echo shopping and entertainment center and the existing crossing of al. Solidarności with al. Sikorskiego and ul. Gen. Bolesława Duchy Streets.**

Unless a building permit for the Mall could be obtained within 24 months from the date of the enforcement of the aforementioned Lublin City Council's Resolution approving the amendments to the local spatial development plan, Echo Investment SA was entitled to terminate the agreement. Specific terms and conditions of the road system reconstruction were to be stipulated in a separate agreement (Road Agreement). Should the parties to the agreement fail to execute the Road Agreement within 9 months from the effective date of the present agreement, either Party could terminate the agreement.

Galeria Echo Shopping & Entertainment Center Kielce, Poland - extension

On August 19, 2008, an agreement was entered into between Echo Investment SA and the authorities of the Kielce University of Technology (the University) concerning lease of the University's land located between Galeria Echo and the University's student hostels Kielce, Poland. According to the agreement, Echo Investment SA shall build a sports hall for the Kielce University of Technology for 30-year leasehold of site whereon a multi-level car park will be built. The Company is also going to reserve one hundred parking spaces for the University on the new car park. Construction of the car park for nearly 2300 vehicles and of a new traffic system has commenced in September as the first stage of extension of Galeria Echo. The sports hall will have an area of nearly 3,500 square meters. Its construction is scheduled to begin in spring 2009 and completion is envisaged at the end of 2009.

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

In September 2008, Echo Capital Group commenced the 1st stage of extension of the Galeria Echo shopping & entertainment center Kielce, Poland, including construction of a seven-level car park with an area of 43 thousand sq. m. This car park, capable of holding nearly 1500 vehicles, will be built on a land designated for 30-year lease by Echo from the Kielce University of Technology. The car park was designed by Detan Design Studio of Kielce and the construction was designed by JORDAHL & PFEIFER Technika Budowlana Sp. z o.o. The target area of the establishment shall be 64,000 square meters. EIFFAGE BUDOWNICTWO MITEK S.A. shall act as the general contractor. Completion of this investment is scheduled for the end of 2009. The gallery, tripled in size, will be opened in 2010.

The VENEDA shopping & entertainment center in Łomża

Erection of a shopping center in Łomża is going to supplement the portfolio of retail space. The Łomża City Council agreed to an amendment of the spatial development conditions and directions study in order to allow development of a shopping center exceeding 2,000 square meters in size. The Company is expecting completion of administrative procedures. Anticipated development date falls in 2011.

The Pasaż Świętokrzyski Shopping Center Kielce, Poland

The process of designing the 2nd stage of Pasaż Świętokrzyski Kielce, Poland has also commenced. Echo Investment SA intends to complete development of additional mall space for the Catalyst Capital fund of London in the 2nd half of 2009 (ca. 4 thousand square meters of area to let).

Other shopping centers and shopping/entertainment centers

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

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

Office space segment

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

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

The Warsaw market

Execution works on a set of office buildings with multi-storey underground parking lot were continued on the real estate situated in Warsaw, Poland at 21 Postępu Street. The project, comprising of ca. 34,000 square meters of space available for lease and, consisting of four office buildings, was designed by APA Wojciechowski studio in Warsaw. The building frame contractor and interior fixture and exterior finish construction and the general contractor and manager of the investment is Modzelewski & Rodek Sp. z o.o. of Warsaw. The Contractor's fee amounts to ca. 193 million PLN. The anticipated completion date of the 1st stage falls in the 3rd quarter of 2009 and of the 2nd stage in the 4th quarter of 2009.

The Poznań market

Realization of the 'Malta Office Park' office complex in Poznan was progressing during the 3rd quarter of 2008 (leasable area is about 31,000 square meters). Core and shell of the first and second stage has been completed by Fakt Budownictwo Sp. z o.o. construction company of Kielce. Contractor's fee for execution of the 2nd stage of investment will be about **24.35 million PLN**. Commercialization of the project also began. Nearly 98% of the area of the 1st stage of this establishment has been let to tenants, and opening of the building is envisaged in the 4th quarter of 2008 (ca. 7,000 square meters of area to let). The six office buildings designed by Litoborski-Marciniak design office of Poznan will be executed in three stages.

The Krakow market

Preparation works for development of a modern class A office building with an above-ground and underground car park in Krakow, Lea Street, were carried out during the 3rd quarter of 2008. In the 4th quarter, execution has begun. The architectural concept was prepared by DDJM Biuro Architektoniczne Sp. z o.o. [DDJM Architects Office Limited Liability Company] of Krakow. 100% of the facility has been leased by Fortis Bank (Polska) SA with its registered seat in Krakow, Poland. Area to let is about 11,000 sq. m. In October 2008, a Project Management and General Contracting Agreement was entered into between Echo Investment SA and a subsidiary Projekt Echo 63 Sp. z o.o. The anticipated completion date of this investment is the 2nd half of 2009.

The company intends to develop an advanced class A office project on its property situated in Krakow, Opolska and 29 Listopada Streets, with area to let exceeding 60 thousand square meters. The anticipated commencement date of investment will be in the 2nd half of 2009, and completion date of the 1st stage in the 2nd half of 2011.

The Gdańsk market

The Company intends to develop office space on the real estate property in Gdansk, Jana z Kolna Street. The class A building designed by Arch – Deco designing firm of Gdynia shall comprise ca. 20,000 square meters of area to let after the contemplated extension. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated commencement date of the said construction falls in the 1st half of 2009 and completion date in the 1st half of 2011.

The Szczecin market

Development of a modern office building has commenced at the Company's plot of land in Szczecin, Malczewskiego Street (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 was developed by Arch Deco, a design studio of Gdynia.

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

The contractor of core & shell construction is Przedsiębiorstwo Budowlane CALBUD Sp. z o.o. of Szczecin. The contractor's fee for the above mentioned contract shall be PLN 24.6 million. Anticipated completion date falls in the 2nd quarter of the year 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. Górnosłaska and Francuska Streets. This facility, designed by DDJM Biuro Architektoniczne design office, will be executed in three stages. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. The launch of this investment project is anticipated in the 2nd half of 2009 and the first stage should be completed in the 1st half of 2011.

