



Echo Investment Capital Group

Q1 2010 Quarterly Report

Condensed interim consolidated financial statements
as at and for a period of three months ended March 31, 2010

echo
I N V E S T M E N T

1. Condensed consolidated balance sheet, in thousands PLN

	balance as at 2010.03.31 end of quarter	balance as at 2009.12.31 end of previous quarter	balance as at 2009.03.31 end of quarter
Assets			
1. Fixed assets			
1.1. Intangible fixed assets	1 012	1 051	1 035
1.2. Tangible fixed, assets	26 532	18 615	19 588
1.3. Non-current receivables	39	40	7
1.4. Investment property	2 702 263	2 781 447	2 839 697
1.5. Investment property under construction	717 152	705 577	768 957
1.6. Investments in associated companies	337	337	28 701
1.7. Loans granted	13	12	12
1.8. Derivative instruments	3 956	-	428
1.9. Deferred income tax assets	21 888	42 545	47 360
	3 473 192	3 549 624	3 705 785
2. Current assets			
2.1. Inventories	402 284	420 525	451 625
2.2. Income tax receivables	3 524	4 969	3 273
2.3. Other tax receivables	26 909	30 005	39 235
2.4. Trade receivables and other receivables	46 167	96 420	136 336
2.5. Loans granted	75	82	267
2.6. Derivative instruments	6 453	1 558	8 467
2.7. Cash and cash equivalents	302 302	169 101	211 040
	787 714	722 660	850 243
Assets total	4 260 906	4 272 284	4 556 028

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

	balance as at 2010.03.31 end of quarter	balance as at 2009.12.31 end of previous quarter	balance as at 2009.03.31 end of quarter
Liabilities			
1. Equity			
1.1. Equity attributed to shareholders of the parent company	1 757 548	1 733 686	1 701 492
1.1.1. Initial capital	21 000	21 000	21 000
1.1.2. Reserve capital	1 597 501	1 597 501	1 493 280
1.1.3. Accumulated earnings (loss)	141 990	112 225	165 527
1.1.4. Foreign exchange gains/Losses arising from conversion of foreign companies' data	(2 943)	2 960	21 685
1.2. Minority capitals	(8)	(8)	(8)
	1 757 540	1 733 678	1 701 484
2. Provisions			
2.1. Provisions for liabilities	13 250	16 650	18 848
2.2. Provisions for deferred income tax	269 612	287 760	287 304
	282 862	304 410	306 152
3. Non-current liabilities			
3.1. Borrowings	1 746 168	1 664 098	1 669 641
3.2. Derivatives	6 158	2 705	279 159
3.3. Deposits received	46 599	39 939	36 018
3.4. Leases	39 907	39 910	34 235
	1 838 832	1 746 652	2 019 053
4. Current liabilities			
4.1. Borrowings	193 157	176 759	246 637
4.2. Derivative instruments	85 379	163 984	133 152
4.3. Income tax liabilities	2 239	5 600	1 956
4.4. Other tax liabilities	13 973	8 284	19 343
4.5. Trade liabilities	37 738	65 870	51 694
4.6. Other liabilities	13 745	12 411	11 162
4.7. Deposits received	35 441	54 636	65 395
	381 672	487 544	529 339
Liabilities total	4 260 906	4 272 284	4 556 028
Book value (in thousands PLN)	1 757 548	1 733 686	1 701 492
Number of shares	420 000 000	420 000 000	420 000 000
Book value per share (in PLN)	4.18	4.13	4.05
Diluted number of shares	420 000 000	420 000 000	420 000 000
Diluted book value per share (in PLN)	4.18	4.13	4.05

OFF BALANCE ITEMS in thousands PLN	balance as at 2010.03.31 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.03.31 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	4 051	3 911	24 017

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

	1st quarter the period from 2010.01.01 to 2010.03.31	1st quarter the period from 2009.01.01 to 2009.03.31
Operating incomes	114 132	134 381
Operating expenses	(52 209)	(55 204)
Gross profit (loss) on sales	61 923	79 177
Revaluation of real property	(115 556)	334 836
Costs to sell	(4 470)	(4 445)
Overheads	(8 609)	(6 908)
Other operating incomes (expenses)	4 111	(644)
Earnings before tax and financial incomes/expenses	(62 601)	402 016
Financial incomes	100 054	5 698
Financial expenses	(75 210)	(199 195)
Foreign exchange gains (losses)	73 526	(143 480)
Revaluation of goodwill of subsidiaries	(52)	-
	35 717	65 039
Income tax	(5 952)	(12 262)
Net profit (loss)	29 765	52 777
Profit (loss) attributed to minority shareholders	-	-
Profit (loss) attributed to shareholders of the parent company	29 765	52 777
Net profit (loss) (annualized)	80 684	130 766
Weighted average number of ordinary	420 000 000	420 000 000
Profit (loss) annualized per ordinary share (in PLN)	0.19	0.31
Weighted average diluted number of ordinary shares	420 000 000	420 000 000
Diluted profit (loss) per ordinary share (in PLN)	0.19	0.31

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

	Initial capital	Reserve capital	Profit (loss) carried forward	Foreign exchange gain/losses arising from conversion	Equity attributed to shareholders of the parent company	Minority capitals	Total shareholders' equity
For the 1st quarter (present year) the period from 2010.01.01 to 2010.03.31							
Balance as at the beginning of period, after reconciliation to comparable data	21 000	1 597 501	112 225	2 960	1 733 686	(8)	1 733 678
Distribution of profit/loss carried forward	-	-	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	29 765	(5 903)	23 862	-	23 862
Balance as at the end of period	21 000	1 597 501	141 990	(2 943)	1 757 548	(8)	1 757 540
For the previous year, period from 2009.01.01 to 2009.12.31							
Balance as at the beginning of period, after reconciliation to comparable data	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
Distribution of profit/loss carried forward	-	104 221	(104 221)	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	103 696	(10 610)	93 086	-	93 086
Balance as at the end of period	21 000	1 597 501	112 225	2 960	1 733 686	(8)	1 733 678
For the 1st quarter (previous year), period from 2009.01.01 to 2009.03.31							
Balance as at the beginning of period, after reconciliation to comparable data	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
Distribution of profit/loss carried forward	-	-	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	52 777	8 115	60 892	-	60 892
Balance as at the end of period	21 000	1 493 280	165 527	21 685	1 701 492	(8)	1 701 484

4. Condensed consolidated cash flow statement, in thousands PLN

Cash flow statement	1 st quarter, the period from 2010.01.01 to 2010.03.31	1 st quarter, the period from 2009.01.01 to 2009.03.31
A. Cash flows on operating activities – indirect method		
I. Net profit (loss)	29 765	52 777
II. Adjustments total		
1. Share in net (gains) losses of associated companies	-	16
2. Depreciation	897	1 196
3. Revaluation of goodwill	-	-
4. Foreign exchange gains (losses)	(73 526)	145 432
5. Interest and shares in profits (dividends)	30 308	7 087
6. Current income tax	5 952	12 262
7. Income tax paid	(5 358)	(6 346)
8. (Profit) loss on investing activities	59 665	(164 859)
9. Change in provisions	(3 400)	(650)
10. Change in inventories	18 684	39 797
11. Change in receivables	53 350	54 220
12. Change in current liabilities, except for borrowings	(33 643)	(115 655)
14. Other adjustments	-	-
	52 929	(27 500)
III. Net cash flows on operating activity (I+/-II)	82 694	25 277
B. Cash flows on investing activities		
I. Incomes		
1. Sales of intangible and tangible fixed assets	427	86
2. Sales of investments in property and in intangible assets	-	-
3. From financial assets	1 554	9 563
4. Other incomes from investments	-	-
	1 981	9 649
II. Expenditures		
1. Acquisition of intangible and tangible fixed assets	(9 203)	(324)
2. Investments in property and in intangible assets	(47 948)	(114 650)
3. On financial assets	(29 797)	(64 411)
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditures	-	(230)
	(86 948)	(179 615)
III. Net cash flows on investing activities (I-II)	(84 967)	(169 966)
C. Cash flows on financial activities		
I. Incomes		
1. Net incomes from issue of stocks (issue of shares) and other equity instruments, additional payments to capital	-	-
2. Borrowings	217 970	50 874
3. Issue of debt securities	-	32 019
4. Other financial incomes	-	3
	217 970	82 896

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

Cash flow statement continued	1 st quarter, the period from 2010.01.01 to 2010.03.31	1 st quarter, the period from 2009.01.01 to 2009.03.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than disbursements to owners	-	-
4. Repayment of borrowings	(53 396)	(25 771)
5. Redemption of debt securities	-	-
6. Other financial liabilities	-	-
7. Payments of liabilities under financial lease contracts	(2)	-
8. Interest	(23 196)	(23 356)
9. Other financial expenses	-	(5)
	(76 594)	(49 132)
III. Net cash flows on financial activity (I-II)	141 376	33 764
D. Net cash flows total (A.III+/-B.III+/-C.III)	139 103	(110 925)
E. Cash balance change, including:	133 201	(110 753)
- change in cash balance due to foreign exchange gains/losses	(5 902)	172
F. Cash as at the beginning of period	169 101	321 793
G. Cash as at the end of period (F+/-D), including	302 302	211 040
- with limited disposability	11 035	8 860

5. Additional information to condensed consolidated report

5.1 Basic information

Echo Investment Capital Group (the Capital Group) has been operating on the real estate market since 1996. The parent company in the Capital Group is Echo Investment S.A. (the Issuer, the Company), a company listed on the Warsaw Stock Exchange from March, 1996. Echo Investment S.A. organizes the complete investment process for each project, starting from the purchase of a property, to acquisition of administrative decisions, to financing, supervision of the construction and putting a facility into operation. This is done on their own behalf or, in most cases, by providing general contractor services for the specially created for that purpose subsidiary. Implementation of development projects by subsidiaries greatly simplifies the organization of the processes and ensures transparency of the Group's structure. These entities are mainly engaged in leasing commercial areas (shopping and entertainment centres, offices) and, to a lesser extent, construction and sales of apartments and property management services. The company also provides the general contractor services to external investors.

The basic operations of the Capital Group can be divided into four major segments:

- construction and lease of space in shopping centres and shopping/entertainment centres,
- building and selling apartments,
- building and lease of office space
- building and selling hotels.

The Capital Group runs its operations in Poland, Hungary, Romania and Ukraine.

As at March 31, 2010 and March 31, 2009, the Capital Group was employing 307 and 315 persons, respectively.

The present statement refers to the three months' period ended March 31, 2010, with comparable data referring to the three months' period ended March 31, 2009. The statement is presented in thousands Polish zlotys (PLN), according to the International Financial Reporting Standards as approved by the European Commission.

