



SEMI-ANNUAL REPORT

2010

Consolidated Extended
Financial Statements
of Echo Investment Capital Group
for the 1st half of 2010

August 31, 2010

echo
I N V E S T M E N T

I. Abbreviated consolidated financial statements of Echo Investment Capital Group for the 1st half of 2010, covering the period from January 1, 2010 to June 30, 2010, prepared in conformity with the International Financial Reporting Standards

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION [in thousands PLN]

	Note	30.06.2010	31.12.2009	30.06.2009
ASSETS				
1. Non-current assets				
1.1. Intangible fixed assets		952	1 051	925
1.2. Tangible fixed assets		25 342	18 615	18 706
1.3. Non-current receivables		40	40	7
1.4. Investment property	2	2 847 304	2 780 096	2 705 385
1.5. Investment property under construction	2	816 683	705 577	821 081
1.6. Financial investment		634	337	25 793
1.7. Loans granted		13	12	12
1.8. Derivative financial instruments	4	-	-	629
1.9. Deferred income tax assets		24 627	42 545	58 416
		3 715 595	3 548 273	3 630 954
2. Current assets				
2.1. Inventories	3	380 252	420 525	440 718
2.2. Income tax receivables		1 272	4 969	3 183
2.3. Other tax receivables		40 220	30 005	32 337
2.4. Trade receivables and other receivables		61 966	96 420	117 561
2.5. Loans granted		-	82	186
2.6. Derivative financial instruments	4	498	1 558	115
2.7. Cash and cash equivalents		269 585	169 101	140 544
		753 793	722 660	734 644
ASSETS TOTAL		4 469 388	4 270 933	4 365 598

	Note	30.06.2010	31.12.2009	30.06.2009
LIABILITIES				
1. Equity				
1.1. Equity attributable to equity holders of the parent		1 788 529	1 733 686	1 718 912
1.1.1. Issued capital		21 000	21 000	21 000
1.1.2. Supplementary capital		1 709 726	1 597 501	1 597 501
1.1.3. Accumulated profit (loss)		57 072	112 225	79 659
1.1.4. Exchange differences on translation		731	2 960	20 752
1.2. Minority interest in equity		(19)	(8)	(8)
		1 788 510	1 733 678	1 718 904
2. Provisions				
2.1. Provisions for liabilities		10 850	16 650	16 022
2.2. Provision for deferred income tax		279 045	287 760	301 006
		289 895	304 410	317 028
3. Non-current liabilities				
3.1. Borrowings	5	1 783 885	1 664 098	1 678 047
3.2. Derivative financial instruments	4	20 975	2 705	125 517
3.3. Deposits received		42 247	39 939	39 402
3.4. Leases		56 910	38 559	32 832
		1 904 017	1 745 301	1 875 798
4. Current liabilities				
4.1. Borrowings	5	323 182	176 759	139 933
4.2. Derivative financial instruments	4	54 704	163 984	184 528
4.3. Income tax liabilities		1 683	5 600	3 280
4.4. Other tax liabilities		23 890	8 284	15 898
4.5. Trade liabilities		48 450	65 870	40 551
4.6. Other liabilities		18 190	12 411	9 712
4.7. Deposits received		16 867	54 636	59 966
		486 966	487 544	453 868
LIABILITIES TOTAL		4 469 388	4 270 933	4 365 598
		30.06.2010	31.12.2009	30.06.2009
Book value (in thousands PLN)		1 788 529	1 733 686	1 718 912
Number of shares (in thousands)		420 000	420 000	420 000
Book value per share		4.26	4.13	4.09

CONSOLIDATED INTERIM INCOME STATEMENT [in thousands PLN]

	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Revenue	231 866	230 398
Cost of sales	(101 435)	(87 829)
Sales profit (loss) before tax, interest, and expenses	130 431	142 569
Revaluation of properties	28 944	184 125
Cost of sales	(9 143)	(8 568)
Administrative costs	(17 275)	(13 750)
Other operating incomes	15 812	10 472
Other operating expenses	(9 112)	(2 858)
Earnings before tax and financial incomes/ expenses	139 657	311 990
Financial incomes	117 812	17 525
Financial expenses	(167 920)	(164 843)
Foreign exchange gains (losses)	(18 288)	(76 966)
Interest in associated companies	162	(21)
Profit (loss) before tax	71 423	87 685
Income tax	(14 398)	(16 555)
- current part	(5 195)	(7 008)
- deferred part	(9 203)	(9 547)
Net profit (loss), including:	57 025	71 130
Profit (loss) attributable to equity holders of the parent	57 072	71 130
Minority profit (loss)	(47)	-
Profit (loss) attributable to equity holders of the parent (semi-annual)	57 072	71 130
Weighted average number of ordinary shares (in thousands)	420 000	420 000
Profit (loss) per ordinary share (in PLN)	0.14	0.17

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME [in thousands PLN]

	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Net profit	57 072	71 130
Other comprehensive income		
- exchange differences on translation of foreign transactions	(2 229)	7 182
Other comprehensive income, net of tax	(2 229)	7 182
Total comprehensive income for the period of 6 months, including:	54 843	78 312
Comprehensive income attributable to equity holders of the parent	54 890	78 312
Comprehensive income attributable to minority interests	(47)	-

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

	Issued capital	Supplementary capital	Accumulated profit (loss) carried forward	Foreign exchange differences on translation	Equity attributable to equity holders of the parent	Minority interests	Total shareholders' equity
For the period from January 1, 2010 to June 30, 2010							
Balance as at the beginning of period (restated, comparable)	21 000	1 597 501	112 225	2 960	1 733 686	(8)	1 733 678
Distribution of profit/ loss carried forward	-	112 225	(112 225)	-	-	-	-
Changes in minority interests	-	-	-	-	-	36	36
Other comprehensive income, net of tax	-	-	-	(2 229)	(2 229)	-	(2 229)
Net profit (loss) of the current period	-	-	57 072	-	57 072	(47)	57 025
Balance as at the end of period	21 000	1 709 726	57 072	731	1 788 529	(19)	1 788 510
For the period from January 1, 2009 to December 31, 2009							
Balance as at the beginning of period (restated, comparable)	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
Distribution of profit/ loss carried forward	-	104 221	(104 221)	-	-	-	-
Changes in minority interests	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	(10 610)	(10 610)	-	(10 610)
Net profit (loss) of the current period	-	-	103 696	-	103 696	-	103 696
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 period from January 1, 2009 to June 30, 2009							
Balance as at the beginning of period (restated, comparable)	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
Distribution of profit/ loss carried forward	-	104 221	(104 221)	-	-	-	-
Changes in minority interests	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	7 182	7 182	-	7 182
Net profit (loss) of the current period	-	-	71 130	-	71 130	-	71 130
Balance as at the end of period	21 000	1 597 501	79 659	20 752	1 718 912	(8)	1 718 904

CONSOLIDATED CASH FLOW STATEMENT (in thousands PLN)

	Note	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
A. Cash flows on operating activities - indirect method			
I. Net profit (loss)		57 025	71 130
II. Adjustments total			
1. Share of net (profit) loss of associates		(162)	-
2. Depreciation of fixed assets		1 857	2 179
3. (Gains) losses on foreign exchange differences		18 288	85 240
4. Interest and shares in profits (dividends)		58 122	16 581
5. Current income tax		14 399	7 008
6. Income tax paid		(5 416)	(3 689)
7. (Profit) loss on investment activity		(42 513)	(83 441)
8. Change in provisions		(5 800)	7 312
9. Change in inventories		41 229	45 414
10. Change in receivables		24 240	10 282
11. Change in current liabilities, except for borrowings		(19 130)	(109 512)
12. Other adjustments		-	-
		85 114	(22 626)
III. Net cash flows from operating activity (I+/-II)		142 139	48 504
B. Cash flows on investment activities			
I. Incomes			
1. Sales of intangible and tangible fixed assets		617	10
2. Sales of investments in real property and in intangible assets		-	-
3. From financial assets		5 194	-
4. Other incomes from investments		-	453
		5 811	463
II. Expenditures			
1. Acquisition of intangible and tangible fixed assets		(9 104)	(395)
2. Investments in real property and in intangible assets		(143 329)	(151 123)
3. On financial assets		(85 252)	(56 506)
4. Other investment expenditures		-	-
		(237 685)	(208 024)
III. Net cash flows from investment activity (I-II)		(231 874)	(207 561)

CONSOLIDATED CASH FLOW STATEMENT (in thousands PLN) continued

	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
C. Cash flows on financial activities		
I. Incomes		
1. Net income from issue of shares (issue of stocks) and of other equity instruments with additional payments to equity	-	-
2. Borrowings	206 162	60 000
3. Issue of debt securities	115 000	105 923
4. Other financial incomes	-	-
	321 162	165 923
II. Expenditures		
1. Acquisition of shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Profit distribution expenses other than payments to owners	-	-
4. Repayments of loans and credits	(72 760)	(66 369)
5. Redemption of debts securities	-	(70 000)
6. Other financial liabilities	-	(29 695)
7. Payments of liabilities under financial lease contracts	(56)	-
8. Interest	(55 898)	(22 051)
9. Other financial expenses	-	-
	(128 714)	(188 115)
III. Net cash flows from financial activity (I-II)	192 448	(22 192)
D. Net cash flows total (A.III+/-B.III+/-C.III)	102 713	(181 249)
E. Cash balance change, including:	100 484	(181 249)
- change in cash balance through foreign exchange differences	(2 229)	-
F. Cash as at the beginning of period	169 101	321 793
G. Cash as at the end of period (F+/- D), including:	269 585	140 544
- with limited disposability	13 791	8 860

Introduction

1. General information

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

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

The Company's shares are quoted at the Warsaw Stock Exchange; industry - according to regulated market Classification - construction.

The duration of the Company is unlimited.

The following persons were members of the Management Board of Echo Investment S.A. as at June 30, 2009 and as at June 30, 2010: Piotr Gromniak, President of the Management Board, and Artur Langner, Vice-President of the Management Board. The following persons were members of the Supervisory Board as at June 30, 2009 and as at June 30, 2010: Wojciech Ciesielski, Chairman; Andrzej Majcher, Deputy Chairman; Mariusz Waniółka, Deputy Chairman; and Members: Tomasz Kalwat, Robert Oskard, and Karol Żbikowski. The following persons were members of the Audit Committee as at June 30, 2010: Mariusz Waniółka, Chairman, as well as Robert Oskard, and Tomasz Kalwat.

2. Information about the financial statements

The abbreviated consolidated financial statements of Echo Investment S.A. Capital Group present consolidated financial data for the period of 6 months ended June 30, 2010, comparative data for the period of 6 months ended June 30, 2009, and comparable data for the period of 12 months ended December 31, 2009 (in respect of the statement on financial position and statement of changes in equity). Unless otherwise specified, all financial data in the Group's consolidated financial statements are given in thousands PLN.

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

The abbreviated consolidated financial statements were prepared by the Group according to the principles set in IAS 34. These statements should be analysed in conjunction with the annual consolidated financial statements for 2009.

The statements were prepared according to historical cost methodology, with the exception of investment properties and financial instruments, which are recognised at fair value. The statements were drawn up under the assumption of continued business activity in foreseeable future, considering non-existence of any circumstances that might indicate any risk for the continuation of operations.

The Management Board of the Group used its best knowledge in applying standards, interpretations, methods and principles of valuating the particular items of these financial statements.

The activities of Echo Investment Group are not subject to seasonality.

In preparing the present financial statements the Company has applied new interpretations issued by the IFRS Committee and applicable to the Group's reporting period starting as at January 1, 2010. The new guidelines have not affected the presentation of data or the valuation of individual items of these financial statements to any significant extent.

3. *Information about the Accounting Standards and the Interpretations issued by the IFRS Committee entering into force as of 2009*

In preparing the present financial statements the Group has applied the same accounting standards and interpretations as those adopted and described in the annual consolidated financial statements for 2009.

4. *Composition of the Capital Group*

These financial statements of Echo Investment S.A. Capital Group comprise the individual financial statements of Echo Investment S.A. and its subsidiaries. Subsidiaries are all companies controlled by the Group, which typically occurs if the Company holds more than half the voting rights in the given company, whether directly or via its other subsidiaries. Grounds for control also exist if the Company is capable of influencing the given company's operating and financial activities. Subsidiaries are consolidated as from the time of seizing control until loss of control over such companies.

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

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

All internal Group transactions and settlement account balances are eliminated in the consolidation process. The value of shares, held by the Company and other consolidated companies, in subsidiaries, corresponding to the Company's and other consolidated Group companies' interests in the equity of such subsidiaries, is also eliminated.

As at June 30, 2010, Echo Investment Capital Group consists of 77 subsidiaries that are fully consolidated, one partially owned subsidiary consolidated according to the proportional method.

Subsidiaries:

Company Name	Registered office address	% equity held	Parent company
"Athina Park" Sp. z o.o. [a limited liability company]	Kielce	100%	XXIX FIZ Forum
"Barconsel Holdings" Ltd.	Nicosia	100%	Echo Investment S.A.
"Budivelnuy Soyuz Monolit" LLC	Kiev	100%	Yevrobudgarant LLC
"Centrum Handlowe PHS" SA [a joint stock company]	Szczecin	100%	Echo Investment S.A.
"Echo - Arena" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo - Arena [a limited liability company, limited partnership]	Kielce	100%	Echo Investment S.A.
"Echo - Aurus" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. [a	Kielce	100%	Echo Investment S.A.

limited liability company]			
"Echo – Centrum Biznesu Łódź" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Echo – Centrum Jelenia Góra" Sp. z o.o. [a limited liability company]	Jelenia Góra	100%	Echo Investment S.A.
"Echo – Centrum Poznań" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Centrum Przemysł" Sp. z o.o. [a limited liability company]	Kielce	100%	XXIX FIZ Forum
"Echo – Centrum Rzeszów" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Centrum Tarnów" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Galaxy" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Galaxy Sp. z o.o." Sp. kom. [limited partnership]	Kielce	100%	Echo Investment S.A.
"Echo – Galaxy Szczecin" Sp. z o.o. [a limited liability company]	Szczecin	100%	"Echo – Galaxy Sp. z o.o." Sp. kom.
"Echo – Galeria Kielce" Sp. z o.o. [a limited liability company]	Kielce	100%	"Echo – Kielce 1" Sp. z o.o.
"Echo – Galeria Olimpia" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Galeria Sudecka" Sp. z o.o. [a limited liability company]	Jelenia Góra	100%	"Echo – Centrum Jelenia Góra" Sp. z o.o.
"Echo – Galeria Tarnów" Sp. z o.o. [a limited liability company]	Kielce	100%	"Echo – Centrum Tarnów" Sp. z o.o.
"Echo – Kielce 1" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Metropolis" Sp. z o.o. [a limited liability company]	Kielce	100%	"Echo – Centrum Poznań" Sp. z o.o.
"Echo – Oxygen" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Park Postępu" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Pasaż Grunwaldzki" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Pasaż Grunwaldzki [a limited liability company, limited partnership]	Kielce	100%	Echo Investment S.A.
"Echo – Project 1" LLC	Kiev	100%	"Echo Investment Ukraine" LLC
"Echo – Project 2" LLC	Kiev	100%	"Echo Investment Ukraine" LLC
"Echo – Project Management Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo – Property Poznań 1" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – SPV 6" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo – Veneda" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo ACC" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo Bau" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Echo Investment – Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [a limited liability company]	Kielce	100%	XXIX FIZ Forum
"Echo Investment Hungary Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.

"Echo Investment Project 1" S.R.L.	Bucharest	100%	Echo Investment S.A.
"Echo Investment Project Management" S.R.L.	Bucharest	100%	Echo Investment S.A.
"Echo Investment Ukraine" LLC	Kiev	100%	Echo Investment S.A.
"EI - Project Cyp - 1" Ltd	Nicosia	100%	Echo Investment S.A.
"Est On Property Management" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Malta Office Park" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"MDP" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Princess Boryszewska" Sp. z o.o. [a limited liability company]	Kielce	100%	"Echo - Kielce 1" Sp. z o.o.
"Princess Investment" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 17" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 30" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 37" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 39" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 41" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 41 [a limited liability company, limited partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 42" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 42 [a limited liability company, limited partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 43" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 45" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 45 [a limited liability company, limited partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 46" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 47" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 53" Sp. z o.o. [a limited liability company]	Kielce	100%	"Echo - Centrum Biznesu Łódź" Sp. z o.o.
"Projekt Echo - 54" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 55" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 57" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 58" Sp. z o.o. [a limited liability company]	Kielce	51%	Echo Investment S.A.
"Projekt Echo - 59" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 62" Sp. z o.o. [a limited liability company]	Kielce	100%	"Echo - Pasaż Grunwaldzki [a limited liability company, limited partnership]
"Projekt Echo - 63" Sp. z o.o. [a limited liability company]	Kielce	100%	XXIX FIZ Forum

"Projekt Echo - 70" Sp. z o.o. [a limited liability company]	Kielce	51%	Echo Investment S.A.
"Projekt Echo - 77" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 93" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt Naramowice" Sp. z o.o. [a limited liability company]	Kielce	100%	Zakłady Ogrodnicze Naramowice Sp. z o.o.
"Projekt Naramowice Poznan" Sp. z o.o. [a limited liability company]	Kielce	100%	Projekt Naramowice Sp. z o.o.
"SPV - 1" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Projekt S" Sp. z o.o. [a limited liability company]	Kielce	95%	Echo Investment S.A.
"Ultra Marina" Sp. z o.o. [a limited liability company]	Kielce	100%	Echo Investment S.A.
"Yevrobudgarant" LLC	Kiev	100%	EI - Project Cyp - 1 Ltd
"Zakłady Ogrodnicze Naramowice" Sp. z o.o. [a limited liability company]	Poznan	100%	Echo Investment S.A.

"Wan 11" Spółka z o.o. [a limited liability company] with its registered office in Warsaw is a partially owned subsidiary [co-subsidiary].

The changes in the Group during the first half of 2010 result from the fact that the Group companies:

- sold all their shares in the following companies: "Projekt Echo - 44" Sp. z o.o., "Projekt Echo - 67" Sp. z o.o., "Projekt Echo - 68" Sp. z o.o. and "Projekt Echo - 69" Sp. z o.o.;
- sold 49% of their shares in the following companies: "Projekt Echo - 58" Sp. z o.o. and "Projekt Echo - 70" Sp. z o.o.;
- acquired 100% of the shares in the company "Barconsel Holdings" Ltd;
- received notification of the liquidation of the company "Echo-Building Ingatlanhasznosito" Kft.

5. Segment reporting

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

The following segments have been distinguished in the Capital Group based on the project type:

- letting and sales of residential and commercial space
- letting and sales of shopping and entertainment space
- letting and sales of office and hotel space.

These above segments have been determined as distinguishable fields of the business entity, within which goods and distributed or services are provided, or groups of related goods or services, subject to risk and described by investment return rates different from those typical of other industry segments.

Accounting standards of a segment are the accounting standards adopted for the preparation and presentation of the Group's consolidated financial statements, as well as the accounting standards that are specifically related to segment reporting.

Segment revenues are the revenues generated either from sales to external clients or from transactions with other segments of the Group, which are included in the Group's income statement and can be directly attributed to a given segment along with the appropriate part of the Group's revenues, which based on rational premises can be attributed to this segment. Segment revenues do not include:

- extraordinary profits;
- revenue from interest or dividends, including the interest generated from deposits made or loans granted to other segments, unless the segment's activity is primarily of a financial character;
- profits from the sale of investments or profits resulting from the expiry of debt, unless the segment's activity is primarily of a financial character.

Segment revenues include the Capital Group's share in profits or losses of associated entities, joint projects or other financial investments consolidated with the equity method provided that the above-named items are included in

the business entity's consolidated or general revenues.

Segment expenditures are the expenditures comprising the cost of sales to external clients or the cost of transactions with other segments within the Group, which result from the operational activity of a given segment and can be directly attributed to this segment with the appropriate part of the Group's expenditures, which based on rational premises can be attributed to this segment. Segment expenditures do not include:

- extraordinary losses;
- interest, including the interest on deposits or loans received from other segments, unless the segment's activity is primarily of a financial character;
- losses on the sale of investments or losses resulting from the expiry of debt, unless the segment's activity is primarily of a financial character;
- share of the business entity in losses of associated entities, joint projects or other financial investments consolidated with the entity method;
- income tax burden;
- G&A costs and other costs arising on the Group level relating to the Group as a whole.

However, sometimes costs on the Group level are incurred for the benefit of a given segment. Such costs will constitute segment expenditures if they are related to the operational activity of the segment and based on rational premises can be directly attributed or posted to this segment.

Segment profit is the difference between segment revenues and segment expenditures. Segment profit is determined before making adjustments for minority interests.

Segment assets are the operational assets used by the segment in its operational activity, which can be directly attributed to a given segment or which, based on rational premises, can be posted to this segment.

If segment profit includes revenues from interest or dividends, segment assets will comprise relevant receivables, loans, investments or other assets resulting in the generation of such revenues.

Segment liabilities are the operational liabilities resulting from the operational activity of the segment, which can be directly attributed to a given segment or which, based on rational premises, can be posted to this segment.

If segment profit includes interest expenditures, segment liabilities will comprise relevant interest-bearing liabilities.

Financial data relating to segments are presented in Notes 6A through 6D to the abbreviated financial statements.

6. *Estimations by Group Companies' Managements*

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

6.1. *Investment property*

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

Since most lease agreements executed by the Group are denominated in EUR, appraisals of investment properties were prepared in EUR and converted into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date. According to the Group's valuations, as at June 30, 2010 the total value of 19 investment properties amounted to 686,792 thousand EUR (605,286 thousand EUR as at June 30, 2009 – 19 properties, 676, 719 thousand EUR as at December 31, 2009 – 19 properties).

The capitalization rates used for estimating the fair value as at June 30, 2010 fell between 7.1% and 13.1%. The capitalization rates were estimated by independent property appraisers independently for each relevant investment property, taking into account its location and type. The future net operational incomes were estimated independently for each of the investment properties on the basis of the lease agreements in place as at the balance date, the contracted revenues, and the expected operational costs of the property.

At the end of the reporting period 5 projects were partly or fully under construction: Park Postepu in Warsaw, Malta Office Park in Poznan (Stage II), Avatar in Krakow, Galeria Echo in Kielce, and Oxygen in Szczecin, whose fair values were estimated using the income method. The estimated end date for the investment

processes relating to these properties falls between 2 and 15 months. The other projects under construction carried the risk related to the development process on the level which, in the opinion of the Management Board, did not allow for reliable estimation of the fair value of these properties. According to the balance sheet as at June 30, 2010 the Group owned 19 investment properties under construction (16 properties as at June 30, 2009; 17 properties as at December 31, 2009).