The Lodz market

Development of a modern class A office building complex was commenced on a land plot in Lodz, Pilsudskiego Street. Area to let will be about 28,000 sq. m. During the 3rd quarter of 2008, an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Wyględów” Spółka z ograniczoną odpowiedzialnością [‘Wyględów’ Limited Liability Company] with its registered seat in Kielce, Poland (presently “Echo – Aurus” Spółka z ograniczoną odpowiedzialnością with its registered seat Kielce, Poland) (the Investor) and Echo Investment S.A. with its registered seat in Kielce, Poland (the Project Manager and the General Contractor of Investment). Under the General Contracting Agreement, the Contractor agrees to carry out complete realization of an office building (the Office Complex) on a real estate in Lodz, Pilsudskiego Street, until handover of the Office Complex to the Investor and users of premises in the Office Complex and obtaining all permits from competent authorities as required for opening the Office Complex (the Investment Project). The Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget, in the approximate amount of 169.36 million PLN.

In July 2008, an agreement was entered into between Modzelewski & Rodek Sp. z o.o. of Warsaw for core & shell construction of the project. The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such a decision. Contract provisions enable an extension of cooperation with General Contracting of the Investment, thus expanding the scope of the object of contract. Development of core & shell construction of the facilities should be completed by May 30, 2009. The contractor shall receive a fee for performance of these works, in an approximate amount of 32.94 million PLN. Completion of this investment is anticipated in the 1st half of 2010.

Segment of hotels

The Group's long experience and recognized partners provide good grounds for the company's operation on the hotel market. During the preceding years, Echo Investment S.A. dealt with complex realization of hotels for key clients, acting as a project manager and general contractor of investments. The Capital Group's projects in the hospitality industry were executed in cooperation with international hotel chains: Accor and Envergue groups of France, and the Qubus group of Norway. Realized hotels operate in the following Polish cities: 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.

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

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

The Contract contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of 200,000 EUR, which corresponds to the amount of 676,000 PLN as on the effective date of this agreement according to the National Bank of Poland's average exchange rate, but not exceeding 10% of the net value of fee for the Contract execution. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages. Violation of the contract terms and conditions shall constitute satisfactory grounds for charging the said liquidated damages.

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

- the Investor (the Buyer) and the Issuer's subsidiary “Echo – Kielce 1” Spółka z ograniczoną odpowiedzialnością [Limited Liability Company] with its registered seat Kielce, Poland (the Seller) must enter into the promised contract of sale of perpetual usufruct right to the property (the Promised Contract), and

- the competent administrative authority must issue a decision acknowledging effective assignment of the zoning decision to the Investor. In addition, the Investor is entitled to terminate the General Contracting Agreement if the Investment is not delivered within the above specified completion deadline, or if the Investment is not executed properly. The agreement has been considered significant on the basis of Issuer's equity criteria.

On September 04, 2008, a preliminary conditional contract of property sale (the Preliminary Conditional Contract of Sale) was executed between the Issuer's subsidiary „Echo – Kielce 1” Spółka z ograniczoną odpowiedzialnością [Limited Liability Company] with its registered seat in Kielce, Poland (the Seller) and Orbis Spółka Akcyjna [Joint Stock Company] with its registered seat in Warsaw, Poland (the Buyer).

The object of the Preliminary Conditional Contract of Sale is the perpetual usufruct right to real estate property – land plots situated in Łódź at Pilsudskiego Street, with a total area of 1,450 square meters (the Property). The contract value is 5 million PLN net.

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

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

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

Housing segment

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

The Warsaw market

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

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

In the 1st half of 2008, implementation of projects in Warsaw, Poland, Kazimierzowska Street, was commenced (net area of ca. 5,300 square meters). The general contractor and project manager of construction of this development is Vectra S.A. with its registered seat in Plock. Contractor's fee for execution of this housing complex will be 34.3 million PLN. Design of this residential building, developed by Mąka Sojka Architekci Sp. J. designing firm of Warsaw, comprises 60 apartments. Anticipated completion date of this development falls in the 1st half of 2010.

A new development project of a housing estate in Warsaw, Poland -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 in Warsaw and StoMM Architektura Maciej Stoczkiewicz of Kielce falls in the 1st half of 2010 and completion date in the 2nd half of 2011.

The Poznań market

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

Preparation of the realization of the consecutive 4th stage of Naramowice Housing Estate in Poznan has also begun (area for sale: 15,300 square meters), as designed by Archikwadrat Sp. z o.o. of Poznan. The completion of this investment project is scheduled for the 2nd half of 2011.

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

Development works on the Kasztanowa Aleja (Chestnut Alley), housing project located in Poznan, at Wojskowa Street, were suspended. Recommencement of the project development depends on the Group's assessment of the housing market situation.

The process of preparing the execution of a city single-family housing estate was in progress on real estate property situated in Poznan at Litewska Street and Grudzieniec Street (area for sale is about 1,600 square meters) (1st stage). Approx. 8 apartments will be built within this estate designed by Arpa Pracownia Autorska architectural firm of Poznan. Anticipated completion date of the 1st stage of this investment falls during the 2nd half of 2011.

The Krakow market

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

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

The Company continued the preparation of the development of a housing and commercial facility to be erected in Krakow, Krasickiego Street (area for sale exceeds 5,600 square meters). The building designed by Studio S - Biuro Architektoniczne Szymanowski design office of Krakow will contain 84 apartments. The anticipated commencement date of investment falls in the 1st half of 2010 and the completion date in the 2nd half of 2011.

The Company intends to develop residential buildings on its land situated in Krakow, on Tyniecka Street. Area for sale will measure about 5,900 sq. m. (55 apartments). The launch of this investment project is anticipated in the 2nd half of 2010 and completion in the 1st half of 2012.

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

The Kielce market

Preparatory works were also performed for the development of another housing estate on real estate 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 in total area of land plots for sale. The Company intends to sell plots of land with house designs. The anticipated completion date of investment falls in the 2nd half of 2010.

Land lots are still being sold within an estate of single-family houses (Bilcza II) designed by Konsorcjum Pisarczyk & Tracz Architekci design studio in Kielce and located in Bilcza near Kielce. The offer comprises of the sale of land lots with utility infrastructure connections and completed house designs. Total area of land lots for sale is about 130,000 sq. m. The anticipated completion date of this investment project is in the 2nd half of 2008.

The Lodz market

The process of preparing construction of residential buildings to be developed on a real estate property in Lodz, at Okopowa and Gornicza Streets, was in progress. The estimated area for sale is about 51,000 sq. m. (800 apartments). The anticipated commencement date is in the 1st half of 2010, and the completion date – in the 2nd half of 2015.

The Company is also going to develop residential buildings with 320 apartments on its real estate in Lodz, at Wodna Street (approx. 20,000 square meters of area for sale). The launch of this investment project is anticipated in the 1st half of 2011 and completion in the 2nd half of 2015.