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

5.2 Principles applied during preparation of the quarterly report

The consolidated statements of Echo Investment S.A. Capital Group present consolidated financial data for the period of 3 months ended March 31, 2010, comparable data for the period of 3 months ended March 31, 2009, and comparable data for the period of 12 months ended December 31, 2009 (in respect of the balance sheet and statement of changes in equity). Unless otherwise specified, all financial data in the Group's consolidated financial statements are given in thousands PLN.

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

The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards as approved by the European Commission. Methods of assets and liabilities valuation and determination of the financial result were assumed as at the balance date. The financial statements were prepared according to historical cost principle, to the exception of investment property carried at fair value and financial instruments valued according to IAS 39. The statements have been drawn up under the assumption of continued business activity in foreseeable future, considering non-existence of any circumstances that might indicate any threat for continuation of operations.

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

In preparing the present financial statements, the Group has applied new interpretations issued by the IERS Committee and applicable to the Group's reporting period starting as at January 1, 2010. The guidelines thus applied have not affected these financial statements to any significant extent.

The Group has implemented the following interpretations:

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 profit and loss statement.

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

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

Revisions to IFRS 1 'First-Time Adoption of International Financial Reporting Standards'

Revisions to IFRS 1 'First-time Adoption of International Financial Reporting Standards' were published by the International Accounting Standards Board on July 2009 and apply to annual periods beginning on or after January 01, 2010. The revisions provide an additional exemption from the valuation of assets at the date of transfer to IFRS for companies operating in oil and gas sector.

Revisions to IFRS 2 'Share-based payment'

The revisions to IFRS 2 'Share-based Payment' were published by the International Accounting Standards Board on June 18, 2009 and apply to annual periods beginning on or after January 01, 2010. The revisions clarify the inclusion of share-based payments settled in cash within the group. The revisions specify the scope of IFRS 2 and regulate the combined use of IFRS 2 and other standards. The amendments introduce the standard topics covered earlier in the interpretations IFRIC 8 and IFRIC 11.

Revised IFRS 3 'Business Combinations'

The revised IFRS 3 was published by the International Accounting Standards Board on January 10, 2008 and applies prospectively to business combinations with acquisition dates on or after July 01, 2009. The changes involve an option to recognize minority shares at fair value or according to proportion in fair value of identified net assets, conversion of shares previously held in the acquired entity to fair value and posting the difference to the profit and loss 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.

IFRIC interpretation 17 'Distribution of Non-cash Assets to Owners'

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

IFRIC interpretation 18 'Transfer of Assets from Clients'

IFRIC interpretation 18 was issued by the International Financial Reporting Interpretations Committee on January 29, 2009 and is effective for annual periods beginning on November 1, 2009 or after that date. This Interpretation provides guidance on inclusion of the transfer of assets from clients, namely, situations where the definition of assets is fulfilled, identifying separately identifiable services (services provided in exchange for the transferred assets), revenue recognition and inclusion of the cash received from clients.

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

Revisions to IAS 24 'Related Party Transactions'

Revisions to IAS 24 'Related Party Transactions' were published by the International Accounting Standards Board on November 4, 2009 and are effective for annual periods beginning on or after January 1, 2011 or after that date. The revisions provide simplifications with regard to requirements for disclosure of information by parties related to state institutions and to clarify the definitions of a related party. The Group intends to apply the changes to IAS 24 from January 1, 2011; application of these provisions will have no material impact on financial results of the Group.

Revisions to IAS 32 'Classification of Rights Issues'

Revisions to IAS 32, 'Classification of Rights Issues' were published by the International Accounting Standards Board on October 8, 2009 and are effective for annual periods beginning on or after February 1, 2010. The changes relate to accounting of the issue of entitlements (entitlements, options and warrants), denominated in currencies other than the functional currency of the issuer. The revisions require that, under certain conditions, the issue of entitlements is classified as equity regardless of the currency in which the price of the execution of the entitlement is set. The Group intends to apply the changes to IAS 32 from January 1, 2011, application of these provisions will not have a material impact on the Company's financial results.

Revisions to IFRS 1 'Limited Exemption from the Presentation of Comparative Information in Accordance with IFRS 7 for Entities Applying IFRS for the First Time'

Revisions to IFRS 1 'Limited Exemption from the Presentation of Comparative Information in Accordance with IFRS 7 for Entities Applying IFRS for the First Time' were published by the International Accounting Standards Board on January 28, 2010 and are effective for annual periods beginning on or after July 1, 2010. The revisions provide additional exemptions for entities applying IFRS for the first time concerning the disclosure of information required by the revisions to IFRS 7, issued in March 2009 with regard to fair value estimation and liquidity risk. The Group intends to apply the revised IFRS 1 from January 1, 2011. Application of these rules will have no material impact on financial results of the Group.

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was published by the International Accounting Standards Board on November 12, 2009 and is effective for annual periods beginning on or after January 1, 2013. The standard introduces a model which provides for only two categories of classification: the amortized cost and fair value. IFRS 9 approach is based on the business model used by an entity for the asset management and the contractual characteristics of financial assets. IFRS 9 also requires the use of one method of calculating the depreciation of asset value. The Group intends to adopt IFRS 9 from January 1, 2013. Application of these rules will have no impact on the financial results of the Group.

IFRIC interpretation 19 'Payment of Financial Liabilities with Equity'

IFRIC interpretation 19 was issued by the International Financial Reporting Interpretations Committee on November 26, 2009 and is effective for annual periods beginning on or after July 1, 2010. This interpretation clarifies the accounting principles used in situations where, following the renegotiation of conditions of its debt, an obligation of an entity is settled by issuing equity instruments addressed to the creditor. Interpretation requires the valuation of equity instruments at fair value and recognition of gains or losses in the amount of the difference between the book value of the obligation and the fair value of equity instruments. The Group intends to apply IFRIC 19 from January 1, 2011. Application of these rules will have no impact on the Group's financial results.

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

Echo Investment Capital Group did not change its accounting principles during the 1st quarter of 2010. Details of the accounting policy are presented in the annual report 2009.

5.4 Composition of Echo Investment Capital Group

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

As at March 31, 2010, Echo Investment Capital Group consists of 79 subsidiaries that are fully consolidated, 1 partially owned subsidiary consolidated according to the proportional method, and 2 companies valued according to ownership rights method.

Fully consolidated entities:

- 'Athena Park' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Centrum Handlowe PHS' Spółka Akcyjna [Public Limited Company] with its registered office in Szczecin
- 'Budivelnuy Soyuz Monolit' LLC [Limited Liability Company] with its registered office in Kiev
- 'Echo - Arena' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Arena Sp. z o.o.' [Limited Partnership] with its registered office in Kielce
- 'Echo - Aurus' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Building Ingatlanhasznosito' Kft. with its registered office in Budapest
- 'Echo - Centrum Bankowości i Finansów Łódź' [Limited Liability Company] with its registered office in Kielce
- 'Echo - Centrum Biznesu Łódź' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Centrum Jelenia Góra' Spółka z o.o. [Limited Liability Company] with its registered office in Jelenia Góra
- 'Echo - Centrum Poznań' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Centrum Przemysł' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Centrum Rzeszów' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Centrum Tarnów' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Galaxy' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Galaxy spółka z ograniczoną odpowiedzialnością' [Limited Partnership] with its registered office in Kielce
- 'Echo - Galaxy Szczecin' Sp. z o.o. [Limited Liability Company] with its registered office in Szczecin
- 'Echo - Galeria Kielce' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Galeria Olimpia' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce (former 'Echo - Centrum Bełchatów' Sp. z o.o.)
- 'Echo - Galeria Sudecka' Spółka z o.o. [Limited Liability Company] with its registered office in Jelenia Góra (former 'Projekt Echo - 56' Spółka z o.o.)
- 'Echo - Galeria Tarnów' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce (former 'Projekt Echo - 61' Spółka z o.o.)
- 'Echo - Kielce 1' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Metropolis' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Oxygen' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Park Postępu' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Pasaż Grunwaldzki' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością' [Limited Partnership] with its registered office in Kielce
- 'Echo - Project - Management Ingatlanhasznosito' Kft. with its registered office in Budapest
- 'Echo - Project 1' LLC [Limited Liability Company] with its registered office in Kiev
- 'Echo - Project 2' LLC [Limited Liability Company] with its registered office in Kiev
- 'Echo - Property Poznań 1' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - SPV 6' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo - Veneda' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo ACC' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo Bau' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Echo Investment - Centrum Handlowe Piotrków Trybunalski' [Limited Liability Company] with its registered office in Kielce
- 'Echo Investment Hungary Ingatlanhasznosito Kft.' with its registered office in Budapest
- 'Echo Investment Project 1' S.R.L. with its registered office in Bucharest
- 'Echo Investment Project Management' S.R.L. with its registered office in Bucharest
- 'Echo Investment Ukraine' LLC with its registered office in Kiev
- 'EI Project Cyp - 1' Limited with its registered office in Nicosia
- 'Est On Property Management' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce

- 'Malta Office Park' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'MDP' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Princess Boryszewska' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Princess Investment' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 17' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 30' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 37' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
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- 'Projekt Echo - 41' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 41 spółka z ograniczoną odpowiedzialnością' [Limited Partnership] with its registered office in Kielce
- 'Projekt Echo - 42' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 42 spółka z ograniczoną odpowiedzialnością' [Limited Partnership] with its registered office in Kielce
- 'Projekt Echo - 43' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 45' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 45 spółka z ograniczoną odpowiedzialnością' [Limited Partnership] with its registered office in Kielce
- 'Projekt Echo - 46' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 47' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 53' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 54' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 55' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 57' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 58' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 59' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 62' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 63' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 67' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 69' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 70' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 77' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Echo - 93' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Naramowice' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Projekt Naramowice Poznań' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'SPV - 1' Sp. z o.o. [Limited Liability Company]
- 'Projekt S' Spółka z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Ultra Marina' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce
- 'Yevrobudgarant' LLC [Limited Liability Company] with its registered office in Kiev
- 'Zakłady Ogrodnicze Naramowice' Spółka z o.o. [Limited Liability Company] with its registered office in Poznań

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

Companies valued according to ownership rights method:

- 'W.A. Hotele' Spółka z o.o. [Limited Liability Company] with its registered office in Warsaw
- 'WAN Invest' Spółka z o.o. [Limited Liability Company] with its registered office in Warsaw

All wholly and partially owned subsidiaries and affiliated companies are consolidated. The parent company company holds 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries.

In subsidiaries partially owned by minority shareholders, the parent company Company is the holder of the following respective shares:

- 'WAN 11' Sp. z o.o. ['WAN 11* Limited Liability Company] - 50% of basic capital and 50% of voting rights at the general meeting of shareholders;
- 'Projekt S' Sp. z o.o. ['Project S' Limited Liability Company] - 95% of basic capital and 95% of voting rights at the general meeting of shareholders.