6.2. Financial instruments valued at fair value

Fair value of the financial instruments (tier 3 of the fair value hierarchy) not traded on an active market is determined using appropriate valuation techniques. The Company is guided by its independent judgment in selecting valuation methods and its assumptions are based on the market conditions existing as at each consecutive balance day. In particular, the forward contracts in place are valued as the difference of the product of the transaction's nominal value in the currency and the transaction's spot rate and the product of the transaction's nominal value in the currency and the NBP rate as at the date of valuation. The option contracts in place are valued based on valuations provided by banks.

6.3. Inventories

When estimating the amount of revaluation allowance for the inventories owned by the Company as at the balance date, an analysis is made of information from the active market relating to the expected selling prices and current market trends as well as of information stemming from the preliminary sales agreements signed by the Company. The assumptions adopted when calculating the allowance mainly concern the market prices of properties existing in a given market segment. In the opinion of the Management Board changes in these assumptions would not have a significant impact on the inventory allowance amount as at the balance date since the adopted assumptions and information relating to the allowance amount were largely based on the sales agreements in place. In the case of the land included in the inventories, the amounts of the allowances result from the usefulness of the land for the Company's current and future operations estimated by the Management Board.

7. Information about significant events during the accounting period and after the balance date

On January 20, 2010 Echo Investment S.A. received a decision from the District Court for Krakow-Śródmieście, VII Economic Department of the Pledge Registry in Krakow, stating that on January 12, 2010 an entry was made in the Pledge Registry for a pledge on the shares of subsidiary "Projekt Echo - 62" Sp. z o.o. with its registered seat in Kielce. The pledge was registered on the shares owned by Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. with its registered seat in Kielce in the number of 7,731,000 shares with the nominal value of PLN 386,550,000, making up 99.99% of the issued capital and giving the right to 7,731,000 votes at the shareholders' meeting. The book value of the shares on which the pledge was registered, as per books of Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k., amounts to PLN 386,550,000. The pledge on the shares is security in favour of Bank Eurohypo AG with its registered seat in Eschborn (Germany) concerning the payment of obligations under the credit agreement signed between Echo - Galeria Kielce Sp. z o.o. with its registered seat in Kielce (Borrower), Projekt Echo - 62 Sp. z o.o. with its registered seat in Kielce (Guarantor) and Bank Eurohypo AG with its registered seat in Eschborn (Germany). The maximum amount secured with the pledge is EUR 150 million.

On March 18, 2010 Echo Investment S.A. signed, by circulation, with BRE Bank S.A. with its registered seat in Warsaw, annexes to the Agreements on the Bonds Issue Programme (Bonds) executed on April 15, 2004. The annexes provide for multiple issues of bonds by the Issuer by batch issue orders. Based on the annexes the maximum total nominal value of all issuable bonds was increased to the amount of PLN 700 million and the term of the Agreements was changed to unspecified. By the date this report was published the Company did not issue any new bonds under the annexes.

On April 8, 2010 Projekt Echo - 58 Sp. z o.o. with its registered seat in Kielce (the entity in which Echo Investment Capital Group holds 51% shares of the issued capital) and BRJ Invest - Panikowski, Kubiak with its registered seat in Warsaw, Drozd - Sp. J. and BP Inwestycje - Panikowski i Przybylski Sp. J. with its registered seat in Warsaw executed a preliminary property purchase agreement. The subject of the preliminary agreement was the acquisition of the freehold right to the properties in the form of undeveloped sites, situated in Warsaw within the boundaries of Sikorskiego and Witosa Streets, with the total area of 34,271 square metres (Property). The net price for the purchase of the Property was set at the level of PLN 70 million. The payment is to be made in 4 instalments payable by April 1, 2013. The preliminary property purchase agreement results from the adopted strategy under which Echo Investment Capital Group will expand its activities on the property market in Poland. It is planned to use the above-named property for the development of an office building complex with the office space of ca. 60,000 sq. m along with an underground and above-ground parking lot. The plans provide for a 3-phase development of the project.

On May 19, 2010 Echo Investment SA issued coupon bonds for the total amount of PLN 115 million. The bonds were issued under the Bonds Issue Programme signed with BRE Bank S.A. with its registered seat in Warsaw. The nominal value and issue price of one bond amounts to PLN 100 thousand. The bonds were issued for the period of 2 years, with the redemption date falling on May 18, 2012. The interest rate for the bonds was set based on variable WIBOR 6M increased by the margin for investors. The interest will be paid out semi-annually. At the redemption date the bonds will be redeemed at the nominal value. The bonds are not secured.

On May 20, 2010 Echo Investment SA and the subsidiary of Barconsel Holdings Limited with its registered seat in Nicosia executed the following agreements relating to the ownership transfer for:

- 655,321 shares of Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with its registered seat in Kielce (99.98% shares in the issued capital);
- 11,998 shares of Athina Park Sp. z o.o. with its registered seat in Kielce (99.98% shares in the issued capital);
- 75,673 shares of Echo-Centrum Przemysł Sp. z o.o. with its registered seat in Kielce (99.99% shares in the issued capital);
- 255,886 shares of Projekt Echo - 63 Sp. z o.o. with its registered seat in Kielce (99.99% shares in the issued capital).

The above-named shares constitute a non-monetary contribution to cover the newly created shares in the issued capital of Barconsel Holdings Limited.

On May 26, 2010 the Ordinary Shareholders' Meeting of Echo Investment S.A. determined the composition of the Company's Supervisory Board for the new term in the number of 6 (say: six) people and appointed the following supervisors for 3 years of a common term of office: Wojciech Ciesielski, Tomasz Kalwat, Andrzej Majcher, Robert Oskard, Mariusz Waniółka, and Karol Żbikowski. The current composition of the Company's Supervisory Board is the same as the composition of the Supervisory Board for Echo Investment SA in the previous term.

On June 17, 2010 the subsidiary Barconsel Holdings Limited with its registered seat in Nicosia (BHL) subscribed to investment certificates issued by FORUM XXIX Fundusz Inwestycyjny Zamknięty [Closed Investment Fund] with its registered seat in Krakow (FIZ). Under this subscription BHL took up 6,672 Series B FIZ investment certificates. The total issue price of the certificates amounted to PLN 166,809,984. Barconsel Holdings paid for the these certificates by making a non-monetary contribution to FIZ in the form of its shares in the issued capital of the below-named subsidiaries in the following numbers:

- 655,321 shares of Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with its registered seat in Kielce (99.98% shares in the issued capital);
- 11,998 shares of Athina Park Sp. z o.o. with its registered seat in Kielce (99.98% shares in the issued capital);
- 75,673 shares of Echo – Centrum Przemysł Sp. z o.o. with its registered seat in Kielce (99.99% shares in the issued capital);
- 255,886 shares of Projekt Echo - 63 Sp. z o.o. with its registered seat in Kielce (99.99% shares in the issued capital).

The transfer of these assets is part of the restructuring process in Echo Investment Capital Group, which will allow for the optimal, in terms of cost and taxes, management of projects from the portfolio of Echo Investment Capital Group and for the acquisition and development of new projects. In the opinion of the Company's Management Board a closed investment fund will be an attractive platform to acquire external investors interested in financing existing and new projects.

On June 24, 2010 Projekt Echo – 70 Sp. z o.o. with its registered seat in Kielce (the entity in which the Group has 51% share of the issued capital) and Accor Polska Sp. z o.o. with its registered seat in Warsaw concluded a preliminary purchase agreement relating to the perpetual usufruct right to the land property situated in Warsaw at Grzybowska and Jana Pawła II streets, comprising a land plot of 3,260 sq m along the freehold right to the hotel building situated on this land plot, which constitutes an independent property. The purchase price of the property will amount to at least EUR 31 million and the promised agreement will be signed at latest by December 31, 2012 provided all the conditions included in the Agreement are fulfilled.

On July 20, 2010 The Supervisory Board of Echo Investment SA, acting in accordance with § 1 paragraph 2 of the Regulations of the Supervisory Board of Echo Investment SA, adopted resolutions on the election of Chairman and Vice-Chairmen of the Supervisory Board of Echo Investment SA. Mr. Wojciech Ciesielski was elected Chairman of the Supervisory Board of Echo Investment SA and Mr. Andrzej Majcher and Mr. Mariusz Waniółka were elected Vice-Chairmen. They will perform these functions as of July 20, 2010.

On July 22, 2010 as a result of the settlement of a tender organised by the Tender Commission of Przedsiębiorstwo Budownictwa Uprzemysłowanego Warszawa Północ with its registered seat in Warsaw, Echo Investment SA was chosen the buyer of the perpetual usufruct right to the built-up land property situated in Warsaw at Konstruktorska Street with an area of 73,596 sq m along with the freehold right to the buildings, constructions, and

other facilities on this property. The purchase price is PLN 63 million. The final sales agreement was signed on August 20, 2010. It is planned to use the property for the development of a mixed residential and office complex, with a total area of approximately 60,000 sq m, intended for sale and lease.

On August 3, 2010 AVATAR - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością Sp. k.-a. (formerly Projekt Echo - 63 Sp. z o.o.) with its registered seat in Kielce (Seller) and Kasteli Sp. z o.o. with its registered seat in Warsaw (Buyer) signed a preliminary sales agreement. According to the preliminary Agreement the Parties undertake to conclude a sales agreement under which the Seller shall sell in favour of the Buyer:

- freehold right to the land plot, with an area of 248 sq m, and the perpetual usufruct right to the land property, with an area of 5,017 sq m, situated in Krakow at Armii Krajowej Street, with the freehold right to the AVATAR office building with an underground garage situated on this property;
- proprietary copyrights,
- construction guarantees,
- rights and obligations resulting from the lease agreement and agreements on the provision of services.

The total area of the Office Building is approximately 21,000 sq m. The Office Building has been 100% rented to Fortis Bank Polska SA with its registered seat in Warsaw. The value of the Promised Agreement will amount to approximately EUR 30.51 million.

On August 19, 2010 Orbis S.A. with its registered seat in Warsaw and Echo Investment S.A. with its registered seat in Kielce signed annex 2 to the conditional general contracting agreement (GCI) of September 4, 2008. Under the GCI agreement Echo Investment SA undertook to construct, in line with the ACCOR standards, a Novotel class hotel, with a net area of approximately 7,200 sq m and to deliver it, turn-key, to the Investor. Pursuant to the provisions of the annex the Investment is to be completed no later than by June 8, 2012. Net price for the execution of the Investment has been set at PLN 40,583,760.00.

On August 20, 2010 a decision was received from the District Court in Kielce, X Economic Department of the National Court Register, registering as of August 12, 2010 changes in the level and structure of the issued capital of Echo - Centrum Bankowości i Finansów Łódź Sp. z o.o. with its registered seat in Kielce. As of the registration date Echo - Centrum Bankowości i Finansów Łódź Sp. z o.o. is merged with other companies from the Group:

- Echo - SPV 6 Sp. z o.o. with its registered seat in Kielce;
- Echo - Centrum Tarnów Sp. z o.o. with its registered seat in Kielce;
- Echo - Centrum Jelenia Góra Sp. z o.o. with its registered seat in Kielce;
- Echo Bau Sp. z o.o. with its registered seat in Kielce;
- Projekt Echo - 46 Sp. z o.o. with its registered seat in Kielce;
- Echo - Centrum Rzeszów Sp. z o.o. with its registered seat in Kielce;
- Echo - Centrum Poznań Sp. z o.o. with its registered seat in Kielce.

8. Transactions with affiliated companies

As a result of the transactions with the affiliated companies, "Projekt Echo - 53" Sp. z o.o., a company belonging to Echo Investment S.A. Capital Group, has receivables from the partly owned subsidiary in the amount of 10,988 thousand PLN.

9. Salaries of the Members of the Management Board and of the Supervisory Board

During the 1st half of 2010 managers of Echo Investment S.A. received the following remuneration at Echo Investment S.A. and for exercising their functions in the bodies of wholly and partially owned subsidiaries and associated companies:

- Piotr Gromniak received remuneration from Echo Investment S.A. in the total amount of 430 thousand PLN. He did not receive any remuneration for the functions in the bodies of wholly or partially owned subsidiaries and associated companies;
- Artur Langner received remuneration from Echo Investment S.A. in the total amount of 406 thousand PLN. He did not receive any remuneration for the functions in the bodies of wholly or partially owned subsidiaries and associated companies.

During the 1st half of 2010 persons supervising Echo Investment S.A. received from Echo Investment S.A. the following remuneration for exercising their functions in the Company's Supervisory Board:

- Wojciech Ciesielski received remuneration from Echo Investment S.A. in the total amount of 42 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly or partially owned subsidiaries and associated companies;
- Andrzej Majcher received remuneration from Echo Investment S.A. in the total amount of 30 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly or partially owned subsidiaries and associated companies;
- Mariusz Waniolka received remuneration from Echo Investment S.A. in the total amount of 18 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly or partially owned subsidiaries and associated companies;
- Robert Oskard received remuneration from Echo Investment S.A. in the total amount of 18 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly or partially owned subsidiaries and associated companies;
- Karol Żbikowski received remuneration from Echo Investment S.A. in the total amount of 18 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly or partially owned subsidiaries and associated companies;
- Tomasz Kalwat received remuneration from Echo Investment S.A. in the total amount of 18 thousand PLN. He did not receive any remuneration for his functions held in the bodies of wholly or partially owned subsidiaries and associated companies

EXPLANATORY NOTES

EXPLANATORY NOTES TO THE BALANCE SHEET

Note 1

OFF-BALANCE SHEET ITEMS (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
1. Conditional liabilities			
1.1 To affiliated companies, on account of:			
a) granted guarantees and sureties	-	-	-
1.2 To other companies, on account of:			
a) granted guarantees and sureties	4 780	3 880	4 320
b) court proceedings	-	31	31
c) purchase of land property in Kalisz	-	-	18 807
d) other agreements	-	-	-
	4 780	3 911	23 158
Conditional liabilities, total	4 780	3 911	23 158

On July 4, 2007 the Capital Group issued a surety for the obligations of "Projekt Echo - 49 " Sp. z o.o. concerning repair of damage up to the amount of 1,361 thousand USD, equivalent as at the balance date to 4,621 thousand PLN.

On October 22, 2009 Bank PKO BP SA issued a bank guarantee to J&P Sp. z o.o. as security for non-satisfaction by Centrum Handlowe PHS SA of the liabilities payable and due under the Agreement on the lease of office space dated September 24, 2009. The guarantee amount is 159 thousand PLN.

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

Note 2A

CHANGE IN PROPERTY BALANCE (BY TYPE GROUPS) (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
Balance as at the beginning of period	2 780 096	2 479 663	2 479 663
a) increases (on account of)			
- transfer from investment properties under construction	29 747	301 735	8 755
- expenditures on the development of investments	48 899	44 649	32 842
- change in property valuation	-	-	184 125
	78 646	346 384	225 722
b) decreases (on account of)			
- change in property valuation	11 436	44 928	-
- transfer to inventories	-	1 023	-
- repayment of perpetual usufruct (leasing)	2	-	-
	11 438	45 951	-
Balance as at the end of period	2 847 304	2 780 096	2 705 385

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

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

As at June 30, 2010 the Group had 19 investment properties located in different Polish cities. Since most lease agreements executed by the Group are denominated in EUR, appraisals of investment properties were prepared in EUR and converted into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date.

Note 2B

AMOUNTS PRESENTED IN THE CONSOLIDATED INTERIM INCOME STATEMENT (in thousands PLN)	01.01.2010 - 30.06.2010	01.01.2009 - 31.12.2009	01.01.2009 - 30.06.2009
a) lease rent incomes pertaining to investment property	152 270	307 541	151 833
b) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that generated lease rent incomes during the given period	52 004	90 614	45 040
c) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that did not generate lease rent incomes during the given period	-	-	-

Note 2C

CHANGE IN PROPERTIES UNDER CONSTRUCTION BALANCE (BY TYPE GROUPS) (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
As at the beginning of period	705 577	711 555	711 555
a) increases (on account of)			
- purchase	36 371	-	-
- expenditures on the development of investments	49 726	273 714	118 281
- leasing (perpetual usufruct)	16 205	-	-
- change in property valuation	40 379	22 043	-
	142 681	295 757	118 281
b) decreases (on account of)			
- sale	636	-	-
- transfer to investment properties	29 747	301 735	8 755
- exchange differences?	1 188	-	-
- repayment of perpetual usufruct (leasing)	4	-	-
	31 575	301 735	8 755
As at the end of period	816 683	705 577	821 081

Note 3A

INVENTORIES (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
a) materials	187	185	201
b) semi-finished products and work in progress	335 194	351 949	323 446
c) finished products	38 340	60 277	105 860
d) merchandise	1 953	2 056	4 427
e) advances for deliveries	4 578	6 058	6 784
Inventories, total	380 252	420 525	440 718

"Finished products" include finished apartments for sale.

"Semi-finished products and work in progress" mainly includes properties owned by the Group and investments in housing projects in preparation and in development.

The property in Zabrze, disclosed under 'Semi-finished products and work in progress', is encumbered with capped mortgage in the amount of 3,700 thousand PLN in favour of the Municipal Commune of Zabrze as security for the repayment of any possible claims that may occur due to the payment of liquidated damages in the event the Company fails to execute the investment project on time.

Inventories are valued at not more than achievable net value. This value is obtained based on information from the active market. Reversal of inventories value allowance is related to the sale of the given inventory or an increase in the net sales price. The amounts of write-downs of inventories, which are recognised as cost in the period, and the amounts of reversals of write-downs of inventories, which are recognised as revenue during the period, are presented in the income statement as other operating income/ costs.

Note 3B

INVENTORIES - IMPACT ON PROFIT/ LOSS (in thousands PLN)	01.01.2010 - 30.06.2010	01.01.2009 - 31.12.2009	01.01.2009 - 30.06.2009
a) value of inventories recognised as cost in the period	69 424	71 437	44 906
b) amounts of write-downs of inventories in the period	1 402	4 723	3 080
c) amounts of write-down reversals of inventories reducing the value of inventories in the period	4 223	7 462	4 492

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

The value of inventories recognised as cost during the period is shown in the income statement under "Cost of sales "

Note 4A

DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
a) Interest Rate Swap	-	-	-
b) currency options	-	-	115
c) currency forwards	498	1 558	629
Derivative financial investments, total	498	1 558	744
including with maturity dates:			
- up to 1 year	498	1 558	115
- 1 to 3 years	-	-	629
- 3 to 5 years	-	-	-
- over 5 years	-	-	-

Note 4B

DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
a) Interest Rate Swap	9 131	3 246	2 165
b) currency options	13 133	13 059	25 617
c) currency forwards	53 415	150 384	282 263
Derivative financial liabilities, total	75 679	166 689	310 045
including with maturity dates:			
- up to 1 year	54 704	163 984	184 528
- 1 to 3 years	11 844	1 082	124 351
- 3 to 5 years	4 945	1 082	666
- over 5 years	4 186	541	500

The total amount of the nominal values of uncleared currency forwards as at June 30, 2010 was 148.5 million EUR. These contracts concern sale of EUR during 2010- 2012 and their purpose is to secure part of the envisaged future cash flows at the Group against foreign exchange risk.

The total amount of the nominal values of uncleared currency options as at June 30, 2010 was 42 million EUR. These contracts concern selling and buying EUR during 2010 and their purpose is to secure part of the envisaged future cash flows at the Group against foreign exchange risk.

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

Note 5A

BORROWINGS (BY TYPE) (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
a) borrowings	1 442 874	1 294 962	1 237 957
b) debt securities	664 192	545 886	580 022
c) interest on borrowings	1	9	1
Borrowings, total	2 107 067	1 840 857	1 817 980
- including long-term part	1 783 885	1 664 098	1 678 047
- including short-term part	323 182	176 759	139 933

Note 5B

LONG-TERM BORROWINGS WITH DUE DATES REMAINING AS FROM THE BALANCE DATE (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
a) up to 12 months	323 182	176 759	139 933
b) over 1 year up to 3 years	574 510	351 756	364 437
c) over 3 years up to 5 years	224 888	452 609	441 759
d) over 5 years	984 487	859 733	871 851
Borrowings, total	2 107 067	1 840 857	1 817 980

Note 5C

BORROWINGS (CURRENCY STRUCTURE) (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
a) in the Polish currency	760 034	641 970	640 027
b) in foreign currencies (by currency; after conversion to PLN)			
b1. in thousands USD	6 886	7 040	7 189
b1.after translation in thousands PLN	23 010	19 868	22 464
b2. in thousands EUR	323 631	288 991	260 320
b2.after translation in thousands PLN	1 324 023	1 179 019	1 155 489
	1 347 033	1 198 887	1 177 953
Non-current financial liabilities, total	2 107 067	1 840 857	1 817 980
Interest rates applied to discounting anticipated cash flows:			
a) for bonds	5.90%	6.38%	6.63%
b) for credit facilities denominated in EUR	5.08%	4.54%	4.65%
c) for credit facilities denominated in USD	2.31%	2.20%	2.40%

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

NOTE 5D

NON-CURRENT LIABILITIES - BORROWINGS

Name (company name) of the organisation, specifying the legal form	Registered office address	Amount of loan/ credit under the contract		Amount of loan/ credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
Pekao S.A.	Warsaw	37 731	9 101 thousand EUR	649	157 thousand EUR	EURIBOR 1M + margin	August 31, 2010	<ul style="list-style-type: none"> - capped mortgage on property for the amount of 11,831 thousand EUR, - assignment of receivables from lease contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under execution contracts, - assignment of receivables under insurance policies, - statement of "Echo Investment" S.A. on voluntary submission to enforcement - registered pledge on shares of "Echo - Galeria Sudecka" Sp. z o.o., - power of attorney to bank account
Pekao S.A.	Warsaw	150 493	36 300 thousand EUR	99 272	24 112 thousand EUR	Fixed interest rate; EURIBOR 1M + margin	February 15, 2014	<ul style="list-style-type: none"> - capped mortgage on properties up to the amount of 72,600 thousand EUR, - registered pledge on shares of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o., - assignment of receivables from lease contracts, - assignment of receivables under insurance contracts of the financed real estates, - registered pledge on receivables under bank account agreements
ING Bank Śląski SA	Katowice	17 537	4 230 thousand EUR	2 687	657 thousand EUR	EURIBOR 1M + margin	June 30, 2012	<ul style="list-style-type: none"> - capped mortgage on properties for the amount of 3,420 thousand EUR, - assignment of receivables under lease contracts and management contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo Investment - Centrum Handlowe Przemysław" Sp. z o.o., - surety of "Echo - SPV 6" Sp. z o.o. - assignment of receivables under bank account agreement
Eurohypo AG	Eschborn	414 580	100 000 thousand EUR	70 075	17 927 thousand EUR	EURIBOR 3M + margin	February 22, 2020	<ul style="list-style-type: none"> - capped mortgage on property, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Galeria Kielce" Sp. z o.o., - power of attorney to bank accounts of "Echo - Galeria Kielce" Sp. z o.o.

NOTE 5D

NON-CURRENT LIABILITIES – BORROWINGS (cont.)