The Wroclaw market

The Company intends to execute a housing project in Wroclaw, on a 7.4 thousand square meters property, located at Jednosci Narodowej Street. A zoning decision has been issued for the real estate that allows erection of a multi-family residential building. Echo Investment intends to carry out a project comprising ca. 200 apartments with a total area of about 14,000 sq. m. Design works are going to commence as early as in 2008, and the development launch is anticipated for 2010.

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

Foreign markets

The Company intends to limit the risk related to its activity, thus aiming at geographical diversification of its territories of operation 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

Shopping centers and shopping/entertainment centers market segment

A modern, multifunctional shopping, entertainment and office project called MUNDO will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14th District of Budapest. The building has been designed by Mofo Architekci Sp. z o.o. architectural design firm of Krakow. A preliminary building permit has been obtained for the center. Leasable area of this shopping and entertainment project shall be about 65,000 sq. m. The anticipated project commencement date will be the 1st half of 2009, and completion date will fall in the 2nd half of 2010.

Segment of office projects

An office park to be comprised within the MUNDO project of Budapest is being prepared. Leasable area will total about 30,000 sq. m. The park has been designed by Mofo Architekci Sp. z o.o. architectural design firm in Krakow, Poland. Further plans include the allocation of **the Zuglo District Mayor's Office in the complex**. A preliminary building permit has been obtained for the erection of the office complex. The project is scheduled to commence in the 1st half of 2009 and be completion in the 2nd half of 2011.

Romania

Segment of shopping centers and shopping/entertainment centers

Echo Capital Group intends to develop a modern shopping & entertainment center in Brasov, Romania, at Stadionului Street, with a gross leasable area of ca. 53,000 sq. m. The complete land development concept was approved by the city authorities. The aforesaid decision implies consent for the development of the planned construction of a modern KORONA shopping and entertainment center. An building permit was also filed for the planned facility. Design of the KORONA mall was developed by a Polish design studio: IMB Asymetria and by a Romanian architectural firm Dico si Tiganas. Commercialization of the project will be carried out by Echo's experts in close cooperation with a Romanian representative of Jones Lang LaSalle. The anticipated project commencement date is the 1st half of 2009, and completion date is scheduled for the 2nd half of 2010.

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

The following factors had a major impact on the bottom line of the 3rd quarter of 2008:

- booking of revenues under final sale agreements of a housing project in Warsaw, Poland at Zwycięzców Street (stage 2),
- income earned from commercial space rental,
- quarterly revaluation of Echo Investment Capital Group's real estates, accounting for such changes as those arising out of EUR/USD foreign exchange gains/losses, net sales value, and changes in capitalization rates arising out of expert appraisals during the 3rd quarter,
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for foreign currencies,
- revaluation of non-financial assets.

Other factors influencing the achieved results include:

- regular revenues earned on lease agreements of office and commercial space owned by Echo Capital Group,
- execution of commercial and housing investments,
- quality improvement and value increase of available investment portfolio,
- situation on the financial market and general economic trends in Poland, Hungary and Romania, where Echo Capital Group is going to launch its operations.

5.13 Structure of revenues

Echo Investment Capital Group income comes from commercial space rental / lease, sales of apartments, development of buildings and provision of property management services. Earning structure is as follows:

- shopping centers and shopping/entertainment centers space rental / lease;

Revenues from lease services are generated through shopping centers and shopping/entertainment centers space area rental / leasing. Consolidated revenues yielded on this account at the end of the 3rd quarter of 2008 constituted 56.6% of net income from sales.

- sales of residential space:

The main source of revenues in this segment is the sale of apartments and, to a lesser extent, sale of commercial areas (shop floors, offices and other premises situated within multifunctional housing projects). Revenues earned on this account constituted approx. **29.4%** 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 3rd quarter of 2008 constituted 8.4% of all net incomes from sales.

- other incomes

Other sources of revenues include income earned on property management and other services. Property trade also forms a portion of other revenues. As at the end of the 3rd quarter of 2008, this income made up 5.6% of the total.

| Specification | Income for 3 quarters of 2008 [in millions PLN] | Income in 2007 [in millions PLN] | Income for 3 quarters of 2007 [in millions PLN] |
|---|---|--|---|
| Space rental in shopping centers and shopping/entertainment centers | 154,5 | 216,8 | 158,9 |
| Sale of residential space | 80,3 | 32,0 | 20,7 |
| Development and rental/lease of office space and hotel facilities | 22,9 | 117,0 | 90,9 |
| Other revenues | 15,4 | 7,9 | 8,2 |
| Total operating income | 273,1 | 373,7 | 278,7 |

5.14 Selected consolidated financial data

| | in thousands PLN | | in thousands EUR | |
|---|--|---|--|--|
| | 3 quarters accrued, for the 2008.01.01 to 2008.09.30 period | 3 quarter accrued, for the 2007.01.01 to 2007.09.30 period | 3 quarters accrued, for the 2008.01.01 to 2008.09.30 period | 3 quarter accrued, for the period 2007.01.01 to 2007.09.30 from |
| I. Operating income | 273 065 | 278 697 | 79 734 | 72 740 |
| II. Earnings before tax and financial income/expenses | 122 742 | 343 417 | 35 840 | 89 632 |
| III. Gross profit (loss) | 95 588 | 328 320 | 27 911 | 85 692 |
| IV. Net profit (loss) | 74 274 | 268 584 | 21 688 | 70 101 |
| V. Operations net cash flow | (15 817) | 66 052 | (4 619) | 17 240 |
| VI. Investment net cash flow | (110 489) | (28 273) | (32 262) | (7 379) |
| VII. Net cash flow on financial activity | 187 695 | 282 914 | 54 806 | 73 841 |
| VIII. Total net cash flow | 61 389 | 320 693 | 17 925 | 83 701 |
| IX. Total assets | 3 687 020 | 3 460 956 | 1 081 777 | 916 203 |
| X. Equity capital allocated to shareholders of the dominant company | 1 584 729 | 1 466 896 | 464 962 | 388 325 |
| XI. Long-term liabilities | 1 680 310 | 1 503 676 | 493 005 | 398 061 |
| XII. Short-term liabilities | 421 989 | 490 299 | 123 812 | 129 795 |
| XIII. Total number of shares | 420 000 000 | 420 000 000 | 420 000 000 | 420 000 000 |
| XIV. Annualized profit (loss) per ordinary share (in PLN/EUR) | 0,30 | 0,73 | 0,09 | 0,19 |
| XV. Diluted profit (loss) per ordinary share (in PLN/EUR) | 0,30 | 0,73 | 0,09 | 0,19 |
| XVI. Book value per share (in PLN/EUR) | 3,77 | 3,49 | 1,11 | 0,92 |
| XVII. Diluted book value per share (in PLN/EUR) | 3,77 | 3,49 | 1,11 | 0,92 |

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 November 14, 2008:

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

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

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

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

As of November 14, 2008, 420,000,000 shares of the Company are presently available for stock trade (ISIN PLECHPS00019). All shares carry the same privileges. Each share carries one vote at the General Meeting of Shareholders of the Company. Face value of one share is PLN 0.05.