Equity relationships within the Capital Group concern the following:

- 'Zakłady Ogrodnicze Naramowice' Sp. z o.o., which holds 99.8% of the basic capital of 'Projekt Naramowice' Sp. z o.o.;
- 'Echo - Kielce 1' Sp. z o.o which holds:
 - 99.97% of the basic capital of 'Echo - Galeria Kielce' Sp. z o.o.;
 - 100% of the basic capital of 'Princess Boryszewska' Sp. z o.o.
- 'Projekt Echo - 37' Sp. z o.o., which holds 0.001% of the basic capital of 'Echo - SPV 6' Sp. z o.o.;
- 'Echo - Pasaż Grunwaldzki' Sp. z o.o., which holds 1% shares in 'Echo - Pasaż Grunwaldzki Sp. z o.o.' Limited Partnership;
- 'Echo - Arena' Sp. z o.o., which holds 1% shares in 'Echo - Arena Sp. z o.o.' Limited Partnership;
- 'Echo - Galaxy' Sp. z o.o., which holds 1% shares in 'Echo - Galaxy Sp. z o.o.' Limited Partnership;
- 'Echo - Galaxy Szczecin' Sp. z o.o., which holds 1% shares in 'Echo - Galaxy Sp. z o.o.' Limited Partnership;
- 'Projekt Echo - 93' Sp. z o.o., which holds 0.01% of the basic capital of 'Echo - Galeria Kielce' Sp. z o.o.;
- 'Projekt Echo - 41' Sp. z o.o., which holds 1% shares in 'Projekt Echo - 41 Sp. z o.o.' Limited Partnership;
- 'Projekt Echo - 42' Sp. z o.o., which holds 1% shares in 'Projekt Echo - 42 Sp. z o.o.' Limited Partnership;

- 'Projekt Echo - 43' Sp. z o.o., which holds 0.01% shares in 'Echo - Galaxy Sp. z o.o.' Limited Partnership;
- 'Projekt Echo - 45' Sp. z o.o., which holds 1% shares in 'Projekt Echo - 45 Sp. z o.o.' Limited Partnership;
- 'Echo - Centrum Bankowości i Finansów Łódź' Spółka z o.o., which holds 47.98% of the basic capital of 'Projekt Echo - 53' Sp. z o.o.;
- 'Echo - Centrum Biznesu Łódź' Spółka z o.o., which holds 51.96% of the basic capital of 'Projekt Echo - 53' Sp. z o.o.;
- 'Echo - Centrum Tarnów' Sp. z o.o., which holds 99.93% of the basic capital of 'Echo - Galeria Tarnów' Sp. z o.o.;
- 'Echo - Centrum Jelenia Góra' Sp. z o.o., which holds 99.93% of the basic capital of 'Echo - Galeria Sudecka' Sp. z o.o.;
- 'Echo - Galaxy Sp. z o.o.' Sp. k., which holds 99.99% of the basic capital of 'Echo - Galaxy Szczecin' Sp. z o.o.;
- 'Echo - Pasaż Grunwaldzki Sp. z o.o.' Sp. k., which holds 99.99% of the basic capital of 'Projekt Echo - 62' Sp. z o.o.;
- 'Echo - Centrum Poznań' Sp. z o.o., which holds 39.64% of the basic capital of 'Echo - Metropolis' Spółka z o.o. with its registered office in Kielce
- 'Echo Investment Ukraine' LLC, which holds:
 - 100% of the basic capital of 'Echo - Projekt 1' LLC
 - 99.99% of the basic capital of 'Echo - Projekt 2' LLC
 - 1.00% of the basic capital of 'Budivelnuy Soyuz Monolit' LLC
- 'Echo - Projekt 1' LLC, which holds 0.01% of the basic capital of 'Echo - Projekt 2' LLC;
- 'EI Project Cyp - 1' Limited, which holds 100% of the basic capital of 'Yevrobudgarant' LLC;
- 'Yevrobudgarant' LLC, which holds 99% of the basic capital of 'Budivelnuy Soyuz Monolit' LLC;
- 'Echo Investment Project 1' SRL, which holds 0.007% of the basic capital of 'Echo Investment Project Management' SRL;
- 'Projekt Naramowice' Sp. z o.o., which holds 99.97% of the basic capital of 'Projekt Naramowice Poznań' Sp. z o.o.
- 'Projekt Echo - 17' Sp. z o.o., which holds the respective shares in the basic capitals of the following companies:
 - 1.00% of the capital of 'Echo Aurus' Sp. z o.o.;
 - 1.00% of the capital of 'Projekt Echo - 37' Sp. z o.o.;
 - 1.00% of the capital of 'Projekt Echo - 39' Sp. z o.o.;
 - 1.00% of the capital of 'Echo ACC' Sp. z o.o.;
 - 1.00% of the capital of 'Projekt Echo - 30' Sp. z o.o.;
 - 1.00% of the capital of 'Echo - Galaxy' Sp. z o.o.;
 - 1.00% of the capital of 'Echo - Pasaż Grunwaldzki' Sp. z o.o.;
 - 1.00% of the capital of 'Est On Property Management' Sp. z o.o.;
 - 1.00% of the capital of 'Projekt Echo - 41' Sp. z o.o.;
 - 1.00% of the capital of 'Projekt Echo - 42' Sp. z o.o.;
 - 1.00% of the capital of 'Projekt Echo - 43' Sp. z o.o.;
 - 1.00% of the capital of 'Projekt Echo - 45' Sp. z o.o.;
 - 1.00% of the capital of 'Projekt Echo - 93' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 46' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 55' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 57' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 58' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 59' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 67' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 69' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 70' Sp. z o.o.;
 - 0.1% of the capital of 'Projekt Echo - 77' Sp. z o.o.;
 - 0.05% of the capital of 'Echo - Arena' Sp. z o.o.;
 - 0.05% of the capital of 'EI Project Cyp - 1' Limited;
 - 0.03% of the capital of 'Malta Office Park' Sp. z o.o.;
 - 0.03% of the capital of 'Echo - SPV 6' Sp. z o.o.;
 - 0.02% of the capital of 'Echo - Centrum Biznesu Łódź' Sp. z o.o.;
 - 0.02% of the capital of 'Projekt Naramowice' Sp. z o.o.;
 - 0.008% of the capital of 'Athina Park' Sp. z o.o.;
 - 0.007% of the capital of 'Echo - Centrum Veneda' Sp. z o.o.;
 - 0.006% of the capital of 'Echo - Galeria Olimpia' Sp. z o.o.;
 - 0.006% of the capital of 'Echo - Centrum Rzeszów' Sp. z o.o.;
 - 0.005% of the capital of 'Echo - Property Poznań 1' Sp. z o.o.;
 - 0.004% of the capital of 'Echo - Centrum Tarnów' Sp. z o.o.;
 - 0.002% of the capital of 'MDP' Sp. z o.o.;
 - 0.002% of the capital of 'Echo Investment - Centrum Handlowe Piotrków Trybunalski' Sp. z o.o.;
 - 0.002% of the capital of 'Echo - Kielce 1' Sp. z o.o.;
 - 0.001% of the capital of 'Echo - Galaxy Szczecin' Sp. z o.o.;
 - 0.001% of the capital of 'Echo - Oxygen' Sp. z o.o.;
 - 0.001% of the capital of 'Echo Park Postępu' Spółka z o.o.;
 - 0.001% of the capital of 'Echo - Metropolis' Spółka z o.o.;
 - 0.001% of the capital of 'Projekt Echo - 47' Sp. z o.o.;
 - 0.001% of the capital of 'Projekt Echo - 53' Sp. z o.o.;
 - 0.001% of the capital of 'Projekt Echo - 54' Sp. z o.o.;
 - 0.001% of the capital of 'Echo - Galeria Sudecka' Sp. z o.o.;
 - 0.001% of the capital of 'Echo - Galeria Tarnów' Sp. z o.o.;
 - 0.001% of the capital of 'Projekt Echo - 62' Sp. z o.o.;

- 0.001% of the capital of 'Projekt Echo - 63' Sp. z o.o.;

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

5.5 Explanations concerning seasonal or cyclical activities of the issuer during the presented period

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

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

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

Pursuant to contracts made in respect of the Bonds Issuance Programme with BRE Bank S.A. in 2004 and their subsequent annexes, the company issued bonds, on account of which it has liabilities. The balance of these liabilities as at the submission date of these statements is presented in the table below:

Bank name	Type of instrument	Amount utilized [in thousands PLN]	Bonds redemption date
BRE Bank SA	Bonds	150,000	25.05.2011
BRE Bank SA	Bonds	100,000	25.05.2013
BRE Bank SA	Bonds	300,000	30.06.2014

Under the agreement concluded with BRE Bank SA, Echo Investment SA can issue bonds with a value of up to 700 mln PLN, out of which 35 mln PLN is a guarantee programme until August, 2011.

See also item 5.11.1 of this report.

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

The parent company 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 11, 2010 the Management Board of the Company presented to the Supervisory Board of Echo Investment SA a proposal concerning allocation of the net profit disclosed in the Company's financial statements for the year ended on December 31, 2009.

The Management Board of the Company proposed that the net profit for 2009 and net earnings carried forward from the preceding years should be excluded from distribution to shareholders and allocated to reserve 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 § 2.2 of the Polish Code of Commercial Partnerships and Companies, the aforementioned recommendation shall be ultimately considered by the General Meeting of Shareholders.

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 Capital Group

On April 1, 2010 'Echo - Oxygen' Sp. z o. o. entered into a foreign exchange forward transaction, closing parts of an open position (1 mln EUR). Settlement date of the transaction: June 22, 2010.

On April 7, 2010 there was a contract concluded between Echo Investment SA (the Vendor) and the Magellan Holding Sarl with its registered office in Luxembourg (the Acquirer) concerning the sale of 490 shares in the share capital of Projekt Echo - 58 Sp. z o. o. with its registered office in Kielce, with a total nominal value of 24,500 PLN, representing 49% of the share capital. The selling price amounts to 18,514.71 PLN.

On April 7, 2010 there was a contract concluded between Echo Investment SA (the Vendor) and the Project Echo - 93 Sp. z o. o. (the Acquirer) concerning the sale of 1 share in the capital of a subsidiary company Echo Investment - Centrum Handlowe Przemysł Sp. z o.o., with a nominal value of 50 PLN, representing 0.001% of the share capital. Selling price amounts to 202.08 PLN.