Name (company name) of the organisation, specifying the legal form	Registered office address	Amount of loan/ credit under the contract		Amount of loan/ credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
Westdeutsche ImmobilienBank AG	Mainz	131 774	31 785 thousand EUR 20.000 thousand PLN	60 980	9 965 thousand EUR	EURIBOR 3M + margin	August 20, 2014	- capped mortgage on property - assignment of receivables under lease contracts, - assignment of receivables under insurance policies, - registered pledge on shares of "Malta Office Park" Sp. z o.o., - pledge on bank accounts of "Malta Office Park" Sp. z o.o.
Eurohypo AG	Eschborn	46 018	11 100 thousand EUR	5 039	1 218 thousand EUR	EURIBOR 3M + margin	July 15, 2010	- capped mortgage on property for the amount of 15,540 thousand EUR, - assignment of receivables under lease contracts and management contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo -Galeria - Tarnów" Sp. z o.o., - assignment of receivables under bank account agreement
Eurohypo AG	Eschborn	414 580	100 000 thousand EUR	377 054	91 880 thousand EUR	Fixed interest rate; EURIBOR 1M + margin	September 30, 2022	- capped mortgage on property for the amount of 150,000 thousand EUR, - assignment of receivables under lease contracts and management contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Galaxy Szczecin" S. z o.o., - assignment of receivables under bank account agreement, - assignment of receivables due from CAP transactions, - assignment of receivables under land plot lease contract, - statement of "Echo Investment" S.A. on voluntary submission to enforcement
Eurohypo AG	Eschborn	85 214	13 840 thousand EUR 8 200 thousand USD	71 042	11 569 thousand EUR 6 886 thousand USD	EURIBOR 1M + margin; LIBOR 1M + margin	September 30, 2014	- capped mortgage on property for the amount of 30,600 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - assignment of receivables under hedging contracts, - assignment of receivables under income statements from lease and deposits, - registered pledge on shares of "Athina Park" Sp. z o.o.

NOTE 5D

NON-CURRENT LIABILITIES – BORROWINGS (cont.)

Name (company name) of the organisation, specifying the legal form	Registered office address	Amount of loan/ credit under the contract		Amount of loan/ credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
Eurohypo AG	Eschborn	478,840	115,500 thousand EUR	461,656	112,611 thousand EUR	Fixed interest rate; EURIBOR 1M/3M + margin	September 30, 2022	- capped mortgage on property for the amount of 150,000 thousand EUR, - registered pledge on shares of "Echo Projekt - 62" Sp. z o.o., - registered pledge on the shareholders' receivables on account of their participation in "Echo Pasaż Grunwaldzki Sp. z o.o." Sp. k, - assignment of receivables under contracts, - statement of voluntary submission to enforcement, - statement of Echo Investment S.A. to cover the cost of additional projects in the amount exceeding the credit amount
Eurohypo AG	Eschborn	207,290	50,000 thousand EUR	163,228	40,035 thousand EUR	EURIBOR 3M + margin	November 17, 2019	- capped mortgage on property - assignment of receivables under lease contracts, - assignment of receivables under insurance policies, - registered pledge on shares of "Echo - Park Postepu" Sp. z o.o., - pledge on bank accounts of "Echo - Park Postepu" Sp. z o.o.
Eurohypo AG	Eschborn	66,540	16,050 thousand EUR	55,352	13,501 thousand EUR	EURIBOR 1M + margin	2016-01-29	- capped mortgage on property for the amount of 48 000 thousand EUR, - assignment of receivables under lease contracts, - registered pledge on shares of "WAN 11" Sp. z o.o., - subordination of the borrower's liabilities toward shareholders to the borrower's liabilities toward the bank on account of the credit
Total		2,050,597		1,347,034				

Note 5E

OPEN LINES OF CREDIT

Name (company name) of the organisation, specifying the legal form	Registered office address	Amount of loan/ credit under the contract		Amount of loan/ credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
PKO BP S.A.	Warsaw	40 000		-		WIBOR 3M + margin	2012-08-19	- surety clause from current account at PKO BP S.A., - statement of voluntary submission to enforcement
PKO BP S.A.	Warsaw	40 000		-		WIBOR 3M + margin	2012-08-19	- surety clause from current account at PKO BP S.A., - statement of voluntary submission to enforcement
Pekao S.A.	Warsaw	30 000		-		WIBOR 1M + margin	2011-06-30	- blank promissory note, - power of attorney to bank account, - statement of voluntary submission to enforcement
Pekao S.A.	Warsaw	100 000		95 840		WIBOR 1M + margin	□011-06-30	- power of attorney to bank account
Total		210 000		95 840				

Note 5F

NON-CURRENT LIABILITIES - DEBT FINANCIAL INSTRUMENTS ISSUED (in thousands PLN)

Debt financial instruments by type	Nominal value	Interest rate arrangements	Redemption date	Guarantees/ Collaterals	Additional privileges	Quotation market
Bonds (BRE S.A.)	150 000	WIBOR 6M + margin	2011-05-25	-	-	-
Bonds (BRE S.A.)	115 000	WIBOR 6M + margin	2012-05-18	-	-	-
Bonds (BRE S.A.)	100 000	WIBOR 6M + margin	2013-05-25	-	-	-
Bonds (BRE S.A.)	300 000	WIBOR 6M + margin	2014-06-30	-	-	-
Total	665 000					

SEGMENT REPORTING - INDUSTRY SEGMENTS

Note 6A

ASSETS TO SEGMENT ALLOCATION (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
- shopping centres	2 698 746	2 653 129	2 926 742
- office buildings	1 110 929	901 837	724 960
- residential space	352 473	378 386	397 514
- non-allocated assets	307 240	337 581	316 382
Assets total	4 469 388	4 270 933	4 365 598

Note 6B

LIABILITIES TO SEGMENT ALLOCATION (in thousands PLN)	30.06.2010	31.12.2009	30.06.2009
- shopping centres	1 159 955	1 104 574	1 269 524
- office buildings	404 875	353 609	330 805
- residential space	21 417	57 866	67 927
- non-allocated liabilities	1 094 631	1 021 206	978 438
Liabilities total	2 680 878	2 537 255	2 646 694

Note 6C

OPERATING INCOME TO SEGMENT ALLOCATION (in thousands PLN)	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
- shopping centres	124 938	128 936
- office buildings	31 828	23 079
- residential space	59 083	71 834
- non-allocated incomes	16 017	6 549
Total operating incomes	231 866	230 398

Note 6D

OPERATING EXPENSE TO SEGMENT ALLOCATION	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
- shopping centres	(31 100)	(29 364)
- office buildings	(10 174)	(7 353)
- residential space	(45 202)	(45 818)
- non-allocated expenses	(14 959)	(5 294)
Total operating expenses	(101 435)	(87 829)

Date: August 27, 2010

Management Board of Echo Investment S.A.

Piotr Gromniak

Artur Langner

President of the Management Board

Vice-President of the Management Board

Person in charge of keeping books of accounts

Tomasz Sułek

Chief Accountant

II. Abbreviated individual financial statements of Echo Investment S.A. for the 1st half of 2010 covering the period from January 1, 2010 to June 30, 2010, prepared in conformity with the International Financial Reporting Standards

Interim statement of financial position [in thousands PLN]

Balance as at [in thousands PLN]	Note	30.06.2010	31.12.2009	30.06.2009
ASSETS				
1. Non-current assets				
1.1. Intangible fixed assets		952	1 051	924
1.2. Tangible fixed assets		17 574	10 669	11 215
1.3. Investment property	1	11 903	11 612	13 737
1.4. Investment in wholly and partially owned subsidiaries	2	634 312	611 227	469 332
1.5. Investment in associated companies	2	-	50	61
1.6. Loans granted	4	371	359	11 691
1.7. Other financial assets	2	8 380	-	50
1.8. Other receivables		12 305	-	-
		685 797	634 908	507 010
2. Current assets				
2.1. Inventories	3	299 389	365 693	375 953
2.2. Current income tax receivables		170	2 195	2 515
2.3. Other tax receivables		44	57	740
2.4. Trade receivables and other receivables		75 704	122 731	152 909
2.5. Loans granted	4	251 260	124 363	194 067
2.6. Derivative financial instruments		-	-	1
2.7. Cash and cash equivalents		108 525	53 878	51 522
		735 092	668 917	777 707
Assets total		1 420 889	1 303 885	1 284 717
LIABILITIES				
1. Equity				
1.1. Issued capital		21 000	21 000	21 000
1.2. Supplementary capital		511 901	477 885	477 859
1.3. Profit (loss) carried forward		-	6 401	6 401
1.4. Net profit (loss)		34 118	27 641	12 671
		567 019	532 901	517 931
2. Provisions				
2.1. Provisions for liabilities		6 530	10 930	9 729
2.2. Provision for deferred income tax		7 851	8 300	4 647
		14 381	19 230	14 376
3. Non-current liabilities				
3.1. Borrowings and bonds	5	484 647	513 948	549 58
3.2. Deposits received		14 509	-	-
		499 156	513 948	549 586
4. Current liabilities				
4.1. Borrowings	6	275 385	128 017	97 932
4.2. Derivative financial instruments		-	-	4 381
4.3. Current income tax liabilities		28	-	-
4.4. Other tax liabilities		13 729	3 839	5 793
4.5. Trade liabilities		26 100	38 034	29 210
4.6. Deposits received		16 590	53 759	59 075
4.7. Other liabilities		8 501	14 157	6 433
		340 333	237 806	202 824
Liabilities total		1 420 889	1 303 885	1 284 717

Interim statement of comprehensive income [in thousands PLN]

	Note	01.01.2010- 30.06.2010	01.01.2009- 31.12.2009	01.01.2009- 30.06.2009
Operating incomes	8	188 752	329 873	195 414
Operating expenses		(152 060)	(260 835)	(155 980)
Sales profit (loss) gross		36 692	69 038	39 434
Profit on sales of fixed assets		17	145	42
Revaluation of properties		292	(900)	780
Cost of sales		(9 083)	(17 866)	(7 986)
Administrative costs		(11 846)	(27 066)	(9 878)
Other operating incomes		16 414	21 914	8 227
Other operating expenses		(5 925)	(7 391)	(373)
Earnings before tax and financial incomes/ expenses		26 561	37 874	30 246
Finance incomes		38 135	46 265	10 044
Finance costs		(31 028)	(50 783)	(25 891)
Gross profit		33 668	33 356	14 399
Income tax		450	(5 715)	(1 728)
Net profit		34 118	27 641	12 671
Net profit		34 118	27 641	12 671
Weighted average number of ordinary shares		420 000 000	420 000 000	420 000 000
Profit per ordinary share (in PLN)		0.08	0.07	0.03
Weighted average diluted number of ordinary shares		420 000 000	420 000 000	420 000 000
Diluted profit (loss) per ordinary share (in PLN)		0.08	0.07	0.03

Interim statement of comprehensive income [in thousands PLN]

	Note	01.01.2010- 30.06.2010	01.01.2009- 31.12.2009	01.01.2009- 30.06.2009
Net profit		34 118	27 641	12 671
Comprehensive income including:		34 118	27 641	12 671
Comprehensive income attributable to equity holders of the parent		34 118	27 641	12 671
Comprehensive income attributable to minority interests		-	-	-

Interim cash flow statement [in thousands PLN]

	Note	01.01.2010- 30.06.2010	01.01.2009- 31.12.2009	01.01.2009- 30.06.2009
Cash flows on operating activities - indirect method				
I. Net profit (loss)		34 118	27 641	12 671
II. Adjustments total				
1. Amortisation/Depreciation		1 395	3 613	1 864
2. (Gains) losses on foreign exchange differences		-	-	2 905
3. Interest and shares in profits (dividends)		(8 452)	(3 249)	5 636
4. Current income tax in the income statement		-	315	-
5. Income tax paid		2 053	(620)	(625)
6. (Profit) loss on investment activity		(291)	2 070	(778)
7. Change in provisions		(4 850)	(1 771)	283
8. Change in inventories		66 304	44 717	33 997
9. Change in receivables		47 040	18 511	(10 166)
10. Change in current liabilities, except for borrowings		(25 310)	(62 381)	(75 253)
		77 889	1 205	(42 137)
Net cash flows from operating activity		112 007	28 846	(29 466)

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

1. Sale of intangible and tangible fixed assets	785	182	-
2. Sale of investments in real property and in intangible assets	-	-	-
3. From financial assets, including:	54 992	226 132	22 133
a) in affiliated companies	54 992	226 132	22 098
- sales of financial assets	-	-	-
- dividends and shares in profits	26 498	36 299	5 660
- repayment of granted loans	27 600	168 659	13 624
- interest	894	21 173	2 814
- other incomes from financial assets	-	1	-
b) in other companies	-	-	35
- sale of financial assets	-	-	-
- dividends and shares in profits	-	-	-
- payment of granted loans	-	-	-
- interest	-	-	35
- other incomes from financial assets	-	-	-
4. Other incomes from investments	-	332	-
	55 777	226 646	22 133

Interim cash flow statement [in thousands PLN] (cont.)

	Note	01.01.2010- 30.06.2010	01.01.2009- 31.12.2009	01.01.2009- 30.06.2009
II. Expenditures				
1. Acquisition of intangible and tangible fixed assets		(8 986)	(1 732)	(381)
2. Investment in real property and in intangible assets		-	-	-
3. On financial assets, including:		(199 981)	(240 951)	(15 552)
a) in affiliated companies		(199 981)	(240 951)	(15 552)
- acquisition of financial assets		(34 683)	(143 650)	(5 552)
- acquisition of securities		-	-	-
- loans granted		(165 298)	(97 301)	(10 000)
b) in other companies		-	-	-
- acquisition of financial assets		-	-	-
- loans granted		-	-	-
4. Other investment expenses		-	-	-
		(208 967)	(242 683)	(15 933)
Net cash flows on investment activity		(153 190)	(16 037)	6 200
I. Incomes				
1. Net income from issue of shares (issue of stock) and other equity instruments with additional payments to equity		-	-	-
2. Borrowings		5 840	90 482	100 430
3. Issue of debt securities		114 459	100 897	105 000
4. Other financial incomes		-	-	-
		120 299	191 379	205 430
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 borrowings		-	(33 029)	(71 532)
5. Redemption of debt securities		(6 078)	(105 000)	(70 000)
6. Other financial liabilities		-	-	(6 487)
7. Payments of liabilities under financial lease contracts		-	-	-
8. Interest		(18 391)	(51 889)	(22 231)
9. Other financial expenses		-	-	-
		(24 469)	(189 918)	(170 250)
Net cash flows on financial activity		95 830	1 461	35 180
Net cash flow total		54 647	14 270	11 914
Cash balance change, including:		54 647	14 270	11 914
- change in cash balance through foreign exchange differences		-	-	-
Cash as at the beginning of period		53 878	39 608	39 608
Cash as at the end of period, including:		108 525	53 878	51 522
- with limited disposability		6 801	8 759	8 860

Interim statement of changes in equity [in thousands PLN]

	Issued capital	Supplementary capital	Profit (loss) carried forward	Profit (loss) of the current year	Total shareholders' equity
Balance as at January 1, 2010	21 000	477 859	34 042	-	532 901
Changes in the period::					
Distribution of profit (loss) carried forward	-	34 042	(34 042)	-	-
Net profit (loss) of the current period	-	-	-	34 118	34 118
Changes total	-	34 042	(34 042)	34 118	34 118
Balance as at June 30, 2010	21 000	511 901	-	34 118	567 019
<hr/>					
Balance as at January 1, 2009	21 000	437 943	46 317	-	505 260
Changes in 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 December 31, 2009	21 000	477 859	6 401	27 641	532 901
<hr/>					
Balance as at January 1, 2009	21 000	437 943	46 317	-	505 260
Changes in the period::					
Distribution of profit (loss) carried forward	-	39 916	(39 916)	-	-
Net profit (loss) of the current period	-	-	-	12 671	12 671
Changes total	-	39 916	(39 916)	12 671	12 671
Balance as at June 30, 2009	21 000	477 859	6 401	12 671	517 931

Introduction

General information

The main activities of Echo Investment S.A. include development and letting or sales of space in commercial buildings, shopping & entertainment facilities, office buildings, hotels, residential buildings, and property trade. Echo Investment S.A. (hereinafter referred to as "Echo" or "the Company"), having its registered seat in Kielce at al. Solidarności 36. The Company, formerly operating as "Echo Press" Sp. z o. o., was registered in Kielce on July 23, 1992. Echo is a joint stock company registered at the National Court Register with number KRS 0000007025 by the District Court in Kielce, X Economic Department of the National Court Register.

The Company's shares are quoted at the Warsaw Stock Exchange; industry - according to regulated market Classification - construction.

The duration of the Company is unlimited.

The following persons were members of the Management Board of Echo Investment S.A. as at June 30, 2009 and as at June 30, 2010: Piotr Gromniak, President of the Management Board, and Artur Langner, Vice-President of the Management Board. The following persons were members of the Supervisory Board as at June 30, 2009 and as at June 30, 2010: Wojciech Ciesielski, Chairman; Andrzej Majcher, Deputy Chairman; and Members: Tomasz Kalwat, Robert Oskard, Mariusz Waniółka, and Karol Żbikowski. The following persons were members of the Audit Committee as at June 30, 2010: Mariusz Waniółka, Chairman, as well as Robert Oskard, and Tomasz Kalwat.

Information about the abbreviated financial statements

The abbreviated consolidated financial statements of Echo Investment S.A. present financial data for the period of 6 months ended June 30, 2010, comparable data for the period of 6 months ended June 30, 2009, and comparable data for the period of 12 months ended December 31, 2009

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

The abbreviated interim financial statements for the first half of the year ending June 30, 2010 are prepared in accordance with IAS 34. The statements should be analysed in conjunction with the annual financial statements for 2009.

The statements were prepared according to historical cost methodology, with the exception of investment properties and financial instruments, which are recognised at fair value. The statements were drawn up under the assumption of continued business activity in foreseeable future, considering non-existence of any circumstances that might indicate any risk for the continuation of operations.

The Company's Management Board applied its best knowledge regarding the implementation of standards and interpretations, methods and principles of valuating specific items of the individual financial statements. The activities of Echo Investment S.A. are not subject to seasonality.

In preparing the present financial statements the Company has applied new interpretations issued by the IFRS Committee and applicable to the Company's reporting period starting as at January 1, 2010. The new guidelines have not affected the presentation of data or the valuation of individual items of these financial statements to any significant extent.

Basic accounting standards

The accounting policy is in line with that used for the annual financial statements for the year ending December, 31 2009.

Segment reporting

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

The following segments have been distinguished based on the project type:

- letting and sales of residential and retail space
- providing investment development services and services relating to the letting and sales of shopping and entertainment space
- providing investment development services and services relating to the letting and sales of office and hotel space.

Given the Group's strategy the Company provides investment development services and services relating to the letting and sales of space primarily to affiliated companies from the Capital Group.

Accounting standards of a segment are the accounting standards adopted for the preparation and presentation of the Company's consolidated financial statements, as well as the accounting standards that are specifically related to segment reporting.

Segment revenues are the revenues generated either from sales to external clients or to other entities from the Capital Group, or from transactions with other segments of the Company, or which are included in the Company's income statement and can be directly attributed to a given segment along with the appropriate part of the Company's revenues, which based on rational premises can be attributed to this segment.

Segment revenues do not include:

- extraordinary profits;
- revenue from interest or dividends, including the interest generated from deposits made or loans granted to other segments, unless the segment's activity is primarily of a financial character;
- profits from the sale of investments or profits resulting from the expiry of debt, unless the segment's activity is primarily of a financial character.

Segment expenditures are the expenditures comprising the cost of sales to external clients or to other entities from the Capital Group, or from transactions with other segments of the Company, which result from the operational activity of a given segment and can be directly attributed to this segment with the appropriate part of the Company's expenditures, which based on rational premises can be attributed to this segment.

Segment expenditures do not include:

- extraordinary losses;
- interest, including the interest on deposits or loans received from other segments, unless the segment's activity is primarily of a financial character;
- losses on the sale of investments or losses resulting from the expiry of debt, unless the segment's activity is primarily of a financial character;
- share of the business entity in losses of associated entities, joint projects or other financial investments consolidated with the equity method;
- income tax burden;
- G&A costs and other costs arising on the Group level relating to the Group as a whole.

However, sometimes costs on the Group level are incurred for the benefit of a given segment. Such costs will constitute segment expenditures if they are related to the operational activity of the segment and based on rational premises can be directly attributed or posted to this segment.

Segment profit is the difference between segment revenues and segment expenditures. Segment profit is determined before making adjustments for minority interests.

Segment assets are the operational assets used by the segment in its operational activity, which can be directly attributed to a given segment or which, based on rational premises, can be posted to this segment.

If segment profit includes revenues from interest or dividends, segment assets will comprise relevant receivables, loans, investments or other assets resulting in the generation of such revenues.

Segment liabilities are the operational liabilities resulting from the operational activity of the segment, which can be directly attributed to a given segment or which, based on rational premises, can be posted to this segment.

If segment profit includes interest expenditures, segment liabilities will comprise relevant interest-bearing liabilities. Financial data relating to segments are presented in Notes 9, 10, 11 to these financial statements.

Estimations by the Company's Management Board

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

Investment properties

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

Inventories

When estimating the amount of revaluation allowance for the inventories owned by the Company as at the balance date, an analysis is made of information from the active market relating to the expected selling prices and current market trends as well as of information stemming from the preliminary sales agreements signed by the Company. The assumptions adopted when calculating the allowance mainly concern the market prices of properties existing in a given market segment. In the opinion of the Management Board changes in these assumptions would not have a significant impact on the inventory allowance amount as at the balance date since the adopted assumptions and information relating to the allowance amount were largely based on the sales agreements in place. In the case of the land included in the inventories, the amounts of the allowances result from the usefulness of the land for the Company's current and future operations estimated by the Management Board.

Reduced value in the shares of wholly and partially owned subsidiaries and associated companies

The reduced value in the shares of wholly and partly owned subsidiaries and associated companies is assessed by analysing the fair value of the assets and liabilities held by individual entities and expected future cash flows from the operations of these entities. During the assessment process the Company also takes into account the duration and the degree to which the current value of the shares is lower than their acquisition price as well as the prospects of a given entity and plans concerning its investment projects. All significant decreases in the fair value of the assets held by subsidiary companies were recognised by the Management Board as long-term and resulted in share write-downs in such subsidiaries. In particular, in the case of significant subsidiaries, which as at June 30, 2010 did not run any significant operating activities, the value of the write-offs corresponds to the total difference between the net value of the assets of a given subsidiary and the acquisition price of its shares.

Deferred income tax

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

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

Additional explanations

Significant agreements signed with affiliated companies and executed during the period

Given the strategy adopted by "Echo Investment" S.A. Group where each shopping centre and office building is developed by a separate subsidiary, and as a result of the contribution, made by "Echo Investment" S.A. to special purpose companies, of the properties on which the shopping centres and office buildings are erected, a significant part of Echo Investment's transactions are executed with affiliated companies. During 2010 the largest transactions with affiliated companies were executed under the following contracts:

- General Contracting and Project Management Agreement executed on July 30, 2008 with Projekt Echo - 65 Sp. z o. o. acting as the investor. Under the agreement Echo Investment S.A. (the Contractor) agreed to carry out comprehensive development of an office building situated on the real estate in Szczecin, at Malczewskiego Street.