Information about issues of Echo Investment's shares:

| Series | No. of shares | Par value total | Class of shares | Shares court registration date | 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 the presentation of the previous quarterly report are presented in the table below:

| Managers | balance as at 2008-11-14 | balance as at 2008-08-14 |
|---|--------------------------|--------------------------|
| Piotr Gromniak, President of the Management Board | did not hold any shares | did not hold any shares |
| Artur Langner, Vice-President of the Management Board | did not hold any shares | did not hold any shares |

| Supervising persons | balance as at 14.11.2008 | balance as at 14.08.2008 |
|---|-----------------------------|-----------------------------|
| Wojciech Ciesielski, Chairman of the Supervisory Board | 1,440,000 shares | 1,440,000 shares |
| Andrzej Majcher, Vice-Chairman of the Supervisory Board | 100,800 shares | 100,800 shares |
| Mariusz Waniółka, Member of the Supervisory Board | did not hold any shares | did not hold any shares |
| Karol Żbikowski, Member of the Supervisory Board | did not hold any shares | did not hold any shares |
| Robert Oskard, Member of the Supervisory Board | did not hold any shares | did not hold any shares |
| Tomasz Kalwat, Member of the Supervisory Board | 14,860 shares | 14,860 shares |

5.17 Information about court proceedings

During the period from January 01, 2008 to September 30, 2008, no proceedings were initiated before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. or its subsidiaries, whose joint value would constitute at least 10% of Echo Investment S.A.'s equity.

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

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

5.19 Information about transactions with affiliated companies

Neither Echo Investment S.A. nor its subsidiaries entered into any transaction in the 3rd quarter of 2008 with affiliated companies that would be considered extraordinary, not conforming to market conditions, or not resulting from the Capital Group companies' current operating activities, the value of such transactions exceeding the PLN equivalent of EUR 500,000 during the period from the beginning of the financial year. The following are classified among the most significant contracts executed with affiliated entities:

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

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

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

On July 30, 2008 an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Projekt Echo - 65” Spółka z ograniczoną odpowiedzialnością [‘Project Echo - 65’ Limited Liability Company] with its registered seat in Kielce, Poland (the Investor) and Echo Investment S.A. with its registered seat in Kielce, Poland (the Project Manager and the General Contractor of Investment).

Under the General Contracting Agreement, the Contractor agrees to carry out complete realization of an office building (the Office Complex) on a real estate in Szczecin, Malczewskiego Street, until handover of the Office Complex to the Investor and users of premises in the Office Complex and obtaining all permits from competent authorities as required for opening the Office Complex (the Investment Project).

Execution of the Investment Project will be completed not later than December 31, 2010.

The Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget. On October 20, 2008, on the basis of Annex 1 to the General Contracting Agreement, the Parties agreed that the Project Manager and the General Contractor of Investment shall receive a fee based on investment budget, whereof the estimated net value is approx. 94.42 million PLN.

On July 30, 2008 an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Wyględów” Spółka z ograniczoną odpowiedzialnością [‘Wyględów’ Limited Liability Company] with its registered seat in Kielce, Poland (presently “Echo - Aurus” Sp. z o.o. with its registered seat in Kielce, Poland) (the Investor) and Echo Investment S.A. with its registered seat in Kielce, Poland (the Project Manager and the General Contractor of Investment).

Under the General Contracting Agreement, the Contractor agrees to carry out complete realization of an office building (the Office Complex) on a real estate in Łódź, Piłsudskiego Street, until handover of the Office Complex to the Investor and users of premises in the Office Complex and obtaining all

permits from competent authorities as required for opening the Office Complex (the Investment Project).

Execution of the Investment Project will be completed not later than December 31, 2011. The Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget.

On September 01, 2008, Annex 1 (the Annex) of October 20, 2008 was executed to the agreement for project management and general contracting of investment (the General Contracting Agreement) between the Issuer's subsidiary „Wygłędów” Sp. z o.o. [‘Wygłędów’ Limited Liability Company] with its registered seat in Kielce, Poland (the Investor) and Echo Investment S.A. with its registered seat in Kielce, Poland (the Project Manager and the General Contractor of Investment, or the Contractor), whereunder the parties have agreed on the fee for execution of the General Contracting Agreement.

According to the terms of the Annex, the Contractor shall receive a fee based on investment budget, whereof the estimated net value is approx. 169.36 million PLN.

On September 02, 2008 an agreement for project management and general contracting of investment (the General Contracting Agreement) was executed between the Issuer's subsidiary „Echo – Galeria Kielce” Spółka z ograniczoną odpowiedzialnością [‘Echo – Galeria Kielce’ Limited Liability Company] with its registered seat in Kielce, Poland (the Investor) and Echo Investment S.A. with its registered seat in Kielce, Poland (the Project Manager and the General Contractor of Investment), effective as at August 29, 2008.

Under the said General Contracting Agreement, Echo Investment S.A. as the Contractor agreed to carry out comprehensive development of extension of the “Galeria Echo” shopping and entertainment center with a car park on a property located between Al. Solidarności and ul. Świętokrzyska. Kielce, Poland, until the extended mall is delivered to the Investor and its individual tenants. At the same time, the Contractor agrees and covenants to obtain all permits from competent authorities as required for commencement of operation of the extended Center.

Execution of this investment will be completed not later than August 31, 2010.

The Project Management and General Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget. The estimated net value of the agreement is PLN 418.53 million. The contract does not contain any provisions regarding contractual penalties.

See also: sub-clause 5.8., of the Report.

5.20 Information about sureties or guarantees granted

During the 3rd quarter of 2008, Echo Investment Capital Group did not grant any sureties of loans or credits, or any guarantees combined to a single subsidiary organization or company that would exceed a total of at least 10% of the Issuer's equity.