On April 7, 2010 there was contract concluded between Projekt Echo - 17 Sp. z o. o. (the Vendor) and the Project Echo - 93 Sp. z o. o. (the Acquirer) concerning the sale of 1 share in the share capital of the subsidiary Projekt Echo - 63 Sp. z o.o., with a nominal value of 50 PLN, representing 0.0004% of the share capital. Selling price amounts to PLN 50.00.

On April 7, 2010 there was a contract concluded between the company Projekt Echo - 17 Sp. z o. o. (the Vendor) and the Project Echo - 93 Sp. z o. o. (the Acquirer) concerning the sale of 1 share in the share capital of the subsidiary Athina Park Sp. z o.o., with a nominal value of 500 PLN, representing 0.008% of the share capital. Selling price amounts to 3,708.02 PLN.

On April 7, 2010 between Projekt Echo - 17 Sp. z o. o. (the Vendor) and the Project Echo - 77 Sp. z o. o. (the Acquirer) there was a contract concluded concerning the sale of 125 shares in the capital of the subsidiary Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. , with a nominal value of 50 PLN per share, representing 0.02% of the share capital. Selling price amounts to 47,620.00 PLN.

On April 8, 2010 there was a preliminary sales contract (the Preliminary Contract) concluded between 'Projekt Echo - 58 Sp. z o. o. with its registered office in Kielce (the entity in which the issuer owns 51% of the share capital) (the Acquirer) and the BRJ Invest - Panikowski, Kubiak, with its registered office in Warsaw, Drodz - Sp. J. and BP Inwestycje - Panikowski i Przybylski Sp. J. with its registered office in Warsaw (the Vendor). The subject of the Preliminary Contract was acquisition of ownership of undeveloped plots of land located in Warsaw within the streets Sikorskiego and Witosa, with a total area of 34,271 sqm. (the Property). Property purchase price was set at 70 mln PLN net. Payment is expected in the four instalments, payable until April 1, 2013.

The parties of the Preliminary Contract have established that they will conclude the final contract (the Final Contract) until October 1, 2010, after all of the following conditions have been fulfilled:

- no debts, limited property rights, revealed or not revealed in the Land and Mortgage Register
- absence of claims of the previous property owners,
- lack of lease agreements, property leases or other similar agreements relating to the Property,
- presentation of clearance certificates regarding government and public agency charges.

The aforementioned conditions are subsequent.

Preliminary agreement does not contain provisions enabling the charging of penalties, the total value of which may exceed the PLN equivalent of 200,000 EUR (which according to the average exchange rate of the National Bank of Poland as at the effective date of the Preliminary Contract, was an equivalent of 770,520 PLN). Lack of contractual penalties shall not restrict the right to claim damages.

The concluded Preliminary Contract of land acquisition results from the adopted strategy, according to which Echo Investment Capital Group develops its activity on the property market in Poland. It plans to construct office buildings with an office area of approx. 60,000 sqm. including an underground and above-ground car park. The plans assume development of the project in three stages.

On April 12, 2010 Projekt Echo 63 Sp. z o.o. exchanged a pair of call and put options expiring on April 14, 2010 for a pair of call and put options with the deadline for their exercising on December 14, 2010. Nominal amount of the transaction is 10.0 mln.

On April 20, 2010, 'Echo - Oxygen' Sp. z o. o. entered into foreign exchange forward transactions closing parts of the open item (5 mln EUR). The transaction was settled on June 22, 2010.

In April 2010, the Company resumed execution and sales of a modern residential estate 'Kasztanowa Aleja' on Wojskowa street in Poznań. The target date for completing the first stage of this project is mid-2011.

On May 14, 2010, the Company acquired two A series investment certificates of FORUM XXIX Fundusz Inwestycyjny Zamknięty [FORUM XXIX Closed Investment Fund], managed by the FORUM Towarzystwo Funduszy Inwestycyjnych SA [FORUM Investment Fund Society Public Limited Company]. The price of the acquisition amounted to 500,000 PLN.

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

I. The composition of the Capital Group has increased by two companies.

On February 8, 2010 there were concluded contracts of sale of shares in Projekt Echo - 68 Sp. z o. o. with its registered office in Kielce between Echo Investment SA (the Vendor), 'Projekt Echo - 17' Sp. z o. o. (the Vendor) and Mr Michał Solowow (the Acquirer). On the basis of the contracts Echo Investment SA sold 999 shares and 'Projekt Echo - 17 Sp. z o. o. sold 1 share in the share capital of 'Projekt Echo - 68 Sp. z o. o. The total selling price of shares amounted to 35,571 PLN.

On March 30, 2010 there was concluded a contract of sale of 1 share in the capital of the subsidiary 'Projekt Echo - 44 Sp. z o. o. between 'Projekt Echo - 17 Sp. z o. o. (the Vendor) and Mr Michał Solowow (the Acquirer), with a nominal value of 500 PLN, representing 1% of the share capital. Selling price amounts to 359.03 PLN.

On March 30, 2010 between Echo Investment SA (the Vendor) and Mr Tomasz Kwiecień (Acquirer) there was concluded a sales contract of 99 shares in the share capital of the subsidiary 'Projekt Echo - 44' Sp. z o. o., with a total nominal value of 49,500 PLN, representing 99% of the share capital. The selling price amounts to 35,543.69 PLN.

II. Changes of company names:

The names of the following companies have been changed:

- 'Echo Centrum Bełchatów' Sp. z o.o. with its registered office in Kielce became 'Echo - Galeria Olimpia' Sp. z o.o. with its registered office in Kielce,
- 'Projekt Echo - 56' Sp. z o.o. with its registered office in Kielce became 'Echo - Galeria Sudecka' Sp. z o.o. with its registered office in Kielce
- 'Projekt Echo - 61' Sp. z o.o. with its registered office in Kielce became 'Echo - Galeria Tarnów' Sp. z o.o. with its registered office in Kielce

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

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

5.10.1 Surety agreements

Issuer's surety agreements in force as at March 31, 2010 are presented in the table below:

Surety in favour of	Value (in thousands)	Expiry date	On account of
Bank PeKaO SA	740 PLN	until signing a contract of transfer under the rights of bank performance guarantee in favour of PeKaO SA Bank	Surety for the liabilities of Echo Investment - Centrum Bełchatów Sp. z o.o. [Limited Liability Company] as a collateral of a loan granted by PeKaO SA Bank
Projekt - Echo 49 Sp. z o.o.	3,909 PLN	until July 4, 2010	Surety for liabilities concerning remediation of damage regarding Projekt - Echo 49 Sp. z o.o. [Projekt - Echo 49 Limited Liability Company]
EUROHYPO AG	772,440 PLN	will be valid until the final entry in the register of registered pledges (in relation to the amount of 100 mln EUR), and until the receipt of a valid certificate of occupancy of the extended shopping and entertainment centre Galeria Echo in Kielce (in relation to the amount of 100 mln EUR).	Surety for liabilities of Echo - Galeria Kielce Sp. z o.o [Echo Galeria Kielce Limited Liability Company] resulting from a credit agreement concluded on October 6, 2009 with the bank Eurohypo AG with its registered office in Eschborn (Germany)

1. See item 5.20 of this report

5.10.2 Guarantee agreements

Bank guarantees in force as at March 31, 2010 are presented in the table below:

Guarantor	Value (in thousands)	Expiry date	On account of
Echo Investment SA	7,300 PLN	the day of repayment of obligations under the loan agreement dated June 22, 2009	Security of the coverage of cost overrun of the second stage of Malta Office Park development.
PKO BP SA	147 PLN	September 30, 2010	Securing the failure to meet the obligations towards J&P Sp. z o.o. [Limited Liability Company] resulting from the commercial premises lease contract dated September 24, 2009.
PKO BP SA	1,100 PLN	December 31, 2011	Security of payments of adjudged amounts to Master Serwis Opon Sp. z o.o. [Master Serwis Opon Limited Liability Company]
PKO BP SA	200 PLN	June 30, 2010	Security of payments to Nova Technologie Obiektowe R.Niemyski&P.Aninowski Sp. J. [Registered Partnership] payments in connection with the contract of September 15, 2009 on delivery and assembly of fitted carpets to Malta Office Park facility.

1. On February 15, 2010 Bank PKO BP SA granted a bank guarantee to Nova Technologie Obiektowe R.Niemyski&P.Aninowski Sp. J. as a security of payments in connection with the contract of September 15, 2009 on delivery and assembly of fitted carpets to Malta Office Park facility.

5.11 Description of significant achievements or failures of the Capital Group including the most important events in Q1 2010

5.11.1 Key events in Q1 2010

On January 25, 2010 SPV-1 Sp. z o.o. [Limited Liability Company] acquired the perpetual usufruct of a property located in Katowice, on Kościuszki street, with an area of over 54,000 sqm, including the ownership of the buildings located on it. The price amounted to 19 mln PLN. A shopping centre with a leasable area of approx. 50,000 sqm is planned to be built on the property. A study of land use conditions and directions is currently being developed for the area where the property is located.

On March 9, 2010 there was a contract on exchange of properties located in Łomża concluded between Echo-Veneda Sp. z o.o. and the municipality of Łomża, on the basis of which Echo - Veneda Sp. z o.o. transferred ownership of undeveloped plots of land with an area of 1,679 sqm to the municipality of Łomża. In return the municipality of Łomża transferred ownership of the undeveloped plot of land with an area of 2,281 sqm to Echo - Veneda Sp. z o.o. There will be the Galeria Veneda shopping centre developed on the plot of land located at the junction of the streets of Zawadzkiej and Sikorskiego with an area of app. 39,000 sqm. The architectural concept was created in the Warsaw-based Mąka Sojka Architekci architectural studio in cooperation with the team of architects of the company. Completion of documents necessary to apply for a building permit is currently pending. The launch of construction work is planned in H2 2010.

On March 15, 2010 there was a general realization contract concluded between the Company and Warbud S.A. with its registered office in Warsaw (the Contractor) concerning a residential complex to be located in Poznań, on Wojskowa street (the Facility). On the basis of the concluded contract the Contractor undertook to construct the Facility by July 31, 2011. The value of the agreement amounted to 20.65 mln PLN net.

On March 18, 2010 the Company concluded annexes (the Annexes) to contracts concerning the Bond Issue Programme (the Bonds) concluded on April 15, 2004, which the Issuer reported in the current report no. 19/2004 of April 16, 2004 (the Contracts). The annexes were concluded by circulation.

The Annexes to the aforementioned Contracts provide for multiple bond issues to be executed by the Issuer by a tranche issue order. On the basis of the Annexes the maximum nominal value of all bonds available for issue was increased up to 700 mln PLN and the duration period of the contract was changed to an indefinite time.