- General Contracting and Project Management Agreement executed on April 16, 2008 with "Echo - Park Postepu" Sp. z o. o. with its registered seat in Kielce acting as the investor. Under the agreement Echo Investment S.A. (the Contractor) agreed to carry out comprehensive development of a group of office buildings on the real estate located in Warsaw, at 21 Postepu Street, until the time of delivery of the office complex to the Investor and to individual users.
- Investment Project Management Agreement executed on February 1, 2008 with Malta Office Park Sp. z o.o. acting as the investor. Under the agreement Echo Investment S.A. agreed to execute advisory tasks, managing tasks, legal activities, engineering works, and other tasks and activities necessary to manage the investment, as well as to provide consulting services on all matters involved in development of the office buildings complex.
- General Contracting and Project Management Agreement executed on August 29, 2008 with Echo-Galeria Kielce Sp. z o. o. acting as the investor. Under the said agreement, Echo -Galeria Kielce Sp. z o. o. hired Echo Investment S.A. to carry out extension works on the existing shopping centre in Kielce, at al. Solidarności.
- General Contracting and Project Management Agreement executed on October 8, 2008 with "Projekt Echo - 63" acting as the investor. Under the agreement Echo Investment S.A. (the Contractor) agreed to carry out comprehensive development of an office building situated on the real estate in Krakow, at 210 Lea Street.

The transactions with the affiliated companies, which are detailed in the financial statements, concern the Company's subsidiaries.

Significant events during the reporting period after the balance date:

On January 20, 2010 Echo Investment S.A. received a decision from the District Court for Krakow-Śródmieście, VII Economic Department of the Pledge Registry in Krakow, stating that on January 12, 2010 an entry was made in the Pledge Registry for a pledge on the shares of subsidiary "Projekt Echo - 62" Sp. z o.o. with its registered seat in Kielce. The pledge was registered on the shares owned by Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. with its registered seat in Kielce in the number of 7,731,000 shares with the nominal value of PLN 386,550,000, making up 99.99% of the issued capital and giving the right to 7,731,000 votes at the shareholders' meeting. The book value of the shares on which the lien was registered, as per books of Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k., amounts to PLN 386,550,000. The pledge on the shares is security in favour of Bank Eurohypo AG with its registered seat in Eschborn (Germany) concerning the payment of obligations under the credit agreement signed between Echo - Galeria Kielce Sp. z o.o. with its registered seat in Kielce (Borrower), Projekt Echo - 62 Sp. z o.o. with its registered seat in Kielce (Guarantor) and Bank Eurohypo AG with its registered seat in Eschborn (Germany). The maximum amount secured with the pledge is EUR 150 million.

On March 18, 2010 Echo Investment S.A. signed, by circulation, with BRE Bank S.A. with its registered seat in Warsaw, annexes to the Agreements on the Bonds Issue Programme (Bonds) executed on April 15, 2004. The annexes provided for multiple issues of bonds by the Issuer by batch issue orders. Based on the annexes the maximum total nominal value of all issuable bonds was increased to the amount of PLN 700 million and the term of the Agreements was changed to unspecified. By the date this report was published the Company did not issue any new bonds under the annexes.

On May 19, 2010 Echo Investment SA issued coupon bonds for the total amount of PLN 115 million under the Bonds Issue Programme signed with BRE Bank S.A. with its registered seat in Warsaw. The nominal value and issue price of one bond amounts to PLN 100 thousand. The bonds were issued for the period of 2 years, with the redemption date for the bonds falling on May 18, 2012. The interest rate for the bonds was set based on variable WIBOR 6M increased by the margin for investors. The interest will be paid out semi-annually. At the redemption date the bonds will be redeemed at the nominal value. The bonds are not secured.

On May 20, 2010 Echo Investment SA and the subsidiary Barconsel Holdings Limited with its registered seat in Nicosia executed the following agreements relating to the ownership transfer for:

- 655,321 shares of Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with its registered seat in Kielce (99.98% shares in the issued capital),
- 11,998 shares of Athina Park Sp. z o.o. with its registered seat in Kielce (99.98% shares in the issued capital),
- 75,673 shares of Echo-Centrum Przemysł Sp. z o.o. with its registered seat in Kielce (99.99% shares in the issued capital),
- 255,886 shares of Projekt Echo - 63 Sp. z o.o. with its registered seat in Kielce (99.99% shares in the issued capital).

The above-named shares constitute a non-monetary contribution to cover the newly created shares in the issued capital of Barconsel Holdings Limited.

On May 26, 2010 the Ordinary Shareholders' Meeting of Echo Investment S.A. determined the composition of the Company's Supervisory Board for the new term in the number of 6 (say: six) people and appointed the following supervisors for 3 years of a common term of office: Wojciech Ciesielski, Tomasz Kalwat, Andrzej Majcher, Robert

Oskard, Mariusz Waniółka, and Karol Żbikowski. The current composition of the Company's Supervisory Board is the same as the composition of the Supervisory Board for Echo Investment SA in the previous term.

On July 20, 2010 the Supervisory Board of Echo Investment SA, acting in accordance with § 1 paragraph 2 of the Regulations of the Supervisory Board Echo Investment SA, adopted resolutions on the election of Chairman and Vice Chairmen of the Supervisory Board of Echo Investment SA. Mr. Wojciech Ciesielski was elected Chairman of the Supervisory Board of Echo Investment SA and Mr. Andrzej Majcher and Mr. Mariusz Waniółka were elected Vice-Chairmen. They will perform these functions as of July 20, 2010.

At present the composition and the functions in the Issuer's Supervisory Board look as follows:

Wojciech Ciesielski – Chairman of the Supervisory Board
Andrzej Majcher – Vice-Chairman of the Supervisory Board
Mariusz Waniółka – Vice-Chairman of the Supervisory Board
Robert Oskard – Member of the Supervisory Board
Tomasz Kalwat – Member of the Supervisory Board
Karol Żbikowski – Member of the Supervisory Board

On July 22, 2010 as a result of the settlement of a tender organised by the Tender Commission of Przedsiębiorstwo Budownictwa Uprzemysłowego Warszawa Północ with its registered seat in Warsaw, Echo Investment SA was chosen the buyer of the perpetual usufruct right to the built-up land property situated in Warsaw at Konstruktorska Street with an area of 73,596 sq m along with the freehold right to the buildings, constructions, and other facilities on this property. The acquisition price is PLN 63 million. The final sales agreement will be signed within 30 days from the settlement of the tender. It is planned that the property will be used for the construction of a mixed residential and office complex, with a total area of approximately 60,000 sq m, intended for sale and lease.

On August 19, 2010 Orbis S.A. with its registered seat in Warsaw and Echo Investment S.A. with its registered seat in Kielce signed annex 2 to the conditional general contracting agreement (GCI) of September 4, 2008. Under the GCI agreement Echo Investment SA undertook to construct, in line with the ACCOR standards, a Novotel class hotel, with a net area of approximately 7,200 sq m and to deliver it, turn-key, to the Investor. Pursuant to the provisions of the Annex the Investment is to be completed no later than by June 8, 2012. Net price for the execution of the Investment has been set at PLN 40,583,760.00.

Salaries of the Members of the Management Board and of the Supervisory Board

Persons managing Echo Investment S.A. in 2010 received the following remuneration at Echo Investment S.A.:

- Piotr Gromniak received remuneration from Echo Investment S.A. in the total amount of 430 thousand PLN,
- Artur Langner received remuneration from Echo Investment S.A. in the total amount of 406 thousand PLN.

Persons supervising Echo Investment S.A. in 2010 received the following remuneration for exercising their functions in the Company's Supervisory Board:

- Wojciech Ciesielski received remuneration from Echo Investment S.A. in the total amount of 42 thousand PLN
- Andrzej Majcher received remuneration from Echo Investment S.A. in the total amount of 30 thousand PLN,
- Mariusz Waniółka received remuneration from Echo Investment S.A. in the total amount of 18 thousand PLN
- Robert Oskard received remuneration from Echo Investment S.A. in the total amount of 18 thousand PLN,
- Karol Żbikowski received remuneration from Echo Investment S.A. in the total amount of 18 thousand PLN,
- Tomasz Kalwat received remuneration from Echo Investment S.A. in the total amount of 18 thousand PLN.

Explanatory notes to the statement on financial position

Note 1A

Change in immovable properties (according to type group) [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
A) gross value of investments in real estate as at the beginning of period	14 080	14 552	14 552
a) increases (on account of)			
- expenditures during the year	-	-	-
- transfer from inventories	-	-	-
b) decreases (on account of)			
- sale	-	-	-
- transfer to fixed assets	-	(472)	-
	-	(472)	-
B) gross value of investments in real estate as at the end of period	14 080	14 080	14 552
C) valuation to fair value	(2 177)	(2 468)	(815)
Net value of investments as at the end of period	11 903	11 612	13 737

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

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

As at June 30, 2010 the Company had 2 investment properties located in different Polish cities. Since most lease agreements executed by the Group are denominated in EUR, appraisals of investment properties were prepared in EUR and converted into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date.

The Company does not have security on investment properties.

Note 2A

Shares or stocks [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
- in subsidiaries	632 824	609 457	467 536
- in partially owned subsidiaries (co-subsidiaries)	1 488	1 770	1 796
- in associates	-	50	61
- other non-current financial assets (according to type)	8 380	-	50
- advances for shares	7 800	-	50
- investment certificates	580	-	-
Shares or stocks, total	642 692	611 277	469 443

The Company is a holder of interest in the financial result of associated companies corresponding to the total number of votes at the general meeting of shareholders.

Note 2B

Change in the balance of shares and stocks [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) balance as at the beginning of period, including:	611 277	463 891	463 891
- shares and stocks	611 277	463 891	463 891
- advances for acquisition of shares	-	-	-
- other non-current financial assets	-	-	-
b) increases (on account of)			
- purchase of shares	4 797	9 705	-
- raising of capital	18 757	139 856	5 552
- advances for acquisition of shares	7 800	-	-
- investment certificates	580	-	-
- reversing of assets revaluation allowance	10 873	-	-
	42 807	149 561	5 552
c) decreases (on account of)			
- sales of shares	(11 392)		
- liquidation of companies	-	(810)	-
- assets revaluation allowance	-	(1 315)	-
- settlement of advances for acquisition of shares	-	(50)	-
	(11 392)	(2 175)	-
d) balance as at the end of period, including:	642 692	611 277	469 443
- shares and stocks	642 692	611 277	469 443

In the first half of 2010 the Company made the following increases in the equity of its subsidiaries:

- Echo Investment Projekt Management SRL - by making a cash contribution in the amount of PLN 2,301 thousand. In return the Company took up shares with the total value of PLN 2,301 thousand.
- Barconsel Holdings Limited - by making a non-cash contribution in the amount of 43,679 thousand EUR. In return the Company took up shares with the total value of EUR 43,679 thousand.
- Projekt Echo - 41 Spółka z ograniczoną odpowiedzialnością Sp. K. - by making a non-cash contribution in the amount of 21,645 thousand PLN. In return the Company took up shares with the total value of PLN 21,645 thousand, the registration value of the stocks amounts to 15,885 thousand PLN.
- Projekt Echo - 42 Spółka z ograniczoną odpowiedzialnością Sp. K. - by making a cash contribution in the amount of 490 thousand PLN. In return the Company took up shares with the total value of PLN 490 thousand.

At the same time, during the first half of 2010 the Company acquired shares in Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o. o. with the total value of PLN 4,797 thousand.

On June 9, 2010 the Company sold shares of WA - Hotele Sp. Z o.o. for PLN 1,023 thousand and reversed the revaluation allowance in the amount of PLN 10,588 thousand.

During the first half of 2010 the Company acquired investment certificates issued by the fund "Forum XXIX Towarzystwo Funduszy Inwestycyjnych S.A." with a total value of PLN 580 thousand.

On May 25, 2010 the Company paid an advance in lieu of increasing the equity of Projekt Echo - 58 Sp. z o.o. in the amount of PLN 7,800 thousand.

Note 3A

Inventories [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) semi-finished products and work in progress	269 911	299 266	292 005
b) finished products	24 257	59 876	75 138
c) merchandise	1 846	1 844	3 480
d) advances for deliveries	3 375	4 707	5 330
Inventories, total	299 389	365 693	375 953

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

/ costs).

"Finished products" include finished apartments for sale.

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

"Merchandise" includes land.

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

Note 3B

Inventories – impact on the bottom line [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
Value of inventories recognised as cost during the period	149 140	254 821	152 579
Amounts of inventories write-downs recognised as cost during the period	(1 402)	(4 723)	(3 080)
Amounts of reversal of inventories write-downs recognised as income	4 223	7 462	4 492

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

The value of inventories recognised as cost during the period is shown in the income statement under "Cost of sales". As at June 30, 2010 the amount of the inventories revaluation allowance which the Company recognised as other operating income amounts to 2,821 thousand PLN (June 30, 2009: 1,412 thousand PLN)

Note 4A

Granted short-term loans [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) in subsidiaries			
- granted loans	252 756	117 359	176 670
- interest	10 809	6 981	17 239
	263 565	124 340	193 909
b) in other companies			
- loans granted	-	-	53
- interest	-	23	105
	-	23	158
Granted short-term loans, total	263 565	124 363	194 067

Note 4B

Granted short-term loans (currency structure) [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) in the Polish currency	263 565	124 363	194 067
b) in foreign currencies (by currency; after conversion to PLN)	-	-	-
Granted short-term loans, total *	263 565	124 363	194 067

* Note 4B comprises short-term loans with interest

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

Name of the other party	Amount [in thousands PLN]	Interest rate	Due date
Princess Investment Sp. z o.o.	227	Wibor 3M + margin	December 31, 2010
Princess Boryszewska Sp. z o.o.	39 180	Wibor 3M + margin	December 31, 2010
Projekt Echo -58 Sp. z o. o.	12 200	Wibor 3M + margin	December 31, 2010
Athina Park Sp. z o.o.	9 900	Wibor 3M + margin	December 31, 2010
Projekt S Sp. z o.o.	960	Wibor 3M + margin	December 31, 2010
Echo Galeria - Kielce Sp. z o.o.	68 400	Wibor 3M + margin	December 31, 2010
Echo Investment Hungary	11 300	Wibor 3M + margin	December 31, 2010
Projekt Naramowice Poznan Sp. z o. o.	43 000	Wibor 3M + margin	December 31, 2010
Projekt Echo -53 Sp. z o. o.	40 235	Wibor 3M + margin	December 31, 2010
Echo Oxygen Sp. Z o. o.	8 300	Wibor 3M + margin	December 31, 2010
Echo Investment Project Management KFT	200	Wibor 3M + margin	December 31, 2010
Projekt Echo -63 Sp. z o. o.	1 250	Wibor 3M + margin	December 31, 2010
Barconsel Holding Limited	33	Wibor 3M + margin	December 31, 2010
Echo Investment Project Management SRL	200	Wibor 3M + margin	December 31, 2010
Echo - Centrum Biznesu Łódź Sp. z o.o.	7 000	Wibor 3M + margin	December 31, 2010
Centrum Bankowości i Finansów Łódź Sp. z o.o.	2 596	Wibor 3M + margin	December 31, 2010
Projekt Naramowice Sp. z o.o.	9 000	Wibor 3M + margin	December 31, 2010
Total:	253 981		

The maximum value of credit risk involved in the loans equals their balance sheet value.

The loans are not secured.

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

The loans were granted to affiliated companies in sound financial condition.

The loan granted to "Projekt S" Sp. z o.o. is included in the revaluation allowance in the amount of 1,225 thousand PLN.

Note 5A

Non-current liabilities (exclusive of provision for income tax) [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) to subsidiaries	-	-	-
b) to partially owned subsidiaries			
- borrowings	-	-	60 000
- issue of debt securities	484 647	513 948	489 586
	484 647	513 948	549 586
Non-current liabilities, total	484 647	513 948	549 586

On May 19, 2010 the Company issued coupon bonds totalling PLN 115 million under the Bonds Issue Programme signed with BRE Bank SA with its registered seat in Warsaw.

Note 5B

Non-current liabilities (excl. income tax provision), days remaining to due date after the balance day [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) over 1 year up to 3 years	484 647	234 188	252 975
b) over 3 years up to 5 years	-	279 760	296 611
c) over 5 years	-	-	-
Non-current liabilities, total	484 647	513 948	549 586
Interest rates applied to discount the anticipated cash flows are as follows:	5.90%	6.38%	6.66%

The Company has presented its non-current liabilities in nominal values in Note 5E.

Note 5C

Non-current liabilities (excl. the income tax provision) (currency structure) [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) in the Polish currency	484 647	513 948	549 586
b) in foreign currencies (by currency; after conversion to PLN)	-	-	-
Non-current liabilities, total	484 647	513 948	549 586

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

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

Note 5D**Lines of credit**

Name (company name) of the organisation, specifying the legal form	Registered office address	Amount of loan/credit under the contract [in thousands PLN]	Amount of loan/ credit remaining due [in thousands PLN]	Interest rate arrangements	Due date	Collaterals
PeKaO S.A.	Warsaw	30 000	-	Wibor 1M + margin	2011-06-30	a power of attorney to the bank account, a statement of voluntary submission to enforcement
PeKaO S.A.	Warsaw	100 000	95 840	Wibor 1M + margin	2011-06-30	a power of attorney to the bank account
PKO BP S.A.	Warsaw	40 000		Wibor 3M + margin	2012-08-19	a surety from the current account at PKO BP S.A., a statement of voluntary submission to enforcement
PKO BP S.A.	Warsaw	40 000	-	Wibor 3M + margin	2012-08-19	a surety from the current account at PKO BP S.A., a statement of voluntary submission to enforcement
Total		210 000	95 840			

The value of credit corresponds to undiscounted cash flows.

Note 5 E**Liabilities - DEBT FINANCIAL INSTRUMENTS ISSUED***

Debt financial instruments by type	Nominal value	Interest rate arrangements	Redemption date	Guarantees/ Collaterals	Quotation market
Bonds (BRE Bank S.A.)	150 000	Wibor 6M + margin	2011-05-25	-	-
Bonds (BRE Bank S.A.)	115 000	Wibor 6M + margin	2012-05-18	-	-
Bonds (BRE Bank S.A.)	100 000	Wibor 6M + margin	2013-05-25	-	-
Bonds (BRE Bank S.A.)	300 000	Wibor 6M + margin	2014-06-30	-	-
Total	665 000				

The value of bonds corresponds to undiscounted cash flows.

Note 6A

Short-term borrowings [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) to/from subsidiaries			
- borrowings	-	-	7 443
	-	-	7 443
b) to/ from other companies			
- borrowings	95 840	96 078	-
- issue of debt securities	179 545	31 939	90 437
- interest charged	-	-	52
	275 385	128 017	90 489
Borrowings, total	275 385	128 017	97 932

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

Note 6B

Short-term borrowings (currency structure) [in thousands PLN]	30.06.2010	31.12.2009	30.06.2009
a) in the Polish currency	275 385	128 017	97 932
b) in foreign currencies (by currency; after conversion to PLN)	-	-	-
Borrowings, total	275 385	128 017	97 932

Note 7

Information about financial instruments

Item	Type of instrument	Note	Balance sheet value (in thousands PLN)		
			as at 30.06.2010	as at 31.12.2009	as at 30.06.2009
Financial assets					
1.	Valuated to fair value in the income statement:				
	-derivative instruments		-	-	1
2.	Loans and amounts receivable:				
	-long-term loans	4	371	359	11 691
	-short-term loans	4	263 565	124 363	194 067
	-trade receivables		58 730	120 744	149 363
3.	Cash and cash equivalents		108 525	53 878	51 522
Financial liabilities					
1.	Valuated to fair value through the income statement:				
	-derivative instruments		-	-	4 381
2.	Other financial liabilities:				
	-liabilities arising from issue of debt securities	5 & 6	664 192	545 887	640 023
	-trade liabilities		26 100	38 034	29 210
	- borrowings	6	95 840	96 078	67 443

The main financial instruments existing in the Company include:

- granted loans - valuated at amortised acquisition price determined according to the effective interest rate method
- financial liabilities, namely liabilities arising from issue of debt securities, bank credits, other liabilities (loans and trade liabilities). Financial liabilities are valuated at amortised cost, in accordance with IAS 39.

Fair value of the financial instruments (tier 3 of the fair value hierarchy) not traded on an active market is determined using appropriate valuation techniques. The Company is guided by its independent judgment in selecting valuation methods and its assumptions are based on the market conditions existing as at each consecutive balance day. In particular, the forward contracts in place are valuated as the difference of the product of the transaction's nominal value in the currency and the transaction's spot rate and the product of the transaction's nominal value in the currency and the NBP rate as at the date of valuation. The option contracts in place are valuated based on valuations provided by banks.

Explanatory notes to the income statement

Note 8

Operating income (material structure - types of activities) [in thousands PLN]	01.01.2010- 30.06.2010	01.01.2009- 31.12.2009	01.01.2009- 30.06.2009
A. Sales of residential and commercial space	49 592	62 447	40 253
- including: from affiliated companies	-	-	-
B. Investment execution services	76 570	210 604	117 414
- including: from affiliated companies	76 570	210 604	117 414
from subsidiaries	76 570	210 604	117 414
from partially owned subsidiaries	-	-	-
C. Property trade	39 031	7 756	8 679
- including: from affiliated companies	25 478	3 533	3 267
D. Lease services	3 573	7 320	3 736
- including: from affiliated companies	1 216	713	713
from subsidiaries	1 216	713	713
from the parent company	-	-	-
E. Legal, accounting, consulting and IT services	19 478	30 592	17 822
- including: from affiliated companies	18 231	16 074	16 074
from subsidiaries	18 231	16 074	16 074
from partially owned subsidiaries	-	-	-
F. Other incomes	508	11 154	7 510
- including: from affiliated companies	29	6 849	5 334
from subsidiaries	-	6 800	5 316
from key personnel	29	49	18
Operating income, total	188 752	329 873	195 414
- including: from affiliated companies	121 524	237 773	142 802
from subsidiaries	121 495	237 724	142 784
from the parent company	-	-	-
from key personnel	29	49	18

Minimum contracted lease revenues for 2010 amount to 7,840 thousand PLN.