5.21 Other information that the issuer considers important for assessment of its HR, property and financial standing, earnings and profit variations, and important data for assessing the issuer's solvency

On July 07, 2008, the Company received an annex (Annex) to the revolving credit facility agreement of March 25, 2003 (Agreement) executed by correspondence on June 27, 2008 between Echo Investment SA with its registered seat in Kielce, Poland (the Borrower) and Bank Polska Kasa Opieki S.A. with its registered seat in Warsaw, Poland (the Lender), acting as a successor of Bank BPH SA of Krakow. Under the executed annex, the amount of credit has been raised to PLN 40 million. The amounts utilized and not repaid under the operating advance in current account agreement of July 15, 1999, as amended, between Echo Investment SA as the Borrower and Bank Polska Kasa Opieki SA as the Lender, will be applied to the aforementioned credit, which the Issuer communicated in the current report no. 41/99 on July 15, 1999. As on the effective date of the said Annex, the operating advance in current account agreement of July 15, 1999, as amended, was terminated.

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

The value of agreements and annexes executed during the last 12 months between the Issuer or the Issuer's subsidiaries and Bank Polska Kasa Opieki SA or the Bank's subsidiaries was PLN 54.92 million (including EUR 3.38 million, equivalent to PLN 11.40 million according to average rate of exchange of the National Bank of Poland as on the effective date of the said Annex).

On July 08, 2008, the Management Board of the Issuer granted a procurator's power of attorney to Mr. Rafał Kwiatkowski.

Mr. Rafał Kwiatkowski is a legal counsel. He graduated from the Faculty of Law and Administration of the Adam Mickiewicz University of Poznan. He also completed a post-graduate course on “Taxation and Financials of Enterprises” at the Warsaw School of Economics. During 2001-2003, he worked for Waluszewska, Molenda spółka partnerska radców prawnych [legal counsels' partnership] Law Firm of Kielce. He worked as a lawyer for Echo Investment S.A. of Kielce since February 2003. Mr. Rafał Kwiatkowski has been holding the position of Director of Legal Department since September 2007. As the Legal Department Director, Mr. Rafał Kwiatkowski is also responsible for coordination and supervision over legal service to Echo Investment's operations in Hungary and Romania. During 2007-2008 he was a member of the Supervisory Board of Opoczno S.A. Since 2005, he has been a Member of the Supervisory Board of Barlinek SA.

Mr. Rafał Kwiatkowski does not run any activities competitive for the Company's operations. He is not a partner at any competitive civil law partnership or personal partnership, nor a member of a body of a capital partnership or a member of a body of any other partnership of a legal person. He has not been recorded in the register of insolvent debtors, which is kept in accordance with the Act on National Court Register.

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

On July 22, 2008, a contract was executed between a subsidiary Echo – Galeria Kielce Sp. z o.o. and Przedsiębiorstwo Elementów Budowlanych FABET S.A. with its registered seat in Kielce, Poland for prefabrication of reinforced concrete components and delivery of the same to the construction site of the facility – Galeria Echo multiple-storey car park in Kielce, Poland. The contract value is 22,785,000.00 PLN million net.

On August 05, 2008, the Issuer received a resolution of the Supervisory Board of Echo Investment S.A., enacted by correspondence, on election of a chartered accountant for auditing the Company's financial statements.

The Issuer's Supervisory Board, acting pursuant to paragraph 13, clause 1, point b) of the Company Articles, and paragraph 2 clause 1) chapter IV of the Regulations of the Supervisory Board of the Company, in accordance with valid laws and professional standards, selected a company certified to audit financial statements on August 05, 2008. The company authorized to audit the Company's financial statements shall be PricewaterhouseCoopers Sp. z o.o. of Warsaw, ul. Armii Ludowej 14, registered as an organization certified to audit financial statements by the National Board of Chartered Accountants with number 144 (the Chartered Accountant). A contract was made with the Chartered Accountant for audit and review of Echo Investment's statements in 2008 through 2010. Echo Investment S.A. has not yet used the Chartered Accountant's services in respect of audit and review of financial statements. PricewaterhouseCoopers Sp. z o.o. has been providing consulting services for the Issuer.

On August 08, 2008, the Issuer communicated in the current report no. 38/2008 that the prerequisites specified in the preliminary lease agreement (the Agreement) executed on November 27, 2007 between the Issuer's subsidiary Echo – Arena Spółka z ograniczoną odpowiedzialnością Spółka komandytowa [Echo – Arena Limited Liability Company Limited Partnership] with its registered seat in Kielce, Poland (the Landlord, the Subsidiary) and Tesco (Polska) Sp. z o.o. with its registered seat in Krakow, Poland (the Tenant) had been complied with.

The preliminary lease agreement concerns lease of approx. 8,900 square meters of commercial surface in the Arena shopping and entertainment center that is being prepared for development in Słupsk at Grottgera Street (the Mall). The Tenant is going to engage in trade and service activity in the Mall in the form of a grocery and household goods store in unlimited range of standard commodities typically sold in such Tesco outlets in Poland.

A precondition for signing the aforementioned lease contract was obtaining a final building permit decision for construction of the Mall in Słupsk, Grottgera Street (the Mall) by the Subsidiary or another organization contracted thereby and taking possession of the real estates dedicated to the development of the Mall not later than on July 31, 2008. The Subsidiary has obtained a final building permit decision for the Mall and took up the properties designated for the development site. The aforementioned condition was a condition precedent.

Under the foregoing agreement, the Landlord and the Tenant have agreed to enter into a proper lease agreement not later than December 31, 2010. Duration of lease of space in the contemplated Mall will be 30 years.

The envisaged development of the Arena shopping and entertainment center in Słupsk is a part of strategy whereunder Echo Investment Capital Group executes projects in the sector of shopping and entertainment centers. The establishment will offer about 38,500 thousand square meters of area to let.

On August 14, 2008, the Management Board of the Issuer granted a procurator's power of attorney to Ms. Katarzyna Białkowska. Ms. Katarzyna Białkowska graduated from the Warsaw School of Economics, specialization: finance and banking. She is a member of The Chartered Institute of Management Accountants. She has 9 years of experience on managing positions involving finance, sales, internal audit, and corporate buyout transactions. She has worked for such companies as British-American Tobacco Poland, Enterprise Investors, Gamet SA. Since January 01, 2008, she has worked for Echo Investment S.A. as a Managing Director. Ms. Katarzyna Białkowska is not running a business competitive to Echo's activity, nor is she a partner or associate at any competitive civil law partnership or commercial partnership, nor a member of any corporate body of a company or any other competitive legal person's partnership. She has not been recorded in the Registry of Insolvent Debtors, which is maintained under the National Court Register Act.