As part of the concluded Annexes to the Contracts BRE Bank will organize and execute complex service of the Company's bonds issues on the private market. The bonds will be unsecured and will be issued as bearer securities. Bond interest can be fixed or variable. The Bonds will not entitle to any non-cash benefits. The conditions of an issue will be established before the issue, in the course of the Bond Issue Programme Contract period.

On March 23, 2010 there was a purchase contract concluded between the Company and the Borough of Wrocław concerning the property located in Wrocław on Swobodna street with a total area of 1,0362-ha. The value of the contract amounts to 5.62 mln PLN net.

In Q1 2010 there was launched the development and sale of the Klimt House luxury apartments located on Kazimierzowska street in Warsaw. There have been 60 luxury apartments designed in the Klimt House building, one- and two-storey ones with areas ranging from 41 sqm to 190 sqm. The author of the design is Mąka. Sojka. Architekci architectural studio while the general contractor is Modzelewski & Rodek. The construction of the building is to finish in Q4 2010.

5.11.2 Projects of Echo Investment Capital Group

During Q1 2010, Echo Investment SA and Echo Capital Group companies were executing projects launched during the previous periods, and became involved in new investments in the segments described below.

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

The Polish market

Shopping centres and shopping and entertainment centres

The stability of the market of retail areas results from a large market demand, adaptation possibilities and requirements of particular contractors as well as considerable diversification of businesses

Tenants of commercial spaces are both national and international retail chains as well as local businesses. Key tenants of shopping centres include: Carrefour, Tesco, Real, H&M, C&A, ZARA, Nomi, RTV Euro AGD, Empik, Douglas, Saturn, Rossmann, Multikino, Helios and other chain brands.

The Capital Group has 11 shopping centres and shopping and entertainment centres in its portfolio as at March 31, 2010, which have been presented in the chart below:

Project location and name	GLA [sqm]
Bełchatów – Galeria Echo	9,300
Jelenia Góra – Galeria Echo	19,000
Pabianice – Galeria Echo	13,500
Piotrków – Galeria Echo	17,400
Przemyśl – Galeria Echo	4,900
Radom – Galeria Echo	19,500
Tarnów – Galeria Echo	20,200
Warsaw – Alma	1,500
Total retail centres	105,300
Kielce – Galeria Echo*	26,000
Szczecin – Galaxy	41,700
Wrocław – Pasaż Grunwaldzki	48,700
Total retail and entertainment centres	116,400
Total retail projects	221 700

*extended projects

In addition the Capital Group also holds land for development of next projects.

Projects under construction and in the pipeline in alphabetical order:

Bełchatów, Galeria Olimpia shopping and entertainment centre (extension of Echo Shopping Centre)

Extension of the existing Echo shopping centre is intended in Bełchatów, Kolejowa street. The existing facility will be modernized, and a new building with extra commercial space will be erected on the neighbouring plot of land. After extension the centre will operate as Galeria Olimpia and its total leasable area will amount to approx. 31,000 sqm. Customers will have a total of over 1,150 parking spaces at their disposal. The anticipated date of delivery of this project is 2012.

Kalisz, Galeria Amber shopping and entertainment centre

Echo Capital Group intends to develop a modern regional shopping and entertainment centre on its real property located in Kalisz. The facility will be built on Górnośląska street and Trasa Bursztynowa. The leasable area amounts to approx. 28,000 sqm. Completion of development is scheduled for H1 2013.

Katowice, project on Kościuszki street

There is a shopping centre with a leasable area of approx. 50,000 sqm planned to be developed on a real property in Katowice on Kościuszki street with an area of 54,000 sqm. A study of land use conditions and directions is currently being developed for the area where the property is located.

Kielce, Galeria Echo shopping and entertainment centre (extension)

The extension work on the shopping and entertainment centre Galeria Echo in Kielce was in progress in Q1 2010, it included construction of a centre with a leasable area of over 65,000 sqm. The general contractor of the projects is EIFFAGE BUDOWNICTWO MITEK SA. The new centre is to be opened in 2011.

Koszalin, shopping and entertainment centre

There is a modern shopping and entertainment centre planned in Koszalin on Krakusa i Wandy street. The project is at the stage of negotiating its architectural concept. Completion of the project is planned for 2013.

Lublin, shopping and entertainment centre

The company's investment plans include development of a shopping and entertainment centre in Górki Czechowskie in Lublin.

The management of the company is aiming at establishing details of the planned by the Echo Investment Group project with the Borough of Lublin

Łomża, Veneda shopping and entertainment centre

Erection of a shopping centre in Łomża is going to supplement the Company's portfolio of retail space. The centre will be built at the junction of Zawadzka and Sikorskiego streets. The mall will have approx. 15,000 sqm of retail space. Its car park will offer over 600 parking spaces. The City Council adopted a local spatial development plan for the centre in the middle of 2009, which enabled the Company to take further steps in project execution. Completion of Galeria Veneda development is scheduled for 2012.

Poznań, Metropolis shopping and entertainment centre

Echo Capital Group is planning to build the modern shopping and entertainment centre Metropolis on its property situated in Poznań, Hetmańska street, offering a leasable area of approx. 50,000 sqm. The Group is currently determining the architectural concept of the design. Completion of development is scheduled for H2 2013.

Słupsk, Arena shopping and entertainment centre

The Company is planning to build the shopping and entertainment centre Arena on its real property situated in Słupsk, Grottgera street. The facility will offer a leasable area of approx. 38,000 sqm. 94% of the project area have already been let to tenants. The Capital Group has obtained a building permit for erection of the aforementioned facility. Construction work is going to start as soon as financing is obtained, and completion is scheduled for the H2 2011.

Szczecin, Galeria Astra shopping centre

The Astra shopping centre will be developed on the site of the operating facility on A. Struga street in Szczecin. Total leasable area of the mall will amount to approx. 25,000 sqm. An entertainment section will be added during the consecutive stage of the project, to be developed during the upcoming years. The Astra shopping centre will be opened for customers in H2 2011.

Wrocław, Pasaż Grunwaldzki shopping and entertainment centre (extension)

Pasaż Grunwaldzki is a shopping and entertainment centre located at Plac Grunwaldzki in Wrocław. Currently, there are nearly 200 shops and service outlets operating on the approximate area of 48,700 sqm. Echo Capital Group intends to expand this project. After completion of the investment, the centre will have an area of approx. 65,000 sqm. Almost 50 new shops will be opened in the shopping section, and nearly 1,600 parking places will be made available to customers. The extended centre will be opened in 2012.

Other shopping and shopping and entertainment centres

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

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

Office space segment

In the office investment segment the Capital Group develops facilities for lease in Warsaw, Szczecin and Poznań. The Capital Group also prepares new projects and its offer includes office buildings of various standards, including the top standard.

Despite strong competition in this market segment the project in the investment portfolio of the Capital Group guarantee stable revenues resulting from long-term leases thanks to suitable locations and appropriate standards. Office space is leased to such recognized companies as: Medcover, Polkomtel, Lux Med, Abbott Laboratories, Pekao Financial Services, Roche, Polsoft, Mentor Graphics, Main Inspectorate Of Road Transport, Tebodin-SAP, Proamerica and others.

The Capital group has 7 office projects in its property portfolio; offices owned as at March 31, 2010 have been presented in the chart below:

Project location and name	GLA [sqm]
Warsaw – Babka Tower	6,200
Warsaw – Athina Park	12,800
Warsaw – Postępu 3*	10,200
Warsaw – Park Postępu**	26,200
Poznań – Malta Office Park, stage 1	6,800
Poznań – Malta Office Park, stage 2***	6,800
Kraków – Avatar****	5,500
Total office projects	74,500

* the Capital Group has 50% shares in the project (the space included in the chart reflects 50% share)

**total GLA of the Park Postępu complex amounts to 33,700 sqm, so far buildings with a leasable area of 26,200 sqm have been put into operation.

*** total GLA of the Malta Office Park stage 2 amounts to 15,200 sqm, so far buildings with a leasable area of 6.800 sqm have been put into operation

**** total GLA of the Avatar project amounts to 11,000 sqm, so far a useable area of 5,500 has been put into operation

Projects under construction and preparation in alphabetical order:

Gdańsk, Tryton project

The Company intends to develop office space on the real property in Gdańsk, Jana z Kolna street. The A class building designed by Arch - Deco architectural studio Gdynia shall comprise a leasable area of approx. 22,000 sqm. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of development will be H1 2011, and the date of delivery of the building to lessees will fall in H2 2012.

Katowice, project on Francuska street

A business park with a leasable area of approx. 45,000 sqm is planned on the Company's land in Katowice at the junction of al. Górnośląska and Francuska street. This establishment, designed by DDJM Biuro Architektoniczne architectural studio, will be executed in three stages. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. Commencement of development of the first stage of this investment is scheduled for H1 2011. The 1st stage of the project will be ready for opening in H2 2012.

Kraków, Avatar project

In Q1 2010 the construction of the modern A class office including an above-ground and underground car park in Kraków on Lea street was pending. Its architectural concept was prepared by the architectural studio DDJM Biuro Architektoniczne Sp. z o.o. from Kraków. The facility has been 100 pct leased by Fortis Bank Poland S.A. (currently BNP Paribas Fortis) with its registered office in Kraków. Its leasable area amounts to 11,000 sqm. Half of the area of the facility was put into operation in Q1 2010. The scheduled date of putting the remaining area into operation is Q2 2010.

Kraków, project on Opolska street

A modern A class office project is scheduled for development on the real property in Krakow, Opolska and 29 Listopada streets, with a leasable area of approx. 50,000 sq m. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. The project will be executed in three stages, with commencement expected in H1 2011 and completion of the 1st stage scheduled for H2 2012.

Łódź, Aurus project

For the purpose of optimizing the investment process, the A class office building project in Łódź, Piłsudskiego street, is currently being redesigned. The envisaged modifications will enable more flexible adaptation to the current situation on the property market and will enable development and sales of this project in stages. Its leasable area amounts to approx. 19,000 sqm. According to current plans, 1st stage of the project is scheduled for completion in the H1 2012.

Poznań, Malta Office Park project

In Q1 2010, development works were carried out on the 2nd stage of this complex, incorporating a leasable area of approx. 15,000 sqm. Its first part was delivered to tenants in December 2009 and the next part will be ready for opening in H2 2010. The scheduled launch of the construction of the third stage is to take place in H2 2010, and the facility will be put into operation by the end of 2011. The planned leasable area of the whole complex is to amount to approx. 29,000 sqm.

Szczecin, Oxygen project

Development works are being carried out on Oxygen, a modern office building at the Company's plot of land in Szczecin, Malczewskiego street. Approximately 14,000 sqm of that building area will be designed for rent by companies specializing in IT and telecommunication technologies. Architectural design of the establishment was developed by Arch Deco, a design studio of Gdynia. Completion of this project is scheduled for H2 2010.