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

Note 9

Asset to segment allocation [in thousands PLN]	01.01.2010- 30.06.2010	01.01.2009- 31.12.2009	01.01.2009- 30.06.2009
- shopping centres	119 798	79 595	75 098
- office buildings	81 833	60 278	131 684
- residential space	341 260	306 310	314 286
- non-allocated assets	877 998	857 701	763 649
Assets, total	1 420 889	1 303 885	1 284 717

Note 10

Income to segment allocation [in thousands PLN]	01.01.2010- 30.06.2010	01.01.2009- 31.12.2009	01.01.2009- 30.06.2009
- shopping centres	44 876	55 002	39 951
- office buildings	49 424	148 830	82 249
- residential space	80 593	62 471	40 725
- non-allocated incomes	13 859	63 570	32 489
Income, total	188 752	329 873	195 414

Note 11

Expense to segment allocation [in thousands PLN]	01.01.2010- 30.06.2010	01.01.2009- 31.12.2009	01.01.2009- 30.06.2009
- shopping centres	(30 094)	(51 895)	(37 623)
- office buildings	(42 734)	(141 036)	(76 686)
- residential space	(65 226)	(45 793)	(26 974)
- non-allocated expenses	(14 006)	(22 111)	(14 697)
Expenses, total	(152 060)	(260 835)	(155 980)

The operational segments are analysed by the Company to the level of gross sales profit (loss) .

Date: August 27, 2010

Management Board of Echo Investment S.A.

Piotr Gromniak

Artur Langner

President of the Management Board

Vice-President of the Management Board

Person in charge of keeping books of account

Tomasz Sulek

Chief Accountant



Management Report on the operations of Echo Investment SA and the Capital Group during the first half of 2010

Kielce, August 27, 2010

Management Report on the operations of Echo Investment SA and the Capital Group during the first half of 2010

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

Echo Investment S.A. organizes the entire investment process for a given project, starting from purchasing immovable property, through obtaining administrative decisions, financing, supervision over execution, until handover of the completed project. The Company performs these activities on its own behalf and also, in the majority of cases, by providing general contracting services to subsidiaries, which are established especially for this purpose.

Individual development and investment projects are executed by subsidiaries, which largely facilitates organization of implemented processes and guarantees transparency of the Group structure. These companies are mainly involved in the leasing of commercial areas (shopping and entertainment centres, offices), and to a lesser degree in the development and sales of apartments, and in property management services. Echo Investment S.A. also provides general contracting and project management services for third party investors.

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

- building and letting space in shopping centres and shopping/entertainment centres;
- building and selling apartments;
- building and letting office space;
- building and selling hotels.

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

1. Structure of the Capital Group

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

As at June 30, 2010 the Capital Group consists of 77 subsidiaries that are fully consolidated and 1 partially owned subsidiary consolidated according to the proportional method.

Fully consolidated companies:

- "Athina Park" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Centrum Handlowe PHS" Spółka Akcyjna with its registered seat in Szczecin
- "Barconsel Holdings Limited" with its registered seat in Nicosia
- "Budivelnuy Soyuz Monolit" LLC with its registered seat in Kiev
- "Echo - Arena" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Arena Sp. z o.o. " Spółka komandytowa [limited partnership] with its registered seat in Kielce
- "Echo - Aurus" Sp. z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Centrum Bankowości i Finansów Łódź" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Centrum Biznesu Łódź" Spółka z o.o. [a limited liability company] with its registered seat in Kielce

- "Echo - Centrum Jelenia Góra" Spółka z o.o. [a limited liability company] with its registered seat in Jelenia Góra
- "Echo - Centrum Poznan" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Centrum Przemyśl" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Centrum Rzeszów" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Centrum Tarnów" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Galaxy" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa [limited partnership] with its registered seat in Kielce
- "Echo - Galaxy Szczecin" Sp. z o. o. [a limited liability company] with its registered seat in Szczecin
- "Echo - Galeria Kielce" Sp. z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Galeria Olimpia" Spółka z o.o. [a limited liability company] with its registered seat in Kielce (formerly "Echo - Centrum Bełchatów" Limited Liability Company)
- "Echo - Galeria Sudecka" Spółka z o.o. [a limited liability company] with its registered seat in Jelenia Góra (formerly "Projekt Echo - 56" Spółka z o.o.)
- "Echo - Galeria Tarnów" Spółka z o.o. [a limited liability company] with its registered seat in Kielce (formerly "Projekt Echo - 61" Spółka z o.o.)
- "Echo - Kielce 1" Sp. z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Metropolis" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Oxygen" Sp. z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Park Postępu" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Pasaż Grunwaldzki" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Spółka komandytowa with its registered seat in Kielce
- "Echo - Project - Management Ingatlanhasznosito" Kft. with its registered seat in Budapest
- "Echo - Project 1" LLC with its registered seat in Kiev
- "Echo - Project 2" LLC with its registered seat in Kiev
- "Echo - Property Poznan 1" Sp. z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - SPV 6" Sp. z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo - Veneda" Sp. z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo ACC" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo Bau" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Echo Investment Hungary Ingatlanhasznosito Kft." with its registered seat in Budapest
- "Echo Investment Project 1" S.R.L. with its registered seat in Bucharest
- "Echo Investment Project Management" S.R.L. with its registered seat in Bucharest
- "Echo Investment Ukraine" LLC with its registered seat in Kiev
- "EI Project Cyp - 1" Limited with its registered seat in Nicosia
- "Est On Property Management" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Malta Office Park" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "MDP" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Princess Boryszewska" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Princess Investment" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 17" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 30" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 37" Spółka z o.o. [a limited liability company] with its registered seat in Kielce

- "Projekt Echo - 39" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 41" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 41 spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa with its registered seat in Kielce
- "Projekt Echo - 42" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 42 spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa [limited partnership] with its registered seat in Kielce
- "Projekt Echo - 43" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 45" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 45 spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa [limited partnership] with its registered seat in Kielce
- "Projekt Echo - 46" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 47" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 53" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 54" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 55" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 57" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 58" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 59" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 62" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 63" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 70" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 77" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Echo - 93" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Naramowice" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Projekt Naramowice Poznan" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "SPV - 1" Sp. z o.o. [a limited liability company]
- "Projekt S" Spółka z o.o. [a limited liability company] with its registered seat in Kielce
- "Ultra Marina" Sp. z o.o. [a limited liability company] with its registered seat in Kielce
- "Yevrobudgarant" LLC with its registered seat in Kiev
- "Zakłady Ogrodnicze Naramowice" Spółka z o.o. [a limited liability company] with its registered seat in Poznan

"Wan 11" Spółka z o.o. [a limited liability company] with its registered seat in Warsaw is a partially owned subsidiary.

All wholly and partially owned subsidiaries and affiliated companies are consolidated. In all fully consolidated subsidiaries the parent company holds, directly or indirectly, 100% of the issued equity.

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

- "Projekt S" Sp. z o.o. - 95% of the issued equity and 95% of the voting rights at the general meeting of shareholders;
- "Projekt Echo - 58" Sp. z o.o. - 51% of the issued equity and 51% of the voting rights at the general meeting of shareholders.
- "Projekt Echo - 70" Sp. z o.o. - 51% of the issued equity and 51% of the voting rights at the general meeting of shareholders.

Equity relationships within the Capital Group concern:

- "Zakłady Ogrodnicze Naramowice" Sp. z o.o. holding 99.8% of the issued equity of "Projekt Naramowice" Sp. z o.o.;
- "Echo - Kielce 1" Sp. z o.o. holding:
 - 99.97% of the issued equity of "Echo - Galeria Kielce" Sp. z o.o.;
 - 100% of the issued equity of "Princess Boryszewska" Sp. z o.o.
- "Projekt Echo - 37" Sp. z o.o. holding 0.001% of the issued equity of "Echo - SPV 6" Sp. z o.o.;

- "Echo - Pasaż Grunwaldzki" Sp. z o.o. holding 1% share in "Echo - Pasaż Grunwaldzki Sp. z o.o." Spółka komandytowa;
- "Echo - Arena" Sp. z o.o. holding 1% share in "Echo - Arena Sp. z o.o." Spółka komandytowa;
- "Echo - Galaxy" Sp. z o.o. holding 1% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- "Echo - Galaxy Szczecin" Sp. z o.o. holding 1% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 41" Sp. z o.o. holding 1% share in "Projekt Echo - 41 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 42" Sp. z o.o. holding 1% share in "Projekt Echo - 42 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 77" Sp. z o.o. holding 0.02% of the issued equity of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o.;
- "Projekt Echo - 93" Sp. z o.o. holding:
 - 0.01% of the issued equity of "Echo - Galeria Kielce" Sp. z o.o.;
 - 0.008% of the issued equity of "Athina Park" Sp. z o.o.;
 - 0.001% of the issued equity of "Echo - Centrum Przemyśl" Sp. z o.o.;
 - 0.001% of the issued equity of "Echo Projekt - 63" Sp. z o.o.;
- "Projekt Echo - 43" Sp. z o.o. holding 0.01% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 45" Sp. z o.o. holding 1% share in "Projekt Echo - 45 Sp. z o.o." Spółka komandytowa;
- "Echo - Centrum Bankowości i Finansów Łódź" Spółka z o.o. holding 47.98% of the issued equity of "Projekt Echo - 53" Sp. z o.o.;
- "Echo - Centrum Biznesu Łódź" Spółka z o.o. holding 51.96% of the issued equity of "Projekt Echo - 53" Sp. z o.o.;
- "Echo - Centrum Tarnów" Sp. z o.o. holding 99.93% of the issued equity of "Echo - Galeria Tarnów" Sp. z o.o.;
- "Echo - Centrum Jelenia Góra" Sp. z o.o. holding 99.93% of the issued equity of "Echo - Galeria Sudecka" Sp. z o.o.;
- "Echo - Galaxy Sp. z o.o." Sp. k. holding 99.99% of the issued equity of "Echo - Galaxy Szczecin" Sp. z o.o.;
- "Echo - Pasaż Grunwaldzki Sp. z o.o." Sp. k. holding 99.99% of the issued equity of "Projekt Echo - 62" Sp. z o.o.;
- "Echo - Centrum Poznań" Sp. z o.o. holding 39.64% of the issued equity of "Echo - Metropolis" Spółka z o.o. with its registered seat in Kielce;
- "Echo Investment Ukraine" LLC holding:
 - 100% of the issued equity of "Echo - Projekt 1" LLC
 - 99.99% of the issued equity of "Echo - Projekt 2" LLC
 - 1.00% of the issued equity of "Budivelnuy Soyuz Monolit" LLC
- "Echo - Projekt 1" LLC holding 0.01% of the issued equity of "Echo - Projekt 2" LLC;
- „EI Project Cyp - 1” Limited holding 100% of the issued equity of "Yevrobudgarant" LLC;
- "Yevrobudgarant" LLC holding 99% of the issued equity of "Budivelnuy Soyuz Monolit" LLC;
- "Echo Investment Project 1" SRL holding 0.007% of the issued equity of "Echo Investment Project Management" SRL;
- "Projekt Naramowice" Sp. z o.o. holding 99.97% of the issued equity of "Projekt Naramowice Poznań" Sp. z o.o.
- FORUM XXIX FIZ (in which the Echo Investment Capital Group has 100% of certificates) holds:
 - 99.99% of the issued equity of "Echo - Centrum Przemyśl" Sp. z o.o.;
 - 99.99% of the issued equity of "Echo Projekt - 63" Sp. z o.o.;
 - 99.98% of the issued equity of "Athina Park" Sp. z o.o.;
 - 99.98% of the issued equity of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o.
- "Projekt Echo - 17" Sp. z o.o. holding the following respective interests in basic equity of:
 - 1.00% of equity of "Echo Aurus" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 37" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 39" Sp. z o.o.;

- 1.00% of the equity of "Echo ACC" Sp. z o.o.;
- 1.00% of the equity of "Projekt Echo - 30" Sp. z o.o.;
- 1.00% of the equity of "Echo - Galaxy" Sp. z o.o.;
- 1.00% of the equity of "Projekt Echo - 41" Sp. z o.o.;
- 1.00% of the equity of "Projekt Echo - 42" Sp. z o.o.;
- 1.00% of the equity of "Echo - Pasaż Grunwaldzki" Sp. z o.o.;
- 1.00% of the equity of "Est On Property Management" Sp. z o.o.;
- 1.00% of the equity of "Projekt Echo - 43" Sp. z o.o.;
- 1.00% of the equity of "Projekt Echo - 45" Sp. z o.o.;
- 1.00% of the equity of "Projekt Echo - 93" Sp. z o.o.;
- 0.1% of the equity of "Projekt Echo - 46" Sp. z o.o.;
- 0.1% of the equity of "Projekt Echo - 55" Sp. z o.o.;
- 0.1% of the equity of "Projekt Echo - 57" Sp. z o.o.;
- 0.1% of the equity of "Projekt Echo - 59" Sp. z o.o.;
- 0.1% of the equity of "Projekt Echo - 77" Sp. z o.o.;
- 0.1% of the equity of "SPV - 1" Sp. z o.o.;
- 0.05% of the equity of "Echo - Arena" Sp. z o.o.;
- 0.05% of the equity of "EI Project Cyp - 1" Limited;
- 0.03% of the equity of "Malta Office Park" Sp. z o.o.;
- 0.03% of the equity of "Echo - SPV 6" Sp. z o.o.;
- 0.02% of the equity of "Echo - Centrum Biznesu Łódź" Sp. z o.o.;
- 0.02% of the equity of "Projekt Naramowice" Sp. z o.o.;
- 0.007% of the equity of "Echo - Centrum Veneda" Sp. z o.o.;
- 0.006% of the equity of "Echo - Galeria Olimpia" Sp. z o.o.;
- 0.006% of the equity of "Echo - Centrum Rzeszów" Sp. z o.o.;
- 0.005% of the equity of "Echo - Property Poznan 1" Sp. z o.o.;
- 0.004% of the equity of "Echo - Centrum Tarnów" Sp. z o.o.;
- 0.002% of the equity of "MDP" Sp. z o.o.;
- 0.002% of the equity of "Echo - Kielce 1" Sp. z o.o.;
- 0.001% of the equity of "Echo - Oxygen" Sp. z o.o.;
- 0.001% of the equity of "Echo Park Postepu" Spółka z o.o.;
- 0.001% of the equity of "Echo - Metropolis" Spółka z o.o.;
- 0.001% of the equity of "Projekt Echo - 47" Sp. z o.o.;
- 0.001% of the equity of "Projekt Echo - 53" Sp. z o.o.;
- 0.001% of the equity of "Projekt Echo - 54" Sp. z o.o.;
- 0.001% of the equity of "Echo - Galeria Sudecka" Sp. z o.o.;
- 0.001% of the equity of "Echo - Galeria Tarnów" Sp. z o.o.;
- 0.001% of the equity of "Projekt Echo - 62" Sp. z o.o.;

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

2. Description of basic economic and financial values presented in the financial statements of Echo Investment Capital Group and Echo Investment S.A. for the first half of 2010

Basic consolidated data converted to EURO

Selected consolidated financial data	in thousands PLN		in thousands EUR	
	1st half of 2010	1st half of 2009	1st half of 2010	1st half of 2009
Operating income	231 866	230 398	57 906	50 991
Earnings before tax and financial incomes/ expenses	139 657	311 990	34 878	69 049
Profit (loss) before tax	71 423	87 685	17 837	19 406
Net profit (loss)	57 025	71 130	14 253	15 742
Net cash flows from operating activity	142 139	48 504	35 497	10 735
Net cash flows from investment activity	(231 874)	(207 561)	(57 908)	(45 937)

Net cash flows from financial activity	192 448	(22 192)	48 062	(4 911)
Net cash flows, total	102 713	(181 249)	25 651	(40 114)
Assets total	4 469 388	4 365 598	1 078 052	976 731
Non-current liabilities	1 904 017	1 875 798	459 264	419 679
Current liabilities	486 966	453 868	117 460	101 546
Equity	1 788 529	1 718 912	431 407	384 578
Issued capital	21 000	21 000	5 065	4 698
Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
Profit (loss) per one ordinary share (in PLN / EUR)	0.14	0.17	0.03	0.04
Book value per share (in PLN / EUR)	4.26	4.09	1.03	0.92

The conversion was made as follows:

- assets and liabilities in the balance sheet were translated according to the average exchange rate as at the balance day, i.e. as at June 30, 2010, 1 EUR = 4.1458 PLN; as at June 30, 2009, 1 EUR = 4.4696 PLN
- particular items of the income statement and the cash flow statement were translated according to the rate of exchange constituting the arithmetic average of average rates published by the National Bank of Poland as at the last day of each ended month in the given period, i.e. for the period from January 1 to June 30, 2010, 1 EUR = 4.0042 PLN, and for the period from January 1 to June 30, 2009, 1 EUR = 4.5184 PLN.

Consolidated balance sheet

Balance total of the Capital Group as at the end of the 1st half of 2010 amounted to **4,469,388 thousand PLN**, which constitutes a **2.4%** increase in comparison to the balance as at the end of the first half of 2009.

Assets

The structure of assets at the end of the 1st half of the year 2010 was the following:

- fixed assets (property, plant and equipment) constitute **83.1%** of total assets, with investment property prevailing with **76.6%** of total fixed assets, and investment property under construction assets corresponding to **22.0%** of total fixed assets;
- current assets constitute **16.9%** of all assets, including inventories yielding **50.4%** of total current assets, trade receivables and other receivables with **8.2%** of current assets, and cash constituting **35.8%** of total current assets.

Liabilities

- the issued capital of the parent company - Echo Investment S.A. as at June 30, 2010 amounted to **21.0 million PLN** and was divided into 420,000,000 ordinary bearer shares (Series A, B, C, D, E and F), with face value of 0.05 PLN each;
- the value of consolidated equity as at June 30, 2010 amounted to **1,788,510 thousand PLN**, showing a **4.1%** increase as compared to the situation as at the end of June 2009;
- liabilities constituted **53.3%** of the balance total and amounted to **2,390,983 thousand PLN**.

Consolidated income statement

- in the first half of 2010, the value of consolidated net sales revenues reached **231,866 thousand PLN**;
- consolidated earnings before tax and financial incomes / expenses as at the end of June 2010 amounted to **139,657 thousand PLN**, corresponding to a **55.2%** decrease as compared to earnings for the 1st half of 2009;
- consolidated profit before tax amounted to **71,130 thousand PLN** and was lower than the balance of the first half of 2009 by **18.6%**;
- consolidated net profit amounted to **57,025 thousand PLN** which, compared to the profit in the first half of 2009 constitutes a decrease by **19.8%**.

Consolidated cash flow statement

- the reporting period began with a cash balance of **169,101 thousand PLN**;
- on operating activities, the Capital Group recorded an inflow of cash in the first half of 2010 in the amount of **142,139 thousand PLN**;
- on investment activities, the Capital Group recorded an outflow of cash as at the end of June 2010, in the amount of **231,874 thousand PLN**;
- on financial activities, the Group recorded an outflow of cash in the amount of **192,448 thousand PLN**;
- during the period from January 1, 2010 to June 30, 2010, the balance sheet amount of cash increased by **100,484 thousand PLN**;
- cash as at the end of June 2010 amounted to **269,585 thousand PLN**.

Basic unit data converted to EURO

Selected unit financial data	in thousands PLN		in thousands EUR	
	1st half of 2010	1st half of 2009	1st half of 2010	1st half of 2009
Operating income	188 752	195 414	47 138	43 248
Earnings before tax and financial incomes/ expenses	26 561	30 246	6 633	6 694
Profit (loss) before tax	33 668	14 399	8 408	3 187
Net profit (loss)	34 118	12 671	8 520	2 804
Net cash flows from operating activity	112 007	(29 466)	27 972	(6 521)
Net cash flows from investment activity	(153 190)	6 200	(38 257)	1 372
Net cash flows from financial activity	95 830	35 180	23 932	7 786
Net cash flows, total	54 647	11 914	13 647	2 637
Assets total	1 420 889	1 284 717	342 730	287 434
Non-current liabilities	499 156	549 586	120 400	122 961
Current liabilities	340 333	202 824	82 091	45 379
Equity	567 019	517 931	136 769	115 879
Issued capital	21 000	21 000	5 065	4 698
Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
Profit (loss) per one ordinary share (in PLN / EUR)	0.08	0.07	0.02	0.01
Book value per share (in PLN / EUR)	1.35	0.07	0.33	0.01

The conversion was made as follows:

- assets and liabilities in the balance sheet were translated according to the average exchange rate as at the balance day, i.e. June 30, 2010, 1 EUR = 4.0042 PLN, as at June 30, 2009, 1 EUR = 4.4696 PLN
- particular items of the income statement and the cash flow statement were translated according to the rate of exchange constituting the arithmetic average of average rates published by the National Bank of Poland as at the last day of each ended month in the given period, i.e. for the period from January 1 to June 30, 2010, 1 EUR = 4.5184, and for the period from January 1 to June 30, 2009, 1 EUR = 4.5184 PLN.

Separate balance sheet

Balance total of Echo Investment S.A. as at the end of the 1st half of 2010 amounted to **1,410,889 thousand PLN**, which constitutes an **11%** increase in comparison to the balance as at the end of the first half of 2009.

Assets

The structure of assets at the end of 1st half of the year 2010 was as follows:

- fixed assets (property, plant and equipment) constitute **48.3%** of total assets, with investments in wholly or partially owned subsidiaries prevailing with **92.5%** of total fixed assets, and tangible fixed assets corresponding to **2.6%** of total fixed assets;
- current assets constitute **51.7%** of all assets, including inventories yielding **40.7%** of total current assets, loans granted with **5.3%** of current assets, and trade receivables and other receivables constituting **19.7%** of total current assets.

Liabilities

- the issued capital of the parent company – Echo Investment S.A. as at June 30, 2010 amounted to **21.0 million PLN** and was divided into 420,000,000 ordinary bearer shares (Series A, B, C, D, E and F), with face value of 0.05 PLN each;
- the value of the unit equity as at June 30, 2010 amounted to **567,019 thousand PLN**, showing a **9.5%** increase as compared to the situation as at the end of June 2009;
- liabilities constituted **59.1%** of the balance total and amounted to **839,489 thousand PLN**.

Separate income statement

- in the first half of 2010, the value of unit net sales revenues reached **188,752 thousand PLN**;
- separate earnings before tax and financial incomes/ expenses as at the end of June 2010 amounted to **26,561 thousand PLN**, corresponding to a **12.2%** decrease as compared to earnings for the 1st half of 2009;
- separate profit before tax amounted to **33,688 thousand PLN** and was higher than the balance of the first half of 2009 by **133.8%**;
- unit net profit amounted to **34,118 thousand PLN** which, compared to the **12,671 thousand PLN** profit in 2009 constitutes an increase by **169.3%**.

Separate cash flow statement

- the reporting period began with a cash balance of **53,878 thousand PLN**;
- on operating activities, Echo Investment S.A. recorded an inflow of cash in the first half of 2010 in the amount of **112,007 thousand PLN**;
- on investment activities, Echo Investment S.A. recorded an outflow of cash as at the end of June 2010, in the amount of **153,190 thousand PLN**;
- on financial activities, Echo Investment S.A. recorded inflow of cash in the amount of **95,830 thousand PLN**;
- during the period from January 1, 2010 to June 30, 2010, the balance sheet amount of cash decreased by **54,647 thousand PLN**;
- cash as at the end of June 2010 amounted to **108,525 thousand PLN**.