On August 19, 2008, an agreement was entered into between Echo Investment SA and the authorities of the Kielce University of Technology (the University) concerning lease of the University's land located between Galeria Echo and the University's student hostels in Kielce, Poland. According to the agreement, Echo Investment SA shall build a sports hall for the Kielce University of Technology for 30-year leasehold of site whereon a multi-level car park will be built. The Company is also going to reserve one hundred parking spaces for the University on the new car park. Construction of the car park for nearly 2300 vehicles and of a new traffic system has commenced in September as the first stage of extension of Galeria Echo. The sports hall will have an area of nearly 3,500 square meters. Its construction is scheduled to begin in spring 2009 and completion is envisaged at the end of 2009. Estimated value of the facility is ca. 16 million PLN.

On August 19, 2008, a framework agreement and an auxiliary agreement regulating the terms and conditions of execution and settlement of foreign currency forward transactions was executed between Echo Investment SA, „Projekt Echo – 65” Sp. z o.o., „Projekt Echo – 66” Sp. z o.o., „Projekt Echo – 30” Sp. z o.o., „Wygłędów” Sp. z o.o. (presently „Echo Aurus” Sp. z o.o.), „Echo Arena” Sp.k., „Projekt Echo – 63” Sp. z o.o. (jointly referred to as the Clients) and ABN AMRO Bank (Polska) SA with its registered seat in Warsaw, Poland. The contract was made for an unspecified term.

On August 20, 2008, the Issuer terminated the agreement between Echo Investment S.A. and the Municipality of Lublin (the City) on reconstruction of the traffic system within the area of Al. Solidarności, Al. Sikorskiego, ul. Gen Bolesława Ducha and ul. Poligonowa.

The reason for termination of the above referenced agreement was the Parties' failure to agree on detailed conditions of traffic system reconstruction, and ultimately non-execution of a contract setting out these conditions. The Issuer's Management Board further communicates its intention to attempt at reaching an agreement with the City on new details of the investment project scheduled by the Issuer. Termination of the above referenced agreement shall not have any impact on the Issuer's and its subsidiaries' financial results.

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

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

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

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

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

- the Investor (the Buyer) and the Issuer's subsidiary "Echo - Kielce 1" Spółka z ograniczona odpowiedzialnoscia [Limited Liability Company] with its registered seat in Kielce, Poland (the Seller) must enter into the promised contract of sale of perpetual usufruct right to the property (the Promised Contract), and

- the competent administrative authority must issue a decision acknowledging effective assignment of the zoning decision to the Investor.

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

On September 04, 2008, a preliminary conditional contract of property sale (the Preliminary Conditional Contract of Sale) was executed between the Issuer's subsidiary „Echo - Kielce 1” Spółka z ograniczona odpowiedzialnoscia [Limited Liability Company] with its registered seat in Kielce, Poland (the Seller) and Orbis Spółka Akcyjna [Joint Stock Company] with its registered seat in Warsaw, Poland (the Buyer).

The object of the Preliminary Conditional Contract of Sale is the perpetual usufruct right to real estate property – land plots situated in Łódź at Piłsudskiego Street, with a total area of 1,450 square meters (the Property). The contract value is PLN 5 million net.

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

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

The Parties further agree that they shall, upon effective fulfillment of the condition precedent for the Promised Contract and within 30 days of signing the promised contract, sign a contract of assignment of the perpetual usufruct right to the Property. The Preliminary Conditional Contract of Sale contains certain provisions that allow charging of liquidated damages not exceeding a total PLN equivalent of 200,000 EUR, which corresponds to the amount of 676,000 PLN as at the effective date of this agreement according to the average rate of exchange of the National Bank of Poland, and not exceeding 10% of the net value of fee for Contract performance. Payment of liquidated damages shall exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages. Non-fulfillment of the terms of the Preliminary Conditional Contract of Sale shall provide satisfactory grounds for charging the said liquidated damages. No relationships occur between the Issuer or members of the Issuer's management and supervisory bodies and the party buying the assets.

The aggregate value of contracts made by the Issuer and his subsidiaries with Orbis S.A. during the last 12 months was 49.8 million PLN. The above-mentioned General Contracting Agreement is the agreement of highest value.

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

On September 08, 2008 Echo Investment S.A. with its registered seat in Kielce, Poland (the Company) and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw, Poland (the Contractor) signed a core and shell construction contract (the Contract). Under the aforementioned Contract, the Contractor agrees and covenants to carry out the works consisting in core and shell construction of an office and commercial establishment located on a real property in Łódź, Piłsudskiego Street (Object of Contract). The Contractor also agrees to obtain the necessary amendments to the building permit decision in case any variations by the Contractor render it necessary to obtain such decision.

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

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

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

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

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

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

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

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

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

- the signing of the Company Ownership Transfer Agreement between the Issuer's subsidiaries: „Echo – Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością” Sp. k. („the Seller”) and „Projekt Echo – 62” Sp. z o.o. („the Buyer”). The aforementioned agreement was reported by the Issuer in current report no. 87/2007 on December 1, 2007.

- signing an Annex amending a credit facility agreement between the Issuer's subsidiary „Echo – Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością” Sp. k. (the Original Borrower), Projekt Echo – 62 Sp. z o.o. (the New Borrower), and Bankiem Eurohypo AG with its registered seat in Eschborn, Germany (the Lender), whereunder „Projekt Echo – 62” Sp. z o.o. has become a new borrower, which the Issuer communicated in its current report no. 23/2008 on May 12, 2008.

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

The encumbered assets have been considered significant on the basis of major financial assets criteria..

On September 22, 2008, a contract was entered into between Echo Investment SA and CALBUD Sp. z o.o. construction company with its registered seat in Szczecin, Poland for execution of core and shell of a project – office complex in Szczecin, Malczewskiego Street. The value of contract is PLN 24,600,000.00. The anticipated core and shell construction completion date is July 23, 2009.

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

As a security against foreign exchange risks on the currency futures market, the Group opened a position in derivatives hedging the EUR/PLN exchange rate in the 3rd quarter of 2008.

With opened positions, the Company remains secured for part of cash flows scheduled in the 2nd half of 2008 (84 million EUR), in 2009 (85 million EUR) and in 2010 (204.5 million EUR). Valuation of hedging instruments is posted under financial revenues/costs in the profit and loss account.

See also: sub-clauses 5.8, 5.9 and 5.19 of this Report.