Warsaw, Park Postępu project

A valid occupancy permit decision was obtained in September 2009 for 3 out of 4 buildings of the office park built on the property in Warsaw, at 21 Postępu street. Finishing works are still being carried out in the last building. The project with a leasable area of nearly 34,000 sqm was designed by APA Wojciechowski studio from Warsaw. The contractor of core and shell construction and the general contractor and manager of the investment is Modzelewski & Rodek Sp. z o.o. of Warsaw. Anticipated completion date of the 2nd stage is H1 2010.

Wrocław, project on Swobodna street

The Company is planning to develop office buildings with a total leasable area of approx. 20,000 sqm on its real property purchased in Q1 2010 and located on Swobodna street in Wrocław. The project is to be carried out in stages, the launch of the project is planned in H1 2011.

The hotel segment

The Group's long experience and recognized partners provide good grounds for the company's operations on the market of hotels. In the previous years Echo Investment SA used to handle comprehensive development of hotels for key clients, acting as a general contractor of investments. The Capital Group's projects in the hospitality industry were executed in cooperation with international hotel chains: Accor and Envergue groups of France, and the Qubus group of Norway. Complete hotels operate in Warsaw, Kielce, Kraków, Szczecin, Łódź, Poznań Częstochowa, Zabrze, and Gliwice. In the future, the Company is going to build hotels in cooperation with international hotel operators.

Łódź, Novotel hotel

In accordance with the general realization of investment agreement concluded in 2009 there will be a Novotel class hotel built on a property located on Piłsudskiego street in Łódź with an area of approx. 7,200 sqm. The scheduled date for completing the facility is H1 2012.

The residential segment

Echo Capital Group realizes a full range of housing investment projects, from luxury apartment complexes, to high- and medium-standard residential buildings, to estates of single-family houses.

Considering the difficult situation on the housing market, the Company is considering the option of executing its scheduled investments in stages, suspending execution of certain housing projects, or adapting its investment execution schedules to actual market situation.

Projects under construction and preparation in alphabetical order:

Kielce area, residential estate in Bilcza

Sales of plots of land were continued in Q1 2010 within an estate of single-family houses (Bilcza II) designed by Konsorcjum Pisarczyk & Tracz Architekci architectural studio of Kielce. The offer concerns the sale of 122 plots of land with utility connections (approx. 130,000 sqm) together with finished designs of houses.

Kielce area, residential estate in Dyminy

Preparatory works were being carried out for the development of another residential estate on the real property situated in Dyminy near Kielce. The residential estate designed by StoMM Architektura Maciej Stoczkiewicz architectural studio from Kielce will include 185 plots (approx. 160,000 sqm) for sale. The Company intends to sell plots of land with designs of houses. The project is now in the phase of obtaining building permits, and launch of the execution of the project is to take place in H2 2010.

Kraków, project on Kilińskiego street

Echo Capital Group is the freehold owner of 1,000 sqm land plot on Kilińskiego street in Krakow. The concept of plot development assumes construction of a residential building. At the moment, in view of the negligible scale of this project, the Company has made a decision to sell the property after obtaining administrative decisions.

Kraków, project on Korzeniowskiego street

The Company is going to commence development of a housing project on Korzeniowskiego street, Krakow. This building, designed by The Blok architectural studio, will have an area of about 3,000 sqm (40 apartments). The project is in the phase of obtaining administrative permits. Launch of this investment project is scheduled at the end of 2010, and its completion in mid-2012.

Kraków, project on Krasickiego street

In Q1 2010, the Company continued preparation for development of a housing and commercial project to be erected in Krakow, on Krasickiego street (area for sale is approx. 5,200 sqm). The building designed by Studio S - Biuro Architektoniczne Szymanowski architectural studio of Krakow will contain about 80 apartments. The investment is planned to commence at the beginning of H2 2010. Completion of the development process is scheduled no later than the beginning of 2012.

Kraków, project on Tyniecka and Czarodziejska streets

The Company intends to develop residential buildings on its land situated in Krakow, Tyniecka street. Its area for sale will amount to about 4,600 sqm (43 apartments). Administrative permits for project development are expected around the middle of H2 2010. Project implementation will commence at the end of 2010 and should be completed around the beginning of 2012.

Kraków, project on Bronowicka street

The Company intended to develop a residential building on its land situated in Krakow, Bronowicka street, for an approximate area of 3,300 sqm. Considering the small scale of this project, the Company is taking into account the option of selling the property as soon as the required administrative permits for project development are obtained.

Łódź, projekt on Okopowa and Górnicza streets

The Company is proceeding with the process of preparing construction of residential buildings to be developed on the real estate in Łódź, Okopowa and Górnicza streets. The estimated area for sale will be about 50,000 sqm (approx. 700 apartments). The Company is currently applying for administrative decisions required for project implementation. The project will be executed in stages. Duration of project execution is scheduled for five years, starting from H2 2010.

Łódź, project on Wodna street

The Company is also planning to develop residential buildings on its real estate in Łódź, on Wodna street. The current concept assumes construction of approx. 200 apartments with a total area for sale amounting to over 13,000 sqm. The company has acquired land development conditions decision allowing for development of the project. The project is in the phase of concept approvals and applying for a building permit, which is expected to happen by the end of 2010. It will be executed in stages. Development will commence at the beginning of 2011 and the execution process shall be completed in 2014.

Poznań, Osiedle Naramowice

Preparations for development of the fourth stage of Osiedle Naramowice designed by Archikwadrat Sp. z o.o. from Poznań, have been finished and preparations for the fifth stage (the area for sale amounts to approx. 15,000 sqm) were continued. The development of the fourth stage is to start at the end of H1 2010 and will be finished in H2 2012. The work connected with development of the fifth stage will continue for the period of approx. two years starting from the end of 2010. The land bank held by the Capital Group in Poznań allows for development of the next stages of the Osiedle Naramowice project.

Poznań, Kasztanowa Aleja, a project on Wojskowa street

The company decided to resume development of the Kasztanowa Aleja project in Poznań on Wojskowa street (an area of over 17,000 sqm to be developed in two stages). Launch of the project took place at the beginning of 2010. Completion of the first stage of the project is scheduled for mid-2011 and the second stage of the project will be probably carried out by the end of 2012.

Poznań, project on Litewska and Grudzieniec streets

The company continued preparing its plots that are part of the property located in Poznań on the streets of Litewska and Grudzieniec for sale. The total area of the plots to be offered amounts to nearly 14,000 sqm. The company is planning to sell the plots together with complete designs. It has been assumed that the sale will start in H2 2011 and will last twelve months.

Warsaw, Klimt House, project on Kazimierzowska street

In Q1 2010 the development of the Klimt House project in Warsaw on Kazimierzowska street was resumed (the area for sale amounts to approx. 5,200 sqm). The residential building has been designed by Mąka Sojka Architekci Sp. J. architectural studio from Warsaw and will include approx. 60 apartments and a few service outlets. Development of the project will last until the end of 2010.

Warsaw, estate of detached houses in Bielany district, Młociński Forest

The estate of detached houses in Warsaw's Bielany district (Młociński Forest) is at the stage of preparation. There have been 31 plots sectioned off on a property with an area of 6.3-ha. The estimated area of the plots for sale amounts to nearly 53,000 sqm. The design has been developed by W.M. Musiał Architekci Sp. z o.o architectural studio from Warsaw and StoMM Architektura Maciej Stoczkiewicz architectural studio from Kielce. It has been assumed that the Company will obtain the building permit by the end of 2010 and the development is to be finished within 2011.

Wrocław, project on Jedności Narodowej street

The Company is planning to develop a residential project including approx. 200 apartments with a total area of approx. 14,000 sqm on its real property located in Wrocław on Jedności Narodowej street with an area of 7,400 sqm. The Company has acquired land development conditions decision enabling its realization of the project. The design work has started. The project is to be carried out in stages. The launch of the first stage is planned at the end of H1 2010 and its completion is to take place in mid-2012.

Wrocław, project on Grota - Roweckiego street

Development of a residential project is scheduled on the Company's property in Wrocław, Grota Roweckiego street, with an area of about 3-ha, which is to comprise nearly 280 apartments with usable area of approx. 20,000 sqm. The project will be executed in stages. The first stage shall commence at the beginning of 2011 and completion of the entire project is anticipated in mid-2015.

Projects abroad**Hungary****Segment of shopping and shopping/entertainment centres****Budapest, Mundo shopping and entertainment centre**

A modern shopping and entertainment project MUNDO is to be developed on the company's property located in the 14th District of Budapest - Zuglo (an area of 6.84-ha). The centre has been designed by Mofo Architekci Sp. z o.o. architectural studio of Kraków. The initial building permit for development of the centre has been obtained. The leasable area of the project is to amount to approx. 50,000 sqm. The commercialization of the project is currently in progress and the development is to be launched as soon as the appropriate lease ratio and external financing are obtained.

Romania**Segment of shopping and shopping/entertainment centres****Brasov, Korona shopping and entertainment centre**

Echo Capital Group intends to develop a modern shopping & entertainment centre in Brasov, Romania, Stadionului street, with a gross leasable area of approx. 40,000 sqm. The design of the centre has been developed by IMB Asymetria architectural studio from Poland in cooperation with the Romanian Dico si Tiganas. The building permit has already been obtained. Commercialization of the project has been launched by Echo Investment specialists in close cooperation with the Romanian branch of Jones Lang LaSalle. Commencement of development is planned as soon as appropriate lease ratio is achieved and relevant external financing is secured.

Ukraine

Segment of offices

Kiev, the project on Dehtiarivska street

In Q1 2010 the Company obtained full ownership rights to the property on Dehtiarivska street in Kiev, where development of an office park with a leasable area of approx. 100,000 sqm is planned. The design work connected with the office park is to start this year. The project is to be carried out in stages. Obtaining the building permit is planned for the end of 2011.

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

The following factors had a major impact on the bottom line of Q4 2010:

- posting of incomes earned under final agreements of sale of the following housing projects:
 - in Warsaw, Inflancka street (stage 3), Zwycięzców street (stage 2) and Zeusa street,
 - in Poznań - the Naramowice housing project (stage 3), and
 - land plots with designs of houses, consisted in the Bilcza II housing estate near Kielce,
- regular revenues earned from letting of office and commercial space,
- quarterly revaluation of fair value of properties owned by Echo Investment Capital Group, accounting for changes in:
 - foreign exchange (EUR and USD) and net operating earnings,
- valuation of properties according to IAS 40 regarding the following projects:
 - Avatar in Kraków (under construction)
 - Park Postępu in Warsaw (delivered to users),
 - Malta Office Park, Stage 2, in Poznań (partially delivered to users),
 - Oxygen in Szczecin (partially delivered to users),
 - Galeria Echo in Kielce (extended),
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

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

With the open positions on the currency market, Echo Investment Capital Group was duly hedged as at December 31, 2010 for the part of cash flows allocated to:

- 2010: 109.0 mln EUR,
- 2011: 15.0 mln EUR,
- 2012: 51.5 mln EUR.