3. Significant risks and threats to the remaining months of 2010

The following are major risk factors and threats for the Capital Group:

- **competition risk** - foreign investors have been quite active on the property market in Poland for several years. The advantages of foreign companies include their capital resources, which constitute certain competitive advantage over domestic developer companies. However, a major advantage of Echo Investment S.A. is its rich experience in the execution of developer projects in various market segments and its recognized position in the real estate market in Poland. Moreover, in light of the recent economic events and the financial crisis, knowledge of the market has become the leading competitive edge. The Capital Group's rapid growth during recent years and its portfolio of assets show that Echo Investment S.A. is capable of efficient functioning in competitive market conditions.
- **risk of operations on foreign markets** - related to the economic and political situation in the country where the Company operates. The Company's policy relies on the diversification of

geographic locations (Central and Eastern Europe) and the sector-based diversification of its portfolio.

- **interest rate risk** - the Group's activities are largely based on external financing. The risk related to interest rate fluctuations is limited through hedging instruments (fixed rates; IRS).
- **foreign exchange risk** - this refers to loans, obtained within the Capital Group, denominated in foreign currencies (most commonly in Euro). Fluctuations in exchange rates of currencies used for settlements result in the Group's higher exposure to currency risk. Contracts with lessees are expressed in the currency of the loan taken for the specific project financing. The payments obtained from lessees are allocated to the repayment of the above mentioned credit facilities. Such a combination of financing with sources of income significantly minimizes foreign exchange risk (natural hedging). In addition, considering the significant impact of foreign exchange rates fluctuations on the value of future cash flows, the Capital Group takes advantage of other financial instruments, which are available for minimizing currency risk, including forward transactions or currency options. These instruments are used mainly for securing future cash flows involved in newly obtained foreign currency loans.
- **risk of lessees' financial condition** - most incomes are earned within the range of the Capital Group's operations from the lease of commercial and office space. The key aspect is the selection of lessees with stable economic and financial condition. In shopping centres, lessees include chain operators (Tesco, Carrefour, NOMI, brand clothing shops, multi-screen cinemas, etc.). Good cooperation with lessees enables activities that continuously improve the attractiveness of leased areas and to emphasize the prestige of a given building, thus attracting new clients. The following companies can be named among office building clients: Polkomtel S.A., and Deutsche Leasing.
- **risk related to external contractors** - when acting as an investor in a given project, Echo Investment S.A. or its subsidiary contracts the execution of the project from third party companies. The execution of these projects, timely completion, and quality largely depend on these companies. To a significant extent this factor is eliminated through various types of protective measures included in construction contracts and through the evaluation of the contractor's financial condition in the selection process. In addition, the Capital Group hires professional inspectors and acquires specialized third party inspection services, where inspectors supervise all construction contracts and thus contribute to a major reduction of the risks described herein.
- **risk of administrative procedures** - time-consuming procedures of administrative authorities influence the commencement date of the Company's planned investments, which may result in delays in their completion. At the same time, significant authority of third parties to influence the administrative procedures frequently extend the duration of the investment process, affecting its completion date and profitability.
- **liquidity risk** - the Capital Group manages its liquidity risk through constantly maintaining a sufficient amount of available funds in the form of cash on bank accounts and/or funds assigned through available lines of credit, as well as through the continuous monitoring of forecast and actual cash flows. Factors of special importance for the Capital Group to maintain its liquidity include a stable portfolio of long-term projects for lease (shopping centres, shopping/entertainment centres, and offices), which tend to generate higher profits year by year from the leasing of space.
- **risk of adverse changes on the real estate market** - the Capital Group tries to minimize the risk of adverse changes on the real estate market through executing investment projects in stages and adapting the investment realization rate to expectations, trends, demand and prices on local markets.
- **social and economic risks** - risks related to impacts of macroeconomic factors beyond the Capital Group's control, affecting the achievement of the Group's strategic goals and financial

results. Such factors include mainly: inflation, the overall condition of the Polish economy, economic changes, changes in the real incomes of the Polish population, and tax policies. Changes in macroeconomic factors may contribute to a decrease in envisaged incomes or to an increase in operating costs. This is particularly important considering a lower GDP growth, a deepening State budget deficit, and growing unemployment, which ultimately leads to a decrease in actual incomes of the population.

Social and economic reality may have an impact on the Capital Group's revenues and financial results as operations relating to the developed facilities, both in the housing sector and the office, shopping & entertainment sectors, depend on consumers and their disposable incomes.

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

4.1. Segments of activity

During the first half of 2010 Echo Investment S.A. and Capital Group companies carried out projects initiated in the previous years and became involved in new investment projects in the segments described below.

In order to minimize the risk of adverse changes on the real estate market, Echo Capital Group may execute investment projects in stages and adapt the 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 the implementation of specific projects are taken on an individual basis, according to the assessment of current market conditions. All project completion dates are flexibly and reasonably adapted to actual circumstances.

The Polish market

Segment of shopping and shopping/ entertainment centres

The stability of the market of shop floor areas results from high market demand, adaptability to specific clients' requirements, and high diversification of sectors and industries.

Tenants of commercial areas in these buildings are domestic and international shopping chains, as well as local companies. Key tenants in shopping centres include: Carrefour, C&A, Douglas, Empik, Helios, H&M, Multikino, Nomi, Real, Rossmann, RTV Euro AGD, Tesco, Saturn, ZARA, and other chain brands.

In its property portfolio the Capital Group has 11 shopping and shopping/ entertainment centres; the centres owned by the Group as at June 30, 2010 are shown in the table below:

Project Location and Name	Leasable space [square m GLA]
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 shopping centres	105 300
Kielce – Galeria Echo*	26 000
Szczecin – Galaxy	41 700
Wrocław – Pasaż Grunwaldzki	48 700
Total shopping – entertainment centres	116 400
Total commercial projects	221 700

*project in extension

Moreover, the Capital Group also owns land for the development of future projects.

Projects in progress and under preparation, in alphabetical order:

Bełchatów, Galeria Olimpia shopping-entertainment centre (extension of Echo shopping centre)

An extension of the existing Echo shopping centre is planned in Bełchatów, at 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. Following the extension the Centre will operate under the name Galeria Olimpia. Its total floor area will be about 31,000 square meters (leasable area). More than 1,150 parking places will be made available to customers. The anticipated date of delivery of this project is 2012.

Kalisz, shopping-entertainment centre, Galeria Amber

Echo Capital Group intends to develop a modern regional shopping and entertainment centre on its immovable property located in Kalisz. The facility will be built at Górnośląska Street and the Amber Route. A leasable area is about 28,000 square meters. The development is scheduled for completion for the first half of 2013.

Katowice, project at Kościuszki Street

The Company plans to develop a shopping centre with a leasable area of approximately 50,000 sq m on the property situated in Katowice at Kościuszki Street with an area of over 54 thousand sq m. At present the process is underway of adopting a Study on conditions and directions of spatial development for the area where the property is situated.

Kielce, Galeria Echo shopping & entertainment centre (extension)

During the 1st half of 2010, extension works were carried out for the Galeria Echo shopping & entertainment centre in Kielce, including the construction of the centre with a leasable area in excess of 65,000 square meters. The general contractor is EIFFAGE BUDOWNICTWO MITEX S.A. The new shopping centre will be opened in the third quarter of 2011.

Koszalin, shopping & entertainment centre

It is planned to develop a modern shopping & entertainment centre in Koszalin, at Krakusa i Wandy Street. The project is at the stage of agreeing a new architectural concept of the design. Development is scheduled for completion in 2013.

Lublin, shopping & entertainment centre

The Company's investment plans include the development of the Górki Czechowskie, Lublin. The Management Board of the Company is trying to reach an agreement with the Lublin Municipality on the details concerning the investment project scheduled by Echo Investment Group.

Łomża, VENEDA shopping & entertainment centre

Erection of the shopping centre in Łomża is going to supplement the Company's portfolio of retail space. The centre will be built at the crossing of Zawadzka and Sikorskiego Streets. The shopping centre will have approximately 15,000 square meters of floor space. The parking lot will offer 600 parking spaces. In mid-2009, the City Council adopted a Local Spatial Development Plan for the centre, which enabled the Company to take further steps in project execution. The Galeria Veneda development is scheduled for completion in 2012.

Poznań, METROPOLIS shopping & entertainment centre

Echo Capital Group is planning to build a modern shopping and entertainment centre called METROPOLIS on its property situated in Poznań, at Hetmańska Street, offering about 50,000 sq. m of

space for rent. The Group is currently determining the architectural concept of the design. The development is scheduled for completion in the second half of 2013.

Ślupsk, Arena shopping-entertainment centre

The Company is planning to build a shopping and entertainment centre called Arena on its immovable property situated in Ślupsk, at Grottgera Street. The facility will offer about 38,000 sq. m of leasable area. The Capital Group has obtained a building permit for the erection of the aforementioned centre. Implementation works are going to start as soon as financing is obtained.

Szczecin, Outlet Park

The Outlet Park will be developed in the place of the facility operating at A. Struga Street in Szczecin. Total leasable area of the shopping centre will be about 23,000 square meters. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of the development is early 2011.

Wrocław, Pasaż Grunwaldzki shopping-entertainment centre (extension)

Pasaż Grunwaldzki is a shopping and entertainment centre located at Plac Grunwaldzki in Wrocław. Currently, nearly 200 shops and service outlets operate on the approximate area of 48,700 square meters. Echo Capital Group intends to expand this project. When completed the centre will have ca. 65,000 square meters of leasable area. Almost 50 new shops will be opened in the shopping section, and nearly 1,600 parking places will be made available to customers. The extended centre will be delivered in 2012.

Other shopping centres and shopping/entertainment centres

Echo Capital Group also intends to extend 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 the execution of new projects, also including projects in smaller Polish towns, as well as the increasing of the portfolio of commercial areas for lease, including the extension of existing projects.

Segment of office space

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

Although this market segment is highly competitive, due to their proper location and appropriate standards the projects in Echo Capital Group's portfolio ensure stable income from long-term lease contracts. Office space is rented to recognized companies such as Abbott Laboratories, BNP Pariba, Główny Inspektorat Transportu Drogowego, Grand Thornton Frackowiak, Lux Med, Medicover, Polkomtel, Mentor Graphics, Pekao Financial Services, Polsoft, Pramerica, Roche, Tebodin-SAP, Tieto Poland, and many others.

In its property portfolio the Capital Group has 7 office projects; the offices owned by the Group as at June 30, 2010 are shown in the table below:

Project Location and Name	Leasable space [square m. GLA]
Warsaw – Babka Tower	6 200
Warsaw – Athina Park	12 800
Warsaw – Postepu 3*	10 200
Warsaw – Park Postepu**	26 200
Poznan – Malta Office Park, stage I	6 800
Poznan – Malta Office Park, stage II***	6 800
Krakow – Avatar	11 300
Total office projects	80 300

* The Capital Group holds 50% of the project's shares (the figure indicated in the above table includes the 50% share)

** the total leasable area (GLA) of the Park Postepu complex amounts to 33,700 sq m, with the buildings leasable area of 26,200 sq m having been already put to use.

*** the total leasable area (GLA) of the Malta Office Park project (stage II) is 15,200 sq m, with the buildings leasable area of 6,800 sq m having been already put to use.

Projects in progress and under preparation, in alphabetical order:

Gdańsk, Tryton Project

The Company intends to develop office space on the immovable property in Gdańsk, at Jana z Kolna Street. The class A building designed by Arch-Deco design studio of Gdynia shall comprise over 22,000 sq. m of leasable area. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of development is the first half of 2011, and the date of delivery of the building to lessees is the first half of 2013.

Katowice, project at Francuska Street

A business park with a leasable area of ca. 45,000 square meters is planned on the Company's land in Katowice at the crossing of al. Górnośląska and Francuska Street. This facility, designed by DDJM Biuro Architektoniczne design office, will be executed in three stages. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. The commencement of the first stage of this development is scheduled for the first half of 2011. The whole facility will be ready for opening in the first half of 2013.

Krakow, Avatar project

During the first half of 2010 the construction of a modern class A office building, with above-ground and underground car parks, was completed in Krakow, at Lea Street. The facility, 100% of which has been leased by Fortis Bank Polska SA (now BNP Paribas Fortis) with its registered seat in Krakow, was handed-over to the lessee in June 2010. The leased area exceeds 11,000 square meters.

Krakow, project at Opolska Street

A modern class A office project is scheduled for development on the land property in Krakow, at Opolska and 29 Listopada Streets, with a leasable area in excess of 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 the first half of 2011 and the first stage is planned to be finished in the second half of 2012.

Łódź, Aurus project

The construction of two class A office buildings, with a total leasable area of ca. 19,000 square metres, is planned on the property in Łódź, at Piłsudskiego Street. The project will be carried out in two stages. According to the plans, the execution of the first stage will finish in the first half of 2012.

Poznań, Malta Office Park

During the 1st half of 2010, development works were carried out on the consecutive second stage of that complex, incorporating about 15,000 square meters of leasable area. The first part was handed over to operators in December 2009, the next one will be ready in the second half of 2010. The 3rd stage of investment, with start date scheduled for the second half of 2010 and date of delivery to users before the end of 2011. The envisaged leasable area of the entire complex shall be about 29,000 square meters.

Szczecin, Oxygen project

Execution works are being carried out for a new modern office building Oxygen on the property in Szczecin, at Malczewskiego Street. About 14,000 sq. m of that building area will be designed for rent by companies specializing in IT and telecommunication technologies. The architectural design of the facility was developed by Arch-Deco, a design studio of Gdynia. The completion of this project is scheduled for the second half of 2010.

Warsaw, Park Postępu

In September 2009 a legally binding decision was obtained concerning the permit to use 3 out of 4 buildings of the office park built at the property in Warsaw, at Postępu 21 Street. Finishing works are still taking place in the last building. This project with nearly 34,000 square meters of leasable area, comprising four office buildings, was designed by APA Wojciechowski studio of Warsaw. The contractor of core and shell construction and the general contractor and manager of the investment is Modzelewski & Rodek Sp. z o.o. of Warsaw. The anticipated completion date of the second stage of the project is the second half of 2010.

Wrocław, Project at Swobodna Street

The Company intends to build office buildings with a total leasable area of ca. 20,000 sq m on the property, purchased in the 1st quarter of 2010, situated in Wrocław, at Swobodna Street. The project will be carried out in stages; the execution is planned to commence in the 1st half of 2011.

Hotel segment

The Group's long experience and recognized partners provide good grounds for the Company's operations on the hotel market. During the previous years Echo Investment S.A. provided complex development services relating to hotels to key clients, acting as a project manager and general contractor of such investments. The Capital Group's projects in the hotel segment were executed in cooperation with international hotel chains: Accor and Envergue groups of France, and the Qubus group of Norway. Its complete hotels operate in Warsaw, Kielce, Krakow, Szczecin, Łódź, Poznań, Częstochowa, Zabrze, Gliwice. In the future, the Company is going to build hotels in cooperation with international hotel operators.

Łódź, Novotel hotel

In line with the General Contracting Agreement signed in 2009 a Novotel-class hotel will be built on the property in Łódź at Piłsudskiego Street, with an area ca. 7,200 square meters. The completion of the development is scheduled for the 1st half of 2012.

Housing segment

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

Projects in progress and under preparation, in alphabetical order:

Vicinity of Kielce, estate of detached houses in Bilcza

In the first half of 2010 the sale of land plots was continued within an estate of single-family houses (Bilcza II) designed by Konsorcjum Pisarczyk & Tracz Architekci design studio of Kielce. The offering concerns the sale of 122 (ca. 130,00 square metres) land plots with utility connections and finished house designs.

Vicinity of Kielce, estate of detached houses in Dyminy

Preparatory works were also performed for the development of another housing estate on the immovable property situated in Dyminy near Kielce. The housing estate designed by StoMM Architektura Maciej Stoczkiewicz design office of Kielce will comprise about 185 land plots (ca. 160,000 square meters). The Company intends to sell these land plots with house designs. The project is currently in the phase of obtaining building permits; its development is scheduled to start in the second half of 2010.

Krakow, project at Kilińskiego Street

The Company owns a plot of land (1,100 square meters) in Krakow, at Kilinskiego Street. The development concept assumes the construction of a small residential building. Due to the low scale of the project the Company has resigned from its execution and decided to sell the property after obtaining relevant administrative decisions.

Krakow, project at Korzeniowskiego Street

The Company is going to commence the development of a housing project in Krakow, at Korzeniowskiego Street. This building, designed by The Blok design office, will have an area of about 3,000 square meters (40 apartments). The project is in the phase of obtaining administrative permits. The launch of the project is expected in the end of 2010 and its completion is planned for mid 2012.

Krakow, Dom Pod Słowikiem, project at Krasickiego Street

In the 1st half of 2010, the Company continued preparatory works for the development of a housing and commercial facility to be erected in Krakow, at Krasickiego Street (area for sale around 5,200 square meters). The building, designed by Studio S - Biuro Architektoniczne Szymanowski design office of Krakow, will contain ca. 80 apartments. The investment is planned to commence at the beginning of the second half of 2010. Its completion is scheduled for the beginning of 2012.

Krakow, project at Tyniecka Street and Czarodziejska Street

The Company intends to develop residential buildings on its land situated in Krakow, at Tyniecka Street. Area for sale will be about 4,600 square meters (43 apartments). The Company intends to obtain administrative decisions in the second half of 2010. The investment is scheduled to start in the 1st half of 2011.

Krakow, project at Bronowicka Street

The Company intends to develop a residential building on its land situated in Krakow, Bronowicka Street, for an approximate area of 3,300 square meters. Due to the low scale of the project the Company is considering a potential sale of the property after obtaining necessary administrative decisions for the execution of the product.

Łódź, project at Okopowa and Górnicza Streets

Preparatory work continued in relation to the construction of residential buildings in Łódź, at Okopowa and Górnicza Streets. According to the current development concept the estimated area for sale will be about 50,000 square meters (ca. 700 apartments). The Company is at the stage of obtaining administrative decisions relating to the development of the project. The project will be executed in stages. The duration of the project is scheduled for five years, starting from the first half of 2011.

Łódź, project at Wodna Street

The Company is also going to develop residential buildings on its real estate in Łódź, at Wodna Street. The new development concept provides for the construction of about 200 apartments, with a total area for sale exceeding 13,000 sq. m. The Company has already obtained the zoning decision allowing for the development of the project. The project is in the phase of concept agreement and the obtaining of a construction permit, which should take place by the end of 2010. The project will be executed in stages. It is scheduled to commence at the beginning of 2011 and to finish in 2014.

Poznań, Naramowice Housing Estate

The 4th stage of the Naramowice Housing Estate development (area to sell amounts to ca. 15,000 sq m), designed by Archikwadrat Sp. z o.o. of Poznań, started and the preparatory works for the 5th stage were continued. The anticipated completion of the 4th stage is the second half of 2012. The work connected with the 5th stage will take about two years, starting from the end of 2010.

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

Poznań, Kasztanowa Aleja (Chestnut Alley)

The decision was made to re-commence the Kasztanowa Aleja (Chestnut Alley) in Poznań, at Wojskowa Street (over 17,000 square meters, two stages). The project development started in early 2010. The completion of the first stage is planned for mid 2011. The second stage of the project will be probably completed by the end of 2012.

Poznań, project at Litewska and Grudzieniec Streets

Preparatory works connected with the sale of land plots within the property situated in Poznań at Litewska Street and Grudzieniec Street took place. The total area of land plots for sale is ca. 14,000 sq. m. The Company plans to sell the land plots with house designs. The sale is scheduled to commence in the second half of 2011 and will last for 12 months.

Warsaw, Klimt House

In the first quarter of 2010 the work connected with the Klimt House project, situated in Warsaw at Kazimierzowska Street, re-commenced (area for sale is about 5,200 square meters). The design of this residential building, developed by Mąka Sojka Architekci Sp. J. design company from Warsaw, assumes the development of ca. 60 apartments with several service outlets. The project is going to last until the end of 2010.

Warsaw, estate of detached houses in the Bielany district

A new development project of a housing estate in Warsaw, Bielany district (Młociński Forest) is under preparation. 31 land plots have been detached from the property 6.3 hectares in size. The anticipated area of land plots for sale is nearly 53,000 square meters. The project was designed by W.M. Musiał Architekci Sp. z o.o. architectural design studio from Warsaw, and StoMM Architektura Maciej Stoczkiewicz from Kielce. It is expected that the Company will obtain a building permit until the end of 2010 and the development will be completed in 2011.

Wrocław, Przy Słowiańskim Wzgórzu, Project at Jedności Narodowej Street

The Company intends to develop a residential project comprising ca. 200 apartments with a total area of ca. 14,000 sq m on the property situated in Wrocław, at Jedności Narodowej Street, of 7.4 thousand sq m. The Company has already obtained a decision on the zoning conditions for the project. Design works have started. The project will be carried out in stages. The first stage of the project commenced in mid 2010 and the completion of the project is planned for mid 2012.

Wrocław, project at Grota-Roweckiego Street

The Company plans to develop a residential project comprising almost 280 apartments with a living area of ca. 20,000 sq m on the property situated in Wrocław, at Grota Roweckiego Street, with a total area of ca. 3 ha. The project will be carried out in stages. The first stage of the project will commence in the first half of 2011 and the completion of the project is planned for the first half of 2015.

Foreign market**Hungary****Segment of shopping centres and shopping/entertainment centres****Budapest, MUNDO shopping & entertainment centre**

A modern, multifunctional shopping and entertainment centre called MUNDO will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14th District of Budapest. The process of obtaining administrative permits and the commercialisation of the project are currently in progress. The project will be carried out in two stages – the first stage with a leasable area of ca. 36,000 sq m will be handed over in the second half of 2013.

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

Echo Capital Group intends to develop a modern shopping and entertainment centre, with a leasable area of ca. 40,000 sq. m, in Brasov, at Stadionului Street. The design of the shopping centre was developed by a Polish design studio IMB Asymetria and by a Romanian architectural firm Dico si Tiganas. A building permit has already been obtained. The commercialization process of the project has been started by Echo's experts in close cooperation with a Romanian representative of Jones Lang LaSalle. The development is scheduled to commence as soon as the appropriate lease ratio is achieved and relevant external financing is secured.

Ukraine**Segment of office building projects****Kiev, project at Dehtiarivska Street**

The Company plans to develop an office park, with a leasable area of about 100,000 sq m, on the property in Kiev, at Dehtiarivska Street. The design works connected with the office park are carried out by Atelier design office in Kiev. The project will be executed in stages. Obtaining work permits is planned for mid 2011.