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

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

- signing final contracts of sale of housing projects:
 - in Warsaw, Poland, Inflancka Street (stage 3), and Zwycięzców Street (stage 2),
 - in Poznań, Poland – the Naramowice housing project (stage 3), and
 - land plots with designs of houses, consisted in the Błocza II housing estate near Kielce;
- fair value appraisal of the Malta Office Park project (stage 1) in Poznań, Poland, which is scheduled for opening in the 2nd half of 2008;
- quarterly revaluation of fair value of owned properties, accounting for factors such as foreign exchange rate fluctuations (EUR and USD).

Other key factors that will affect the bottom line in the perspective of at least the following quarter of year include:

- regular revenues from lease contracts,
- advancement of execution, letting and sales of currently built commercial and housing projects,
- possible purchasing and sales of real estates,
- quality improvement and value increase of available investment portfolio,
- appraisal of financial and non-financial assets,
- overall trends on the real estate market,
- situation on the financial market and general economic trends in Poland, Hungary and Romania, where Echo Capital Group is going to launch its operations.

6. Interim separate financial statement in thousands PLN, as on and for a 9-month period of ending on September 30, 2008

| | balance as at 2008.09.30 end of quarter-end balance | balance as at 2007.12.31 previous year- end balance | balance as at 2007.09.30 |
|--|--|--|-----------------------------|
| Assets | | | |
| 1. Fixed assets | | | |
| 1.1. Intangible fixed assets | 476 | 524 | 444 |
| 1.2. Tangible fixed assets | 12 633 | 7 967 | 4 760 |
| 1.3. Long-term receivables | 11 115 | 9 956 | 13 159 |
| 1.4. Investments in fully and partially owned subsidiaries | 446 664 | 384 630 | 348 263 |
| 1.5. Investments in associated companies | 10 650 | 10 650 | 10 650 |
| 1.6. Loans granted | 155 191 | 131 015 | 129 259 |
| 1.7. Other financial assets | - | | |
| 1.8. Deferred income tax assets | 26 391 | 26 254 | 16 391 |
| | 663 119 | 570 997 | 522 926 |
| 2. Current assets | | | |
| 2.1. Inventory | 467 709 | 444 977 | 401 826 |
| 2.2. Current income tax receivables | 1 468 | 8 034 | - |
| 2.3. Sales and other receivables | 76 274 | 40 936 | 69 360 |
| 2.4. Loans granted | 71 764 | 92 424 | 59 589 |
| 2.5. Derivative financial instruments | 16 627 | 6 720 | - |
| 2.6. Cash and cash equivalents | 73 241 | 148 739 | 299 215 |
| 2.7. Short-term assets | 1 843 | 1 575 | 459 |
| | 708 926 | 743 405 | 830 449 |
| Total assets | 1 372 045 | 1 314 402 | 1 353 375 |
| Liabilities | | | |
| 1. Equity | | | |
| 1.1. Initial capital | 21 000 | 21 000 | 21 000 |
| 1.2. Supplementary capital | 437 943 | 378 967 | 378 967 |
| 1.3. Profit (loss) carried forward | 3 541 | 7 161 | 7 161 |
| 1.4. Profit (loss) of the current year | 37 047 | 55 355 | 52 800 |
| | 499 531 | 462 484 | 459 928 |
| 2. Long-term liabilities | | | |
| 2.1. Credits and loans | 525 730 | 553 488 | 556 765 |
| 2.2. Deferred income tax reserves | 31 486 | 29 226 | 25 585 |
| | 557 216 | 582 714 | 582 350 |
| 3. Current liabilities | | | |
| 3.1. Credits and loans | 103 105 | 463 | 50 386 |
| 3.2. Derivative financial instruments | 655 | 2 852 | - |
| 3.3. Current income tax obligations | 2 | - | 683 |
| 3.4. Sales debts, other debts | 31 457 | 65 884 | 63 591 |
| 3.5. Advance payments received | 162 661 | 174 440 | 174 455 |
| 3.6. Other liabilities | 1 607 | 4 443 | 948 |
| 3.7. Reserves | 9 339 | 10 129 | 13 811 |
| 3.8. Short-term accruals | 6 471 | 10 993 | 7 223 |
| | 315 298 | 269 204 | 311 097 |
| Total liabilities | 1 372 045 | 1 314 402 | 1 353 375 |

| | | | |
|-------------------------------|-------------|-------------|-------------|
| Book value | 499 531 | 462 484 | 459 928 |
| No. of shares | 420 000 000 | 420 000 000 | 420 000 000 |
| Book value per share (in PLN) | 1,19 | 1,10 | 1,10 |

| Off-balance liabilities (in thousands PLN) | 2008.09.30 quarter-end balance | balance as at 2007.12.31 end of previous year | 2007.09.30 quarter-end balance |
|--|-----------------------------------|---|-----------------------------------|
| 1. Off-balance receivables | - | - | - |
| 2. Off-balance liabilities | 23 163 | 23 241 | 24 137 |
| Total off-balance items | 23 163 | 23 241 | 24 137 |

| Profit and Loss account (in thousands PLN) | 3 rd quarter period from 2008.07.01 to 2008.09.30 | 3 quarter-period from 2008.01.01 to 2008.09.30 | 3 rd quarter period from 2007.07.01 to 2007.09.30 | 3 quarter-period from 2007.01.01 to 2007.09.30 |
|---|--|---|--|---|
| Operating income | 80 893 | 184 909 | 46 255 | 196 278 |
| Operating expenses | (54 601) | (126 628) | (33 664) | (157 010) |
| Gross sales profit (loss) | 26 292 | 58 281 | 12 591 | 39 268 |
| Real estate profit (loss) | 69 | 103 | (11) | - |
| Revaluation of real property | 2 649 | 2 646 | 12 528 | 12 431 |
| Sale Costs | (5 496) | (15 887) | (4 587) | (16 055) |
| Overheads | (9 437) | (26 080) | (7 245) | (21 494) |
| Other operating income / costs | (3 326) | 9 702 | (13 094) | 9 634 |
| Profit before tax and financial incomes/expenses | 10 751 | 28 765 | 182 | 23 784 |
| Financial income | 12 621 | 57 015 | 15 186 | 59 562 |
| Financial costs | (19 370) | (46 608) | (9 346) | (24 627) |
| Gross profit (loss) | 4 002 | 39 172 | 6 022 | 58 719 |
| Income tax | 1 248 | (2 125) | 1 150 | (5 919) |
| Net profit (loss) | 5 250 | 37 047 | 7 172 | 52 800 |
| Net profit (loss) (annualized) | | 39 603 | | 81 101 |
| Weighted average number of common shares | | 420 000 000 | | 420 000 000 |
| Profit (loss) per common share (in PLN) | | 0,09 | | 0,19 |
| Weighted average diluted number of common shares | | 420 000 000 | | 420 000 000 |
| Diluted profit per common share (in PLN) | | 0,09 | | 0,19 |