The transactions executed on the basis of contracts signed with banks were effected within the scope of the applicable hedging policy to secure future levels of cash flows on operating activity and currency conversion of EUR-denominated credit facility tranches. Balance sheet valuation of open items on derivatives as at December 31, 2010 is as follows:

forwards -67.3 mln PLN

currency options -7.6 mln PLN

Weighted average strike rate for the remaining open transactions is 3.7981 EUR/PLN.

The following transactions had an impact on the above specified balance of currency exchange hedging transactions in Q1 2010:

From January 08 until March 12 2010 'Echo-Aurus' Limited Liability Company concluded forward transactions closing parts of open positions (32.5 mln EUR). The settlement date of the transaction is June 22, 2010.

On February 18, 2010 Park Postępu Limited Liability Company concluded a forward transaction closing parts of open foreign exchange positions with a nominal value of 5.9 mln EUR, with the settlement date on March 17, 2010 (making a profit of 1,1 mln PLN).

From February 01 until February 25, 2010 'Echo - Arena Limited Liability Company' Limited Partnership concluded forward transactions closing parts of open positions (26,0 mln EUR). The settlement date of the transaction is June 22, 2010.

From February 26 until March 04, 2010 'Echo - Galeria Kielce' Limited Liability Company partially closed its open foreign exchange positions (66.5 mln EUR with a loss of 30.9 PLN) and from February 26 until March 04, 2010 it concluded a forward transaction with a value of 66.5 mln EUR and the settlement dates on April 14, 2011 (15,0 mln EUR) and February 15, 2012 (51,5 mln EUR).

From March 12 until March 19, 2010 'Echo - Arena Limited Liability Company' Limited Partnership concluded forward transactions closing parts of open positions (18.0 mln EUR). The settlement date of the transactions is June 22, 2010.

On March 29, 2010 'Projekt Echo - 63' Limited Liability Company concluded an exchange of 4 pairs of call and put options expiring on March 31, 2010 for a pair of call and put options with the settlement date on December 14, 2010. The nominal value of the transaction is 11.0 mln EUR.

On March 29, 2010 'Echo - Galeria Kielce' Limited Liability Company concluded a forward transaction closing parts of open positions (8 mln EUR). The settlement date of the transaction is August 31, 2010.

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

Maturity dates of open hedging items securing foreign exchange risks:

Financial instrument	Currency	Type	Balance as at 31.03.2010 (mln PLN)	Nominal (mln EUR)	H1 2010 nominal (mln EUR)	H2 2010 nominal (mln EUR)	H1 2011 nominal (mln EUR)	H2 2012 nominal (mln EUR)
Forward	EUR/PLN		- 67.3	154.5	23.0	65.0	15.0	51.5
Options	EUR/PLN	call	-7.8	21.0	10.0	11.0	0.0	0.0
	EUR/PLN	put	0.2	21.0	10.0	11.0	0.0	0.0

5.13 Operating segments of Echo Investment Capital Group

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

Operating earnings achieved in Q1 2010, divided into segments:

Specification	Revenues [mln PLN]	Share %	Costs [mln PLN]	Share %
shopping centres and shopping/entertainment centres	61.8	54.2%	16.6	31.8%
residential space	32.7	28.7%	27.3	52.3%
office and hotel facilities	17.2	15.1%	7.3	14.0%
other incomes	24	2.1%	1.0	1.9%
operating incomes total	114.1	100%	52.2	100%

During Q1 2010, Echo Investment Capital Group did not alter or modify the basis for distinguishing its segments, total assets of segments did not vary significantly as compared to the data presented in the report for 2009.

5.14 Selected consolidated financial data

	in thousands PLN		in thousands EUR	
	Q1 cumulative from 01.01.2010 to 31.03.2010	Q1 cumulative from 01.01.2009 to 31.03.2009	Q1 cumulative from 01.01.2010 to 31.03.2010	Q1 cumulative from 01.01.2009 to 31.03.2009
I. Operating incomes	114 132	134 381	28 771	29 217
II. Profit before tax and financial incomes/costs	(62 601)	402 016	(15 781)	87 406
III. Profit (loss) before tax and interest	35 717	65 039	9 004	14 141
IV. Net profit (loss)	29 765	52 777	7 503	11 475
V. Net operating cash flow	82 694	25 277	20 846	5 496
VI. Net investment cash flow	(84 967)	(169 966)	(21 419)	(36 954)
VII. Net financial cash flow	141 376	33 764	35 639	7 341
VIII. Total net cash flow	139 103	(110 925)	35 066	(24 117)
IX. Assets total	4 260 906	4 556 028	1 103 233	969 100
X. Equity attributable to shareholders of the parent company	1 757 548	1 701 492	455 064	361 919
XI. Non-current liabilities	1 838 832	2 019 053	476 110	429 467
XII. Current liabilities	381 672	529 339	98 822	112 594
XIII. Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
XIV. Profit (loss) per ordinary share (in PLN / EUR)	0.19	0.31	0.05	0.07
XV. Diluted profit (loss) per ordinary share (in PLN/ EUR)	0.19	0.31	0,05	0,07
XVI. Book value per share (in PLN / EUR)	4.18	4.05	1.08	0.86
XVII. Diluted book value per share (in PLN/ EUR)	4.18	4.05	1.08	0.86

5.15 Shareholding structure - significant stakes of Echo Investment SA shares

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of total votes at the general meeting of shareholders of Echo Investment SA as at May 17, 2010:

Shareholder	Number of shares [pcs.]	% of issued capital of Echo Investment SA	Number of votes at the General Meeting of Shareholders of Echo Investment SA	% of total votes at the General Meeting of Shareholders of Echo Investment SA
Michał Sołowow (directly and indirectly)	169 916 580	40.46%	169 916 580	40.46%
AVIVA OFE AVIVA BZ WBK*	47 340 018	11.27%	47 340 018	11.27%
ING OFE*	37 898 195	9.02%	37 898 195	9.02%
PZU Złota Jesień OFE *	37 655 236	8.97%	37 655 236	8.97%

* balance of shares according to the annual structure of investment portfolios of the OFEs (Open Pension Funds) as at December 31, 2009.

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

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

As at May 17, 2010 there are 420,000,000 shares of the Company presently available for stock trade (Code ISIN PLECHPS00019). All shares carry the same privileges. Each share carries one vote at the General Meeting of Shareholders of the Company. Par value of one share is 0.05 PLN.

Information about issues of Echo Investment's shares:

Series	Number of shares	Par value total	Class of shares	Date of shares registration by court	Date of listing on the Warsaw Stock Exchange
A	1,600,000	80,000	Ordinary bearer shares	30.06.1994	10.08.2006
B	38,400,000	1,920,000	Ordinary bearer shares	30.06.1994	21.02.1996
C	20,000,000	1,000,000	Ordinary bearer shares	13.11.1995	21.02.1996
D	60,000,000	3,000,000	Ordinary bearer shares	18.02.1997	27.03.1997
E	20,000,000	1,000,000	Ordinary bearer shares	30.12.1997	02.03.1998
F	280,000,000	14,000,000	Ordinary bearer shares	26.11.2002	20.12.2002
Total:	420,000,000	21,000,000			

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

Managing persons	as at 17.05.2010	as at 01.03.2010
Piotr Gromniak – President of the Management Board	did not hold any shares	did not hold any shares
Artur Langner – Vice-President of the Management Board	did not hold any shares	did not hold any shares

Supervising persons	as at 17.05.2010	as at 01.03.2010
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 Waniolka – 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 to March 31, 2010, no litigation was conducted before a court or a public administration authority concerning liabilities or receivables of Echo Investment SA or its subsidiaries, whose joint value constitutes at least 10% of equity of Echo Investment SA.

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 did not publish any financial forecasts.

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

Neither Echo Investment SA nor any subsidiary entered into any transactions with affiliated companies on different terms than arm's length transactions in Q1 2010.

5.20 Sureties granted as collaterals of credits or loans, and granted guarantees with a value corresponding to at least 10% of the Issuer's equity

In Q1 2010 the Capital Group did not grant any collaterals of credit or loans or granted guarantees to any entity or subsidiaries, the value of which would correspond to at least 10% of the Issuer's equity.

See also item 5.10

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

On January 4, 2010 the Management Board of the Company received a decision of the District Court for Krakow - Śródmieście District in Krakow, 7th Economic Department of Pledge Registry, concerning an entry made in the Pledge Registry on December 17, 2009 of a lien on shares in the issuer's subsidiary 'Projekt Echo - 62' Sp. z o.o. with its registered seat in Kielce (the Subsidiary).

The lien was established on 7,731,000 shares of the Subsidiary, held by another subsidiary of the Issuer (Echo - Pasaż Grunwaldzki Limited Liability Company Limited Partnership with its registered seat in Kielce), with a par value of PLN 386,550,000, constituting 99.99% of issued capital and carrying 7,731,000 votes at the general meeting of shareholders.

The book value of the shares whereon the registered pledge was established in the accounting books of Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. is PLN 386,550,000. Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. considers these shares to be a long-term equity investment.

The lien established on these shares is collateral in favour 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. 41/2009 on November 26, 2009. The pledge on the shares has been established on the basis of an agreement of registered pledge on shares, made on November 26, 2009 between Echo - Pasaż Grunwaldzki Limited Liability Company Limited Partnership (the Pledger) and Eurohypo AG Bank (the Pledgee). The value of receivables secured by the said registered pledge is EUR 23.25 million which, according to the average rate of exchange of the National Bank of Poland as at the date of lien, corresponds to PLN 97,226,850.

On January 20, 2010 the Management Board of the Company received a decision of the District Court for Krakow - Śródmieście District in Krakow, 7th Economic Department of Pledge Registry, concerning an entry made in the Pledge Registry on January 12, 2010 of a lien on shares in the Issuer's subsidiary "Projekt Echo - 62" Sp. z o.o. with its registered seat in Kielce (the Subsidiary).

The lien was established on 7,731,000 shares of the Subsidiary, held by another subsidiary of the Issuer (Echo - Pasaż Grunwaldzki Limited Liability Company Limited Partnership with its registered seat in Kielce), with a par value of PLN 386,550,000, constituting 99.99% of issued capital and carrying 7,731,000 votes at the general meeting of shareholders.

The book value of the shares whereon the registered pledge was established in the accounting books of Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. is PLN 386,550,000. Echo - Pasaż Grunwaldzki Limited Liability Company Limited Partnership considers these shares to be a long-term equity investment.