Also see point 12.2.1. of this Report

4.2. Structure of revenues

Structure of net income from sales (in million PLN) yielded by Echo Investment S.A. Capital Group during the first half of 2010-2009:

Specification	01.01.2010 - 30.06.2010	share %	01.01.2009 - 30.06.2009	share %
Letting of space in shopping centres and shopping/entertainment centres	124.9	53.8%	128.9	55.9%
Sale and lease of residential space	59.1	25.5%	71.8	31.2%
Development and letting of areas in office and hotel facilities	31.9	13.8%	23.1	10.0%
Property trade	0.0	0.0%	1.9	0.8%
Other incomes	16.0	6.9%	4.7	2.0%
Net income from sales of products total	231.9	100%	230.4	100%

Structure of net income from sales (in million PLN) yielded by Echo Investment S.A. during the first half of 2010-2009:

Specification	01.01.2010 - 30.06.2010	share %	01.01.2009 - 30.06.2009	share %
Sales of residential and commercial areas	49.6	26.3%	40.3	20.6%
Investment contractor and project manager services	76.6	40.6%	117.4	60.1%
Property trade	39.0	20.7%	8.7	4.5%
Lease services	3.6	1.9%	3.7	1.9%
Legal, accounting and consulting services	19.5	10.3%	17.8	9.1%
Other incomes	0.5	0.3%	7.5	3.8%
Net income from sales of products total	188.8	100%	195.4	100%

During the 1st half of 2010 the Capital Group did not change the basis for segment identification; the total of the segments' assets did not change significantly in relation to the data presented in the 2009 Report.

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

5.1. Changes in organizational or equity relations

I. The Capital Group was increased by one company:

On June 22, 2010 the District Court in Kielce, X Department of the National Court Register, registered the newly established company Projekt Echo – 94 Sp. z o.o. with its registered seat in Kielce. From the registration date the Company took up 999 shares in the issued capital of the new company, with a total nominal value of PLN 49,940 PLN, corresponding to 99.9% of the voting rights at the general meeting of shareholders while Projekt Echo – 17 Sp. z o.o. took up 1 share of the issued capital, with a nominal value of 50 PLN, corresponding to 0.1% of the voting rights at the general meeting of shareholders.

II. The Capital Group was reduced by 6 companies:

On February 8, 2010 Echo Investment S.A. (Seller) and Projekt Echo – 17 Sp. z o.o. (Seller) signed with Mr. Michał Sołowow (Buyer) agreements on the sale of shares of Projekt Echo – 68 Sp. z o.o. with its registered seat in Kielce. Under these agreements Echo Investment S.A. sold 999 shares and Projekt Echo – 17 Sp. z o.o. sold 1 share in the issued capital of Projekt Echo – 68 Sp. z o.o. The selling price of the shares amounted in total to PLN 35,571.

On March 30, 2010 Projekt Echo – 17 Sp. z o.o. (Seller) and Mr. Michał Sołowow (Buyer) signed an agreement for the sale of 1 share of the issued capital of the subsidiary Projekt Echo – 44 Sp. z o.o. with a nominal value of PLN 500 PLN, corresponding to 1% of the issued capital. The selling price was PLN 359.03.

On March 30, 2010 Echo Investment S.A. (Seller) and Mr. Tomasz Kwiecień (Buyer) signed an agreement for the sale of 99 shares of the issued capital of the subsidiary Projekt Echo – 44 Sp. z o.o. with a total nominal value of PLN 49,500, corresponding to 99% of the issued capital. The selling price was PLN 35,543.69.

On June 9, 2010 Echo Investment SA (Seller) and WAN SA with its registered seat in Warsaw (Buyer) signed an agreement for the sale of 3,800 shares of Wan – Invest Sp. z o.o. with its registered seat in Kielce, with a nominal value of 100 PLN each, corresponding to 50% of the issued capital. The selling price was PLN 500,000.

On June 17, 2010 Echo Investment SA (Seller) and Mr. Krzysztof Kwapisz (Buyer) signed an agreement for the sale of 999 shares in the issued capital of the subsidiary Projekt Echo – 69 Sp. z o.o. with a total nominal value of PLN 49,950, corresponding to 99.9% of the issued capital. The selling price was PLN 35,660.30.

On June 17, 2010 Projekt Echo - 17 Sp. z o.o. (Seller) and Mr. Krzysztof Kwapisz (Buyer) signed an agreement for the sale of 999 shares in the issued capital of the subsidiary Projekt Echo - 69 Sp. z o.o. with a nominal value of 50 PLN, corresponding to 0.1% of the issued capital. The selling price was PLN 35.70.

On June 22, 2010 the Company (Seller) and PPH Witan with its registered seat in Milanówek (Buyer) signed an agreement for the sale of 11,097 shares of WA-Hotele Sp. z o.o. with a nominal value of PLN 1,000 each, corresponding to 43.45% of the issued capital. The selling price was PLN 1,022,575.

On June 22, 2010 Echo Investment S.A. (Seller) and Projekt Echo - 17 Sp. z o.o. (Seller) signed with Mr. Mariusz Gromek (Buyer) agreements for the sale of shares of Projekt Echo - 67 Sp. z o.o. with its registered seat in Kielce. Under these agreements Echo Investment S.A. sold 999 shares and Projekt Echo - 17 Sp. z o.o. sold 1 share of the issued capital of Projekt Echo - 67 Sp. z o.o. The selling price of the shares amounted in total to PLN 35,432.

III. Shareholding structure of the issued capital of the following subsidiaries changed:

On April 7, 2010 Echo Investment S.A. (Seller) and Magellan Holding Sarl with its registered seat in Luxemburg (Buyer) signed an agreement for the sale of 490 shares in the issued capital of Projekt Echo - 58 Sp. z o.o. with its registered seat in Kielce with a total nominal value of PLN 24,500, corresponding to 49% of the issued capital. The selling price was PLN 18,514.71.

On April 7, 2010 Echo Investment SA (Seller) and Projekt Echo - 93 Sp. z o.o. (Buyer) signed an agreement for the sale of 1 share of the issued capital of the subsidiary Echo Investment - Centrum Handlowe Przemysł Sp. z o.o. with a nominal value of 50 PLN, corresponding to 0.001% of the issued capital. The selling price was PLN 202.08.

On April 7, 2010 Projekt Echo - 17 Sp. z o.o. (Seller) and Projekt Echo - 93 Sp. z o.o. (Buyer) signed an agreement for the sale of 1 share of the issued capital of the subsidiary Projekt Echo - 63 Sp. z o.o. with a nominal value of 50 PLN, corresponding to 0.0004% of the issued capital. The selling price was PLN 50.00.

On April 7, 2010 Projekt Echo - 17 Sp. z o.o. (Seller) and Projekt Echo - 93 Sp. z o.o. (Buyer) signed an agreement for the sale of 1 share of the issued capital of the subsidiary Athina Park Sp. z o.o. with a nominal value of 500 PLN, corresponding to 0.008% of the issued capital. The selling price was PLN 3,708.02.

On April 7, 2010 Projekt Echo - 17 Sp. z o.o. (Seller) and Projekt Echo - 77 Sp. z o.o. (Buyer) signed an agreement for the sale of 125 shares in the issued capital of the subsidiary Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with a nominal value of 50 PLN each corresponding to 0.02% of the issued capital. The selling price was PLN 47,620.00.

On April 26, 2010 the Company (Buyer) and Projekt Echo – 17 Sp. z o.o. (Seller) signed an agreement for the sale of 1 share of the issued capital of Projekt Echo – 58 Sp. z o.o. with a nominal value of 50 PLN, for the price of PLN 50.

On May 20, 2010 the Company (Seller) and the subsidiary Barconsel Holdings Limited with its registered seat in Nicosia (Buyer) signed the following agreements on the transfer of shares.

1. Under the agreement for the transfer of shares of Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with its registered seat in Kielce (Subsidiary I) the Company sells in favour of the Buyer 655,321 shares with a nominal value of PLN 32,766,050. The value of the agreement amounted to EUR 34,444,165, which as at the signing date of the agreement, according to the average NBP rate, corresponds to PLN 141,761,849.89. The book value of the above shares in the Issuer's accounting books amounts to PLN 48,404,533.64 (as at March, 31 2010).
2. Under the agreement for the transfer of shares of Athina Park Sp. z o.o. with its registered seat in Kielce (Subsidiary II) the Company sells in favour of the Buyer 11,998 shares with a nominal value of PLN 5,999,000. The value of the agreement amounted to EUR 5,202,812, which, as at the signing date of the agreement, according to the average NBP rate, corresponds to PLN 21,413,213.35. The book value of the above shares in the Issuer's accounting books amounts to PLN 6,007,858.34 (as at March, 31 2010).
3. Under the agreement for the transfer of shares of Echo – Centrum Przemysł Sp. z o.o. with its registered seat in Kielce (Subsidiary III) the Company sells in favour of the Buyer 75,673 shares with a nominal value of PLN 3,783,650. The value of the agreement amounted to EUR 2,709,093, which, as at the signing date of the agreement, according to the average NBP rate, corresponds to PLN 11,149,814.06. The book value of the above shares in the Issuer's accounting books amounts to PLN 1,279,312.59 (as at March, 31 2010).
4. Under the agreement for the transfer of shares of Projekt Echo - 63 Sp. z o.o. with its registered seat in Kielce (Subsidiary IV) the Company sells in favour of the Buyer 255,886 shares with a nominal value of PLN 12,794,300. The value of the agreement amounted to EUR 1,322,930, which, as at the signing date of the agreement, according to the average NBP rate, corresponds to PLN 5,444,783.00. The book value of the above shares in the Issuer's accounting books amounts to PLN 10,327,776.91 (as at March, 31 2010).

The above-named shares constitute a non-monetary contribution to cover the newly created shares in the issued capital of Barconsel Holdings Limited in the number of 1,000 shares with a total nominal value of EUR 1 each. The newly created shares will be fully taken up by Echo Investment SA. The acquisition price of the newly created shares amounts to EUR 43,679,000, which, as at the signing date of the agreement, according to the average NBP rate, corresponds to PLN 179,769,660.30. The newly created shares are the equivalent of 35.7% of the issued capital following the registration of the Buyer's issued capital increase and will give the right to 1,000 votes at the general meeting of shareholders.

On May 31, 2010 the Company (Seller) and Projekt Echo – 17 Sp. z o.o. (Buyer) signed an agreement for the sale of 1 share of the issued capital of SPV - 1 Sp. z o.o. with a nominal value of PLN 50, for the price of PLN 50.

On June 1, 2010 the Company (Seller) and Magellan Holding with its registered seat in Luxemburg (Buyer) signed an agreement for the sale of 490 shares in the issued capital of Projekt Echo – 70 Sp. z o.o. with its registered seat in Kielce with a total nominal value of PLN 24,500, corresponding to 49% of the issued capital. The selling price was PLN 17,500.00.

On June 9, 2010 the Company (Buyer) and Projekt Echo – 17 Sp. z o.o. (Seller) signed an agreement for the sale of 1 share of the issued capital of Projekt Echo – 70 Sp. z o.o. with its registered seat in Kielce with a nominal value of 50 PLN, corresponding to 0.1% of the issued capital. The selling price was PLN 50.00.

On June 17, 2010 the Company and Projekt Echo – 41 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa signed an agreement for the transfer of the perpetual usufruct right to land, under which Echo Investment SA, as part of increasing the level of contribution in Projekt Echo – 41 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa, makes a contribution-in kind in the form of the perpetual usufruct right to the land situated in Poznan, at Wojskowa Street, with an area of 5,660 sq m along with the ownership of the investment made on this land constituting the commenced construction of a multi-family residential building. The value of the contribution amounts to PLN 21,645,000. Following the registration of the changes in the issued capital of Projekt Echo – 41 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa, the shareholders will participate in the profits and losses in the following manner: Projekt Echo – 41 Sp. z o.o. 0.1%, Echo Investment SA 99.9%.

IV. Names of the following subsidiaries were changed:

- "Echo Centrum Bełchatów" Sp. z o.o. with its registered seat in Kielce to "Echo – Galeria Olimpia" Sp. z o.o. with its registered seat in Kielce;
- "Projekt Echo – 56" Sp. z o.o. with its registered seat in Kielce to "Echo – Galeria Sudecka" Sp. z o.o. with its registered seat in Kielce;
- "Projekt Echo – 61" Sp. z o.o. with its registered seat in Kielce to "Echo – Galeria Tarnów" Sp. z o.o. with its registered seat in Kielce.

Also see point 16 of this Report.

5.2. Investments in shares of public companies

On account of securities, the Capital Group companies did not make any investments in shares of companies quoted on the stock exchange during the first half of 2010.

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

On May 14, 2010 the Company took up two investment certificates (Series A) of FORUM XXIX Fundusz Inwestycyjny Zamknięty [a closed investment fund], managed by FORUM Towarzystwo Funduszy Inwestycyjnych SA. The acquisition price amounted to PLN 500 thousand.

On June 17, 2010 the subsidiary Barconsel Holdings Limited with its registered seat in Nicosia (Barconsel, Acquiring Party) subscribed to investment certificates issued by FORUM XXIX Fundusz Inwestycyjny Zamknięty [a closed investment fund] with its registered seat in Krakow (FIZ Issuer).

Under this subscription Barconsel took up 6,672 investment certificates (Series B) of FORUM XXIX Fundusz Inwestycyjny Zamknięty [closed investment fund]. The total issue price of the certificates amounted to PLN 166,809,984. Barconsel Holdings paid for the these certificates by making a non-monetary contribution to FIZ in the form of its shares in the issued capital of the below-named subsidiaries in the following numbers:

- 11,998 shares of Athina Park Sp. z o.o. with its registered seat in Kielce (Company I) with a nominal value of PLN 500 each and a total nominal value of PLN 5,999,000, corresponding to 99.98% of the issued capital of Company I. The book value of the above shares in the accounting

books of Barconsel amounts to EUR 5,202,812, which, in accordance with the average NBP rate as at the transaction date corresponds to PLN 21,233,196.05;

- 75,673 shares in the issued capital of Echo – Centrum Przemysł Sp. z o.o. with its registered seat in Kielce (Company II), with a nominal value of PLN 50 each and a total nominal value of PLN 3,783,650, corresponding to 99.99% of the issued capital of Company II. The book value of the above shares in the accounting books of Barconsel amounts to EUR 2,709,093, which, in accordance with the average NBP rate as at the transaction date corresponds to PLN 11,056,079.44;
- 255,886 shares in the issued capital of Projekt Echo – 63 Sp. z o.o. with its registered seat in Kielce (Company III), with a nominal value of PLN 50 each and a total nominal value of PLN 12,794,300, corresponding to 99.99% of the issued capital of Company III. The book value of the above shares in the accounting books of Barconsel amounts to EUR 1,322,930, which, in accordance with the average NBP rate as at the transaction date corresponds to PLN 5,399,009.62;
- 655,321 shares in the issued capital of Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with its registered seat in Kielce (Spółka IV), with a nominal value of PLN 50 each and a total nominal value of PLN 32,766,050, corresponding to 99.98% of the issued capital of Company IV. The book value of the above shares in the accounting books of Barconsel amounts to EUR 34,444,165, which, in accordance with the average NBP rate as at the transaction date corresponds to PLN 140,570,081.78.

Barconsel intends to treat the FIZ certificates acquired as a long-term capital deposit.

Also see point 5.1. of this Report.

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

Neither Echo Investment S.A. Capital Group nor the parent company - Echo Investment S.A. - published any prognoses of the 2010 financial results.

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

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

Shareholder	Number of shares [units.]	% of the issued capital of Echo Investment S.A.	Number of votes at the general meeting of shareholders of Echo Investment S.A.	% the total number of votes at the general meeting of shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	169,916,580	40.46%	169,916,580	40.46%
Aviva OFE Aviva BZ WBK OFE	39,140,018	9.32%	39,140,018	9.32%
ING OFE*	37,898,195	9.02%	37,898,195	9.02%
OFE PZU Złota Jesień*	37,655,236	8.97%	37,655,236	8.97%

* Balance according to the structure of investment portfolio of the OFE (Open Pension Fund) as at December 31, 2010

The following change in the shareholders' structure of the Company has taken place since the publication of the last quarterly report:

On August 19, 2010 the Company's Management Board obtained the information from Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK SA (AVIVA PTE, Common Pension Society), which according to Article 69 of the Act of July 29, 2005 on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies (Journal of Laws No. 184 item 1539, as amended) communicated that as a result of the sales transactions concerning the shares of Echo Investment S.A., Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK (AVIVA OFE, Open Pension Fund) decreases its stake of the Company's shares below 10% of votes at the general meeting of shareholders of Echo Investment S.A.. Before the aforementioned share sales transactions, as at August 12, 2010 AVIVA OFE had been the holder of 42,680,018 shares of Echo Investment S.A., corresponding to 10.16% of the Company's issued capital. These shares carried 42,680,018 votes, corresponding to 10.16% of the total number of votes at the Company's general meeting of shareholders. Following the conclusion and clearance of the aforementioned transactions, as at August 13, 2010 AVIVA OFE held 39,140,018 of the shares of Echo Investment S.A., corresponding to 9.32% of the Company's issued capital. These shares carried 39,140,018 votes, corresponding to 9.32% of the total number of votes at the Company's general meeting of shareholders.

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

Shares of Echo Investment S.A. have been quoted on the Warsaw Stock Exchange since March 1996. As at June 30, 2010, 420,000,000 shares of the Company are available for stock trade. Nominal value of one share is PLN 0.05. All shares carry the same privileges. Each share carries one vote at the Company's general meeting of shareholders.

Information about issues of Echo Investment's shares:

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

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

The table below shows shares of Echo Investment S.A. held by supervising persons as at June 30, 2010:

Supervising person	As at 30.06.2010 [units]	Nominal value of one share	Nominal value total	% of share capital
Wojciech Ciesielski – Chairman of the Supervisory Board*	1,440,000	0.05 PLN	72,000 PLN	0.34%
Andrzej Majcher – Vice-Chairman of the Supervisory Board**	100,800	0.05 PLN	5,040 PLN	0.02%
Mariusz Waniolka – Vice-Chairman of the Supervisory Board**	did not hold any shares	0.05 PLN	–	–
Robert Oskard – Member of the Supervisory Board	did not hold any shares	0.05 PLN	–	–
Karol Żbikowski – Member of the Supervisory Board	did not hold any shares	0.05 PLN	–	–

Board	shares			
Tomasz Kalwat – Member of the Supervisory Board	did not hold any shares	0.05 PLN	-	-

*On July 20, 2010 the Company's Supervisory Board elected Mr. Wojciech Ciesielski to be the Chairman of the Supervisory Board of Echo Investment SA.

** On July 20, 2010 the Company's Supervisory Board elected Mr. Andrzej Majcher and Mr. Mariusz Waniolka to be Vice-Chairmen of the Supervisory Board Echo Investment SA,

On May 21, 2010 the Company's Management Board received a notice whereunder a person holding the function of a member of the Supervisory Board of Echo Investment S.A. sold in total 14,860 of the Company's shares. The shares were sold during a trading session at the Warsaw Stock Exchange on May 18, 2010. Under the transaction 13,032 shares were sold at 4.30 PLN/share and 1,828 shares at 4.31 PLN/share.

The person making the notification asked that his/her personal details be kept secret by referring to §3 paragraph 2 of the Regulation of the Minister of Finance of November 15, 2005 on transmitting and announcing information about certain financial instrument transactions and the rules of preparing and keeping a list of persons to whom certain confidential information is made available.

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

The table below show shares of Echo Investment S.A. held by managing persons as at June 30, 2010:

Managing person	As at 30.06.2010 [units]	Nominal value of one share	Nominal value total	% of share capital
Piotr Gromniak – President of the Board	did not hold any shares	0.05 PLN	-	-
Artur Langner – Vice-President	did not hold any shares	0.05 PLN	-	-

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

During the period from January 01, 2010 to June 30, 2010, no proceedings were instigated before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. or its subsidiaries, the joint value of which constitutes at least 10% of the equity of Echo Investment S.A.

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

During the 1st half of 2010 neither Echo Investment S.A. nor any subsidiary entered into any significant transactions with affiliated companies on different terms than arm's length transactions.

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

During the 1st half of 2010, Echo Investment Capital Group did not grant any sureties of loans or credits, or any guarantees combined to a single subsidiary organization or company that would exceed a total of at least 10% of the Issuer's equity.

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

Employment in the Capital Group is as follows::

As at	June 30, 2010	December 31, 2009	June 30, 2009
Headcount	308	304	308

On May 26, 2010 pursuant to Resolution no. 6 on the distribution of undivided profits and Resolution no. 7 on the allocation of profits for 2009, the Ordinary General Meeting of Shareholders of Echo Investment SA decided to exclude the net profit earned by Echo Investment SA during the previous years in the amount of PLN 6,401 thousand (say: six million four hundred one thousand zlotys) and the net profit for 2009 in the amount of PLN 27,641 thousand (say: twenty seven million six hundred forty one thousand zlotys) from distribution among shareholders and to allocate the said profit in its entirety to supplementary capital for financing the Company's current activities.

On January 4, 2010 the Company's Management Board received from the District Court for Krakow-Śródmieście in Krakow, VII Economic Department of the Pledge Registry, a decision stating that on December 17, 2009 an entry was made in the Pledge Registry for a pledge on the shares of the Issuer's subsidiary "Projekt Echo - 62" Sp. z o.o. with its registered seat in Kielce. The pledge was registered on the subsidiary's shares owned by the Issuer's subsidiary Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. with its registered seat in Kielce in the number of 7,731,000 shares with a nominal value of PLN 386,550,000, corresponding to 99.99% of the issued capital and giving the right to 7,731,000 votes at the general shareholders' meeting. The book value of the shares on which the pledge was registered, as per the books of Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k., amounts to PLN 386,550,000. These shares are treated by Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. as a long-term capital investment. The pledge on the shares is security in favour of Bank Eurohypo AG with its registered seat in Eschborn (Germany) concerning the payment of obligations under the credit agreement, which the Issuer notified in the current report no. 41/2009 on November 26, 2009. The pledge was established under the register pledge agreement signed on November 26, 2009 between Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. (Pledger) and Bank Eurohypo AG (Pledgee). The debt secured with the register pledge amounts to EUR 23.25 million, which according to the average NBP rate as at the pledge registration date corresponds to PLN 97,226,850.

On January 20, 2010 the Company's Management Board received from the District Court for Krakow-Śródmieście in Krakow, VII Economic Department of the Pledge Registry, a decision stating that on January 12, 2010 an entry was made in the Pledge Registry for a pledge on the shares of the Issuer's subsidiary "Projekt Echo - 62" Sp. z o.o. with its registered seat in Kielce (Subsidiary). The pledge was registered on the subsidiary's shares owned by the Issuer's subsidiary Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. with its registered seat in Kielce in the number of 7,731,000 shares, with a nominal value of PLN 386,550,000, corresponding to 99.99% of the issued capital, giving the right to 7,731,000 votes at the general shareholders' meeting.