| Statement of changes in equity (in thousands PLN) | Initial capital | Reserve capital | Profit carried over | Net profit in the period | Total capital |
|--|-----------------|-----------------|---------------------|--------------------------|---------------|
| For 3 quarters (current year), the period from 2008.01.01 to 2008.09.30 | | | | | |
| Balance at the beginning of period | 21 000 | 378 967 | 58 976 | - | 458 944 |
| Correction of basic errors | | | 3 541 | | |
| Balance at the beginning of the period, after comparable data reconciliation | 21 000 | 378 967 | 62 517 | - | 462 484 |
| Distribution of profit/loss carried forward | | 58 976 | (58 976) | | 0 |
| Current period net profit (loss) | | | | 37 047 | 37 047 |
| Changes total | - | 58 976 | (58 976) | 37 047 | 37 047 |
| Balance at the end of period | 21 000 | 437 943 | 3 541 | 37 047 | 499 531 |
| For 4 quarters (previous year), period from 2007.01.01 to 2007.12.31 | | | | | |
| Balance at the beginning of period | 21 000 | 298 213 | 84 837 | - | 404 050 |
| Changes in applied accounting principles (policy) | - | - | 3 078 | - | 3 078 |
| Correction of basic errors | | | | | |
| Balance at the beginning of period, after comparable data reconciliation | 21 000 | 298 213 | 87 915 | - | 407 128 |
| Distribution of profit/loss carried forward | | 80 754 | (80 754) | | - |
| Current period net profit (loss) | | | | 55 355 | 55 355 |
| Changes total | - | 80 754 | (80 754) | 55 355 | 55 355 |
| Balance at the end of period | 21 000 | 378 967 | 7 161 | 55 355 | 462 484 |
| For 3 quarters (previous year), period from 2007.01.01 to 2007.09.30 | | | | | |
| Balance at the beginning of period | 21 000 | 298 213 | 84 837 | - | 404 050 |
| Changes in applied accounting principles (policy) | - | - | 3 078 | - | 3 078 |
| Correction of basic errors | | | | | |
| Balance at the beginning of period, after reconciliation to comparable data | 21 000 | 298 213 | 87 915 | - | 407 128 |
| Distribution of profit/loss carried forward | | 80 754 | (80 754) | | - |
| Current period net profit (loss) | | | | 52 800 | 52 800 |
| Changes total | | 80 754 | (80 754) | 52 800 | 52 800 |
| Balance at the end of period | 21 000 | 378 967 | 7 161 | 52 800 | 459 928 |

| Cash flow statement (in thousands PLN) | 3 quarter -period from 2008.01.01 to 2008.09.30 | 3 quarter-period from 2007.01.01 to 2007.09.30 |
|---|---|--|
| Operations cash flow on— indirect method | | |
| I. Net profit (loss) | 37 047 | 52 800 |
| II. Adjustments: | | |
| 1. Share in net (gains) losses of associated companies | - | - |
| 2. Depreciation / amortization | 3 367 | 2 709 |
| 3. Foreign exchange gains (losses) | (8) | 5 123 |
| 4. Interest and shares in profits (dividends) | (5 657) | (29 427) |
| 5. Current income tax in the profit and loss account | - | 3 088 |
| 6. Income tax paid | 6 568 | (4 438) |
| 7. (Profit) loss on investments | 7 927 | (11 948) |
| 8. Change in reserves | (8 692) | 5 419 |
| 9. Change in inventories | (63 828) | (135 699) |
| 10. Change in receivables | (46 116) | 121 750 |
| 11. Change in non-current liabilities, except for credits and loans | (46 619) | 41 593 |
| 12. Change in accruals | 5 237 | 3 929 |
| 13. Other adjustments | 36 583 | - |
| Operations net cash flow | (74 191) | 54 899 |
| Cash flows from investments | | |
| I. Income | | |
| 1. Sales of intangible assets and tangible fixed assets | 108 | 39 |
| 2. Sales of real estate investments and intangible assets | - | 717 |
| 3. From financial assets | 82 018 | 75 975 |
| 4. Other investments income | - | - |
| | 82 126 | 76 731 |
| II. Expenditures | | |
| Acquisition of intangible assets and tangible fixed assets | (2 082) | (4 070) |
| 2. Investments in real estate and intangible assets | - | (947) |
| 3. On financial assets | (119 372) | (135 915) |
| 4. Other investment expenditures | (2 343) | (268) |
| | (123 797) | (141 200) |
| Investments net cash flow | (41 671) | (64 469) |
| Cash flow on financial activity | | |
| I. Income | | |
| Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital | - | - |
| 2. Credits and loans | 71 667 | 11 602 |
| 3. Issue of debenture bonds | - | 346 405 |
| 4. Other financial income | - | - |
| | 71 667 | 358 007 |

| Cash flow statement (in thousands PLN) continued | 3 quarter+period from 2008.01.01 to 2008.09.30 | 3 quarter+period from 2007.01.01 to 2007.09.30 |
|--|--|--|
| II. Expenditures | | |
| 1. Acquisition of own shares (stocks) | - | - |
| 2. Dividends and other disbursements to owners | - | - |
| 3. Profit distribution expenses other than disbursements to owners | - | - |
| 4. Repayment of credits and loans | (463) | (42 635) |
| 5. Redemption of debenture bonds | - | (110 000) |
| 6. Interest | (30 847) | (23 374) |
| | (31 310) | (176 009) |
| Net cash flows on financial activity | 40 357 | 181 998 |
| Total net cash flow | (75 505) | 172 428 |
| Balance change in cash, including: | (75 498) | 167 306 |
| - change in cash balance on account of foreign exchange gains/losses | 7 | (5 123) |
| Cash at the beginning of the period | 148 739 | 131 909 |
| Cash at the end of the period, including: | 73 241 | 299 215 |
| - with limited disposability | - | - |

Kielce, November 14, 2008

Representatives of the Company:President of the
Management Board

Piotr Gromniak

Vice-President of the Management Board

Artur Langner

Person in charge of bookkeeping:

Chief Accountant

Tomasz Sulek