The lien established on these shares is a collateral in favour of Eurohypo AG Bank of Eschborn, Germany, concerning repayment of liabilities arising from the credit agreement executed between the Issuer's subsidiaries: Echo - Galeria Kielce Sp. z o.o. with its registered seat in Kielce (the Borrower), Projekt Echo - 62 Sp. z o.o. with its registered seat in Kielce (the Guarantor), and Eurohypo AG Bank with its registered seat in Eschborn, Germany (the Bank, the Lender), which the Issuer communicated in its current report no. 32/2009 on October 6, 2009. The lien on the shares was established pursuant to agreement of registered pledge on shares, made on November 25, 2009 between Echo - Pasaż Grunwaldzki Limited Liability Company Limited Partnership (the Pledger) and Eurohypo AG Bank (the Pledgee). The value of receivables secured by the said lien is EUR 150 million (according to the average exchange rate of the National Bank of Poland as on the date of making the registered pledge, the said amount is an equivalent of PLN 612.21 million).

On March 17, 2010 there was an annexe signed to the conditional agreement on lease of commercial premises including auxiliary rooms located in a shopping centre in Przemysł dated December 21, 1998 with later amendments between 'Echo - Centrum Przemysł' Sp. z o.o. (the Lessor) and Carrefour Polska Sp. z o.o. with its seat in Warsaw (the Tenant). On the basis of the concluded annexe the rent rate regarding the lease of space in the aforementioned shopping centre changed. The value of the annexe for the lease period from October 1, 2010 to September 30, 2010 amounted to PLN 15.34 mln (including EUR 2.19 mln, which according to the average exchange rate of the national bank of Poland as at the date of concluding the annexe is an equivalent of PLN 8.50 mln).

See also items 5.8, 5.9, 5.11 and 5.12 of this report.

5.22 Factors expected to influence Echo Investment Capital Group's results according to the Management Board of Echo Investment SA in the perspective of at least the upcoming quarter of year

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

- signing final contracts of sale of the housing projects:
 - in Warsaw, Inflancka street (stage 3), Zwycięzców street (stage 2) and Zeusa street,
 - in Poznań - the Naramowice housing project (stage 3), and
 - in Kielce - the Bilcza housing estate (stage 2) - sale of plots including designs of houses
- revaluation of fair value of projects under construction and/or delivered to users:
 - Malta Office Park, (stage 2), in Poznań (the office segment),
 - Oxygen in Szczecin (the office segment),
 - Avatar in Kraków (the office segment)
 - Galeria Echo in Kielce (a shopping and entertainment centre),

quarterly revaluation of fair value of properties owned by the Company, accounting for foreign exchange (EUR and USD) and net operating earnings changes as well as assessment of yield rates used for evaluation

- regular revenues earned from lease
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

6. Condensed separate financial statements as at and for the period of 3 months ended March 31, 2010

Balance sheet (in thousands PLN)	balance as at 2010.03.31 end of quarter	balance as at 2009.12.31 End of previous year	balance as at 2009.03.31 end of quarter
Assets			
1. Non-current assets			
1.1. Intangible assets	1 012	1 051	1 033
1.2. Tangible fixed assets	17 104	10 669	11 393
1.3. Investment property	11 252	11 612	14 212
1.4. Investments in fully and partially owned subsidiaries	615 952	611 227	458 693
1.5. Investments in associated companies	50	50	10 650
1.6. Loans granted	359	359	12 909
1.7. Other financial assets	2 307	-	50
	648 036	634 968	508 940
2. Current assets			
2.1. Inventories	354 760	365 693	392 490
2.2. Current income tax receivables	-	2 195	1 325
2.3. Other tax receivables	49	57	44
2.4. Trade receivables and other receivables	27 773	122 731	218 501
2.5. Loans granted	182 101	124 363	190 978
2.6. Derivative financial instruments	-	-	19
2.7. Cash and cash equivalents	79 303	53 878	32 169
	643 986	668 917	835 526
Assets total	1 292 022	1 303 885	1 344 466
Liabilities			
1. Equity			
1.1. Issued share capital	21 000	21 000	21 000
1.2. Supplementary capital	477 859	477 859	437 943
1.3. Retained earnings	34 042	6 401	46 317
1.4. Net profit (loss)	12 363	27 641	5 260
	545 264	532 901	510 520
2. Provisions			
2.1. Provisions for liabilities	10 930	10 930	9 560
2.2. Deferred income tax provision	6 404	8 300	1 939
	17 334	19 230	11 499
3. Non-current liabilities			
3.1. Borrowings	522 808	513 948	521 099
	522 808	513 948	521 099
4. Current liabilities			
4.1. Borrowings	146 683	128 017	137 322
4.2. Derivative financial instruments	-	-	10 030
4.3. Current income tax liabilities	1 465	-	308
4.4. Other tax liabilities	822	3 839	-
4.5. Trade liabilities	14 445	38 034	44 378
4.6. Advances received	34 384	53 759	62 289
4.7. Other liabilities	8 817	14 157	47 021
	206 616	237 806	301 348
Liabilities total	1 292 022	1 303 885	1 344 466

	balance as at 2010.03.31 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.03.31 end of quarter
Book value (in thousands PLN)	545 264	532 901	510 520
Number of shares	420 000 000	420 000 000	420 000 000
Book value per share (in PLN)	1.30	1.27	1.22

Off-balance liabilities (in thousands PLN)	balance as at 2010.03.31 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.03.31 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	784 928	834 848	26 557
Off-balance items total	784 928	834 848	26 557

Profit and loss statement (in thousands PLN)	1 quarter from 2010.01.01 to 2010.03.31	1 quarter from 2009.01.01 to 2009.03.31
Operating incomes	63 190	104 737
Operating expenses	(46 858)	(80 692)
Gross profit (loss) on sales	16 332	24 045
Profit (loss) on sales of property	225	40
Revaluation of non-financial assets	(360)	1 254
Costs of sales	(4 384)	(4 195)
Administrative costs	(5 926)	(4 314)
Other operating incomes	5 930	2 345
Other operating expenses	(542)	(1 850)
Earnings before tax and finance incomes/expenses	11 275	17 325
Financial incomes	10 093	22 828
Financial costs	(9 381)	(33 698)
Net profit (loss)	11 987	6 455
Income tax	376	(1 195)
Net profit (loss)	12 363	5 260
Net profit (loss) (annualized)	34 744	34 751
Weighted average number of ordinary shares	420 000 000	420 000 000
Earnings per ordinary share (in PLN)	0.08	0.08
Weighted average diluted number of ordinary shares	420 000 000	420 000 000
Diluted earnings per ordinary share (in PLN)	0.08	0.08

Statement of changes in equity (in thousands PLN)	Issued capital	Supplementary capital	Retained earnings from the previous years	Net profit (loss)	Total shareholders' equity
For 1 quarter (current year) the period from 2010.01.01 to 2010.03.31					
Balance as at the beginning of period	21 000	477 859	34 042	-	532 901
Changes during the period:					
Distribution of profit/loss carried forward		-	-		-
Net profit (loss) of the current period				12 363	12 363
Changes total	-	-	-	12 363	12 363
Balance as at the end of period	21 000	477 859	34 042	12 363	545 264
For 4 quarters (previous year) the period from 2009.01.01 to 2009.12.31					
Balance as at the beginning of period	21 000	437 943	46 317	-	505 260
Changes during the period:					
Distribution of profit/loss carried forward		39 916	(39 916)		-
Net profit (loss) of the current period				27 641	27 641
Changes total	-	39 916	(39 916)	27 641	27 641
Balance as at the end of period	21 000	477 859	6 401	27 641	532 901
For 1 quarter (current year) the period from 2009.01.01 to 2009.03.31					
Balance as at the beginning of period	21 000	437 943	46 317	-	505 260
Changes during the period:					
Distribution of profit/loss carried forward		-	-		-
Net profit (loss) of the current period				5 260	5 260
Changes total	-	-	-	5 260	5 260
Balance as at the end of period	21 000	437 943	46 317	5 260	510 520

Cash flow statement (in thousands PLN)	1 quarter from 2010.01.01 to 2010.03.31	1 quarter from 2009.01.01 to 2009.03.31
Cash flows on operating activity – indirect method		
I. Net profit (loss)	12 363	5 260
II. Adjustments		
1. Share in net (gains) losses of associated companies	-	-
2. Amortization/Depreciation	673	977
3. Foreign exchange (gains) losses	-	-
4. Interest and shares in profits (dividends)	(2 640)	9 339
5. Current income tax in the profit and loss statement	1 521	2 175
6. Income tax paid	2 140	(1 302)
7. (Profit) loss on investing activities	106	(1 294)
8. Change in provisions	(2 398)	(2 479)
9. Change in inventories	10 933	17 921
10. Change in receivables	95 286	(75 273)
11. Change in current liabilities, except for borrowings	(46 132)	(59 737)
12. Change in the balance of prepayments and accruals	-	(1 724)
13. Other adjustments	-	-
	59 489	(111 397)
Net cash flows on operating activities	71 852	(106 137)
Cash flows from investing activities		
I. Incomes		
1. Sales of intangible and tangible fixed assets	402	73
2. Sales of investments in property and in intangible assets	-	-
3. From financial assets	40 198	4 120
4. Other incomes from investments	-	-
	40 600	4 193
II. Expenditures		
1. Acquisition of intangible assets and tangible assets	(7 246)	(244)
2. Investments in property and in intangible assets	-	-
3. Other financial assets	(98 017)	(5 502)
4. Other investment expenditures	73	(230)
	(105 190)	(5 976)
Net cash flows from investing activities	(64 590)	(1 783)
Cash flows from finance activities		
I. Incomes		
1. Net income from issue of shares and other equity instruments, additional payments to capital	-	-
2. Borrowings	27 119	91 304
3. Issue of debt securities	-	32 019
4. Other financial incomes	-	-
	27 119	123 323

Cash flow statement (in thousands PLN) continued	1 quarter from 2010.01.01 to 2010.03.31	1 quarter from 2009.01.01 to 2009.03.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Profit distribution expenses other than payments to owners	-	-
4. Repayments of loans and credits	-	(12 785)
5. Redemption of debt securities	-	-
6. Interest	(8 956)	(10 087)
	(8 956)	(22 872)
Net cash flows from financing activities	18 163	100 451
Net cash flows total	25 425	(7 469)
Balance change in cash, including:	25 425	(7 469)
- change in cash balance through foreign exchange differences	-	-
Cash as at the beginning of period	53 878	39 608
Cash at the end of period, including	79 303	32 139
- with limited disposability	6 802	-

Kielce, May 17, 2010

Representatives of the Company

Person in charge of bookkeeping

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

Chief Accountant

Tomasz Sulek



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