The book value of the shares on which the pledge was registered, as per the books of Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k., amounts to PLN 386,550,000. These shares are treated by Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. as a long-term capital investment. The pledge on the shares is security in favour of Bank Eurohypo AG with its registered seat in Eschborn (Germany) concerning the payment of obligations under the credit agreement signed between the Issuer's subsidiaries Echo - Galeria Kielce Sp. z o.o. with its registered seat in Kielce

(Borrower), Projekt Echo – 62 Sp. z o.o. with its registered seat in Kielce (Guarantor) and Bank Eurohypo AG with its registered seat in Eschborn (Germany) (Bank, Lender), which the Issuer notified in the current report no. 32/2009 on October 6, 2009. The pledge was established under the register pledge agreement signed on November 25, 2009 between Echo – Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.k. (Pledger) and Bank Eurohypo AG (Pledgee). The debt secured with the register pledge amounts to EUR 150 million, which according to the average NBP rate as at the pledge registration date corresponds to PLN 612.21 million.

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

Sales markets

All projects carried out by Echo Investment Capital Group in the 1st half of 2010 were located in the Polish market only. The companies forming the Capital Group carried out their investments in the markets of the following cities: Warsaw, Krakow, Poznan, Kielce and Szczecin.

Echo Investment Capital Group

Changes in sources of supply

With regard to the purchase of services provided by Echo Investment Capital Group companies, the dominant share measured as the proportion between purchases and income from sales total is held by companies partnering Echo Investment Capital Group in the execution of specific developer projects. In the 1st half of 2010, the transactions with one contract party exceeded the 10% the Capital Group's revenue threshold. This contract party is not connected with Echo Investment Capital Group.

Largest suppliers of Echo Investment Capital Group in the 1st half of 2010:

Contract party	Value of transactions [million PLN]	Percentage share in net sales income
Eiffage Budownictwo Mitex SA	26.4	11.4%
Złomrex SA	19.0	8.2%
Politechnika Świętokrzyska	13.3	5.8%
Modzelewski & Rodek Sp. z o.o.	11.2	4.8%

Changes among buyers

The clients of Echo Investment S.A. and of its subsidiaries include lessees of commercial space and buyers of investment development services. In the 1st half of 2010 no transactions with any one contract party exceeded 10% of the Group's consolidated net sales income.

Largest clients of Echo Investment Capital Group in the 1st half of 2010:

Contract party	Value of transactions [million PLN]	Percent share in net sales income
Carrefour Polska Sp. z o.o.	17.1	7.4%
Politechnika Świętokrzyska	10.6	4.6%
Polkomtel S.A.	9.5	4.1%
NOMI S.A.	9.3	4.0%

Echo Investment S.A.

Changes in sources of supply

With regard to the purchase of services provided by Echo Investment S.A., the dominant share measured as the proportion between purchases and income from sales total is held by companies partnering Echo Investment S.A. in the execution of specific developer projects. In the 1st half of 2010 the transactions with one contract party exceeded the 10% of the Company's revenue threshold. This contract party is not connected with Echo Investment SA.

Largest suppliers of Echo Investment S.A. in the 1st half of 2010:

Contract party	Value of transactions [million PLN]	Percentage share in net sales income
Eiffage Budownictwo Mitex SA	26.4	14.0%
Politechnika Świętokrzyska	13.3	7.1%
Modzelewski & Rodek Sp. z o.o.	11.2	5.9%

Changes among buyers

The clients of Echo Investment S.A. and of its subsidiaries include lessees of commercial space and buyers of investment development services. In the 1st half of 2010 the transactions with no one contract party exceeded 10% of consolidated net sales income.

Largest clients of Echo Investment S.A. in the 1st half of 2010:

Contract party	Value of transactions [million PLN]	Percentage share in net sales income
Echo – Galeria Kielce Sp. z o.o.	31.8	16.8%
Projekt Echo – 42 Sp. z o.o. Sp. k.	24.8	13.2%
Echo – Oxygen Sp. z o.o.	24.0	12.7%

12.2 Significant contracts for Echo Investment Capital Group's business operations, including contracts made between shareholders known to Echo Investment Capital Group companies, and insurance contracts, partnering agreements or cooperation agreements made during the first half of 2010.

12.2.1. Contracts significant for Echo Investment Capital Group's business operations

The unique nature of Echo Investment Capital Group's operations is based on the execution of investment projects through subsidiaries. Echo Investment S.A. individually executes housing projects and provides general contractor services to subsidiaries and external investors. The Capital Group companies operate under the commercial law and have been established for the purpose of performing projects and carrying out operations within such projects.

Credit agreements

On June 30, 2010 Echo Investment SA (Borrower) and Bank PeKaO SA with its registered seat in Warsaw (Lender, Bank) signed annexes to the credit agreements.

Under the annex of June 30, 2010, to the agreement on the credit facility in the current account of March 25, 2003 as amended signed between Echo Investment SA (Borrower) and Bank BPH PBK SA (Lender, now the legal successor is Bank PeKaO SA), a working capital facility in the current account in the amount of PLN 30 million was granted until June 30, 2011. Interest will be calculated based on variable interest rate 1M WIBOR increased by the Bank's margin. The Issuer notified the agreement in the current report no. 7/2003 on March 26, 2003.

According to the provisions of the annex of June 30, 2010, to the agreement relating to the working capital facility of March 7, 2002 as amended signed by Echo Investment SA (Borrower) and Bank PeKaO SA (Lender), a facility in the amount of PLN 100 million was granted until June 30, 2011. The funds were granted for the targeted financing of the purchase of real estate and land connected with new investment projects as well as for the financing of investment outlays connected with the design, preparation, development, and operation of investment projects carried out by the Borrower. Interest will be calculated based on variable interest rate 1M WIBOR increased by the Bank's margin. The Issuer notified the agreement in the current report no. 11/2002 on March 8, 2002.

Also see point 12.4.4.

Property trade

On June 1, 2010 the Company (Seller) and Projekt Echo – 42 Spółka z ograniczoną odpowiedzialnością Sp.k. (Buyer) signed an agreement on the sale of the freehold right to a land plot with an area of 2,368 sq m in Warsaw, at Kazimierzowska Street, along with the outlays and an agreement for the transfer of proprietary copyrights from the agreement for design works with Mąka Sojka Architekci. The value of the agreements amounts to PLN 30,177,560.79.

On June 1, 2010 the Company (Buyer) and natural persons (Seller) signed an agreement for the purchase of the freehold right to undeveloped property with a total area of 4,718 sq m situated in Lublin. The net value of the agreement amounts to PLN 600 thousand.

Also see point 5.1

Shopping centres and shopping/entertainment centres

On January 25, 2010 SPV-1 Sp. z o.o. acquired the perpetual usufruct right to the property along with the freehold right to the buildings situated in Katowice, at Kościuszki Street, with an area exceeding 54 thousand sq m. The price paid amounted to PLN 19 million net. It is planned that the property will be used for developing a shopping centre with a leasable area of approximately 50,000 sq m. At present the process is underway of adopting a Study on conditions and directions of spatial development for the area where the property is situated.

On March 9, 2010 "Echo – Veneda" Sp. z o.o. and Łomża Municipality signed an agreement on the exchange of properties situated in Łomża. Under the agreement "Echo – Veneda" Sp. z o.o. transferred the freehold right to undeveloped land plots with an area of 1679 sq m in favour of the Łomża Municipality. In

return the Łomża Municipality transferred to "Echo - Veneda" Sp. z o.o. the freehold right to an undeveloped land plot with an area of 2,281 sq m at the intersection of Zawadzkiej and Sikorskiego Streets in Łomża. It is planned that the property will be used for developing a shopping centre Galeria Veneda with an area of approximately 39,000 sq m

The architectural concept was developed in the Warsaw design office Mąka Sojka Architekci in co-operation with the Company's architects. At present documentation is being collected for the submission of an application for a construction permit. Construction works are scheduled to commence in the second half of 2010.

On March 15, 2010 Projekt Echo - 39 Sp. z o.o. (Lessor) and Centrum Filmowe Helios SA with its registered seat in Lodz signed a conditional agreement concerning the lease of space, which will be used for a multi-cinema in the planned commercial-entertainment centre Amber in Kalisz with an area of approximately 2,300 sq m (Leased object). The condition, under which the provisions of the agreement will enter into force is, among other things, the obtaining by the Lessor of a final decision permitting the construction of the centre and the acquisition of funding for the development of the centre by June 30, 2011. Lease duration is 20 years commencing on the hand-over date of the Leased object. The net value of the agreement is approximately PLN 18.03 million.

On March 17, 2010 Echo - Centrum Przemysł Sp. z o.o. (Lessor) and Carrefour Polska Sp. z o.o. with its registered seat in Warsaw (Lessee) signed an annex to the conditional lease agreement of December 21, 1998 as amended concerning the commercial space along with auxiliary premises in the shopping centre in Przemysł. The annex changed the rent on the lease of the space in the shopping centre. The value of the annex, for the lease period from October 1, 2010 to September 30, 2020 amounted to PLN 15.34 million (including EUR 2.19 million, which according to the average NBP rate on the annex date corresponds to PLN 8.5 million).

On April 1, 2010 the Company and Astra Park Sp. z o.o. (Investor) signed an investment preparation agreement, including advisory, management, legal, design, and engineering services as well as other services required to obtain a construction permit relating to the construction of Building D in the Astra Park office complex along with a carpark. The net fee will amount to not more than PLN 3 million.

On May 20, 2010 the Company and Mąka Sojka Architekci Spółka z ograniczoną odpowiedzialnością Sp.k. signed a design work agreement concerning the planned Galeria Veneda shopping centre in Łomża. The net value of the agreement amounts to PLN 3,056,800.

On May 27, 2010 the Company and SPV-1 Sp. z o.o. (Investor) signed an investment preparation agreement, including advisory, management, legal, design, and engineering services as well as other services required to obtain a construction permit relating to the construction of the Galeria Echo complex at Kościuszki and Kolejowa Streets. The net fee will amount to not more than PLN 13 million.

On June 17, 2010 Echo Investment SA and Eiffage Budownictwo Mitex SA (Contractor) signed an annex to the General Contracting Agreement - Extension of Galeria Echo in Kielce of October 8, 2009, under which the Contractor undertakes to perform an upward extension in the specified segments. The subject of the Agreement shall be delivered by July 4, 2011. As a result the Contractor's fee has been increased and now amounts to PLN 165,812,812.00 net.

On June 30, 2010 Echo Investment SA and MOFO Architekci MA Sp. z o.o. Sp. k. with its registered seat in Krakow (Designer) signed a design work agreement concerning Galeria Olimpia in Bełchatów. The net value of the Agreement amounts to PLN 2.06 million.

Offices and Hotels

On March 23, 2010 the Company and the Wrocław Municipality signed a freehold purchase agreement concerning the property situated in Wrocław at Swobodna and Borowska Streets, with a total area of 1.0362 ha. The net value of the agreement amounts to PLN 5.62 million.

On April 8, 2010 "Projekt Echo - 58" Sp. z o.o. with its registered seat in Kielce (the entity in which the Company holds 51% share of the issued capital) (Buyer) and BRJ Invest - Panikowski, Kubiak with its registered seat in Warsaw, Drozd - Sp. J. and BP Inwestycje - Panikowski i Przybylski Sp. J. with its registered seat in Warsaw (Seller) signed a preliminary sales agreement (Preliminary Agreement). The subject of the Preliminary Agreement is the acquisition of the freehold right to the property comprising undeveloped land plots situated in Warsaw within Sikorskiego and Witosa Streets, with a total area of 34,271 sq m (Property). The acquisition price of the Property was set at the level of PLN 70 million net. The payment will be executed in 4 instalments payable by April, 1 2013.

The parties to the Preliminary Agreement agreed that by October, 1 2010 they would sign a promised agreement (Promised Agreement) provided all of the following conditions were satisfied by September 29, 2010:

- the Property will not be burdened with debts or limited property rights disclosed or undisclosed in the land and mortgage register;
- the Property will be free from any claims from its previous owners;
- there will be no lease or rent agreements concerning the Property or any other similar agreements connected with the Property;
- the Seller will present certificates confirming the absence of any outstanding payments of public receivables.

The non-fulfilment of the above conditions terminates the agreement.

The Preliminary Agreement does not include any provisions with regard to contractual penalties, the total value of which may exceed the equivalent of EUR 200,000 in PLN (which as at the signing date of the Preliminary Agreement, according to the average NBP rate, corresponded to PLN 770,520). The absence of contractual penalties does not waive the right to seek damages.

The Preliminary Agreement concerning the acquisition of the Property results from the strategy adopted by the Capital Group according to which the Capital Group continues to develop its operations on the property market in Poland. It is planned that the Property will be used for developing an office building complex with office space of approximately 60,000 sq m along with an underground and above-the ground carpark. The plans provide for a 3-stage implementation of the project.

On May, 4 2010 the Company and Projekt Echo - 58 Sp. z o.o. (Investor) signed an investment preparation agreement, including advisory, management, legal, design, and engineering services as well as other services required to obtain a construction permit relating to the construction of an office park along with a carpark in Warsaw between Beethoven, Sobieskiego, and Witosa Streets. The net fee will amount to not more than PLN 10 million.

On June 24, 2010 Projekt Echo – 70 Sp. z o.o. with its registered seat in Kielce (the entity in which the Issuer holds 51% shares of the issued capital) (Buyer) and Accor Polska Sp. z o.o. with its registered seat in Warsaw (Seller) signed a preliminary sales agreement (Preliminary Agreement).

According to the provisions of the Preliminary Agreement the Parties undertake to conclude a sales agreement (Promised Agreement), under which the Seller will sell in favour of the Buyer the perpetual usufruct right to the land property situated in Warsaw at Grzybowska and Jana Pawła II Streets, comprising the land plot of 3,260 sq m along the freehold right to the hotel building situated on this land plot constituting a property (Property) independent of the land.

The acquisition price of the Property will amount to at least EUR 31 million (which, as at the signing date of the Preliminary Agreement, according to the average NBP rate, corresponds to PLN 126,718,700). In lieu of the acquisition price the Buyer will pay the Seller a deposit in the amount of EUR 6.25 million net (which, as at the signing date of the Preliminary Agreement, according to the average NBP rate, corresponds to PLN 25,548,125). The deposit will be paid in two parts, ie. EUR 1.25 million net (which, as at the signing date of the Preliminary Agreement, according to the average NBP rate, corresponds to PLN 5,109,625) on the signing of the Preliminary Agreement and EUR 5 million net (which, as at the signing date of the Preliminary Agreement, according to the average NBP rate, corresponds to PLN 20,438,500) by December 31, 2011.

The Promised Agreement will be signed no later than by December 31, 2012 provided that all the following conditions are satisfied:

1. the obtaining by the Buyer, by June 30, 2011, of a final decisions on development conditions allowing for the construction on the Property (land) of an office building along with an underground carpark with an area of approximately 63,000 sq m with parking places in the number of 1 parking place per 100 sq m of the office space;
2. the obtaining of a positive result of the legal and technical study on the Property ("due diligence") by December 31, 2011;
3. the obtaining, by the Seller, of the perpetual usufruct right to the Property (land) and the freehold right to the hotel building situated on the land property;
4. the removal of the ordinary mortgage entry from the land and mortgage register maintained for the Property by July 31, 2012.

In the event of the non-fulfilment of the above-named conditions and the non-signing of the Promised Agreement, the Preliminary Agreement shall be terminated.

The Preliminary Agreement provides for the payment of contractual penalties in the event of the non-signing of the Promised Agreement (including when due to the non-fulfilment of the conditions specified in the Preliminary Agreement):

- if due to reasons lying on the part of the Buyer - in favour of the Seller to the maximum amount of EUR 8 million (which, as at the signing date of the agreement, according to the average NBP rate, corresponds to PLN 32,701,600); or
- if due to the reasons lying on the part of the Seller - in favour of the Buyer to the maximum amount of EUR 6.25 million (which, as at the signing date of the agreement, according to the average NBP rate, corresponds to PLN 25,548,125).

The payment of contractual penalties does not waive the right to seek damages, the value of which may exceed the level of such penalties.

The Preliminary Agreement concerning the acquisition of the Property results from the strategy adopted by the Capital Group according to which the Capital Group continues to develop its operations on the property market in Poland. It is planned that the Property will be used for developing an office building with office space of approximately 45,000 sq m and an underground carpark.

Apartments

On January 27, 2010 the Company and W.M. Musiał Architekci Sp. z o.o. with its registered seat in Warsaw signed a design work agreement concerning the development of with a multi-family residential building complex with retail services in Lodz, at Wodna Street, for the net amount of PLN 1.4 million.

On February 12, 2010 the Company and Princess Investment Sp. z o.o. (Investor) signed an investment preparation agreement, including advisory, management, legal, design, and engineering services as well as other services required to obtain a construction permit relating to the construction of a residential building in Warsaw, at Puławska Street. The fee will amount to not more than PLN 1.5 million net.

On March 15, 2010 the Company and Warbud S.A. with its registered seat in Warsaw (Contractor) signed a general contracting agreement concerning the delivery of a residential complex in Poznan at Wojskowa Street (Investment). Under the Agreement the Contractor will perform general contracting of the Investment by July 31, 2011. The net value of the agreement amounted to PLN 20.65 million.

On May 18, 2010 Projekt Naramowice Poznan Sp. z o.o. and Fakt Budownictwo Sp. z o.o. with its registered seat in Kielce (Contractor) signed a general contracting agreement concerning the delivery of a residential complex in Poznan Naramowice by May 18, 2011. The net value of the agreement amounts to PLN 8.99 million.

On June 1, 2010 the Company (General Contractor) and Projekt Echo - 42 Spółka z ograniczoną odpowiedzialnością Sp. k. (Investor) signed a general contracting agreement concerning the delivery of a residential building in Warsaw, at Kazimierzowska Street (Investment). The Investment is to be completed no later than by March 31, 2011. The General Contractor's fee, calculated based on the investment budget, will amount to approximately PLN 20.99 net.

On June 17, 2010 the Company (General Contractor) and Projekt Echo - 41 Spółka z ograniczoną odpowiedzialnością Sp. k. (Investor) signed a general contracting agreement concerning the delivery of a residential building in Poznan at Wojskowa Street. The Investment is to be completed no later than by July 31, 2011. The General Contractor's fee for the Investment, calculated based on the investment budget, will amount to approximately PLN 21.52 million net.

Also see point 4.1. and 5.1. of this Report.

12.2.2 Contracts made between shareholders

Echo Investment S.A. does not have any information on contracts signed between shareholders during the first half of 2010.

12.2.3. Insurance contracts

Scope of coverage Echo Investment Capital Group	Insurer	Amount of insurance [in thousands PLN]
property insurance - buildings	TU Compensa S.A., Generali TU S.A.	1,499,394
property insurance - equipment	TU Compensa S.A., Generali TU S.A.,	6,741
third party liability insurance	TU Compensa S.A., STU Ergo Hestia S.A., TU Generali TU S.A., PZU SA	35,821
construction and assembly risk insurance policies	TU Compensa S.A., Generali TU S.A., PTU S.A.	640,332
insurance against loss of profit	Generali TU S.A, TU Compensa S.A.	231,380
other insurance policy	PZU S.A., TU COMPENSA S.A., TU Generali SA	5,699
TOTAL		2,419,367

Scope of coverage Echo Investment S.A.	Insurer	Amount of insurance [in thousands PLN]
property insurance - buildings	TU Compensa S.A., TU Generali, SA, TU ALLIANZ	33,705
property insurance - equipment	TU Generali S.A., TU Compensa S.A., PTU SA	10,209
third party liability insurance	TUiR WARTA SA, PZU SA, TU Generali SA	5,165
construction and assembly risk insurance policies	PTU S.A. , TU Compensa SA	255,500
property insurance - other	TU Compensa S.A.	812
TOTAL		305,391

12.3. Partnering or cooperation agreements

Echo Investment Capital Group did not sign any significant partnering or cooperation agreements during the 1st half of 2010.

12.4. Credit and loan agreements with due dates, as well as insurance, collaboration and cooperation agreements.

12.4.1. Credit agreements of the parent company

Echo Investment S.A.'s liabilities on account of credits taken as at the end of the 1st half of 2010 are shown in the table below:

Bank name	Type of liability	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used as at June 30, 2010 [in thousands PLN]	Type and level of interest rate	Final repayment date
PeKaO SA	Working capital facility	PLN	100,000	95,840	1M WIBOR + margin	June 30, 2011
PeKaO S.A.	Overdraft on the current account	PLN	30,000	0	1M WIBOR + margin	June 30, 2011
PKO BP S.A.	Overdraft on the current account	PLN	40,000	0	3M WIBOR + margin	August 19, 2012
PKO BP S.A.	Working capital facility	PLN	40,000	0	3M WIBOR + margin	August 19, 2012

12.4.2. Credit agreements of subsidiaries

Echo Investment Capital Group's liabilities on account of credits taken as at the end of the 1st half of 2010 are shown in the table below:

Company raising the loan	Bank name	Type of liability	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used as at June 30, 2010* [in thousands PLN]	Type and level of interest rate	Final repayment date
Echo-Galeria Tarnów Sp. z o.o. ***	Eurohypo AG	Long-term credit	EUR	11,100	1,218	3M EURIBOR	July 15, 2010
Echo - Galeria Sudecka Sp. z o.o.	Pekao S.A	Long-term credit	EUR	9,101	157	1M EURIBOR	August 31, 2010
Echo - Centrum Przemysł Sp. z o.o.	ING Bank Śląski SA	Long-term credit	EUR	4,230	657	1M EURIBOR	June 30, 2012

Company raising the loan	Bank name	Type of liability	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used as at June 30, 2010* [in thousands PLN]	Type and level of interest rate	Final repayment date
Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o.	Pekao S.A	Long-term credit	EUR	36,300	24,112	1M EURIBOR	February 15, 2014
Athina Park Sp. z o.o.	Eurohypo AG	Long-term credit	EUR USD	13,840 8,200	11,569 6,886	1M EURIBOR 1M LIBOR	September 30, 2014
Malta Office Park Sp. z o.o.	Westdeutsche Immobilien Bank AG	Long-term credit	EUR PLN	31,785 20,000	9,965 0	1M/3M EURIBOR 1M WIBOR	August 20, 2014
WAN 11 Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	32,100**	27,002	1M EURIBOR	January 29, 2016
Echo-Park Postępu Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	50,000	40,035	3M EURIBOR	November 17, 2019
Echo - Galeria Kielce Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	100,000	17,927	1M/3M EURIBOR	February 22, 2020
Echo - Galaxy Szczecin Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	100,000	91,880	1M/3M EURIBOR	September 30, 2022
Projekt Echo 62 Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	115,500	112,611	1M EURIBOR	September 30, 2022

* Credit used according to nominal value

** 100% of liability under the credit agreement

*** The credit was fully repaid on July 15, 2010 due to the expiry of the credit agreement

12.4.3. Loan agreements

12.4.3.1. Loans taken by Echo Investment Capital Group

Echo Investment Capital Group did not raise any loans in the 1st half of 2010.

Echo Investment S.A did not raise any loans in the 1st half of 2010.

12.4.3.2. Loans granted by Echo Investment Capital Group

Echo Investment Capital Group's receivables on account of loans granted as at the end of the first half of 2010 are shown in the table below:

Entity	Outstanding loan amount [in thousands PLN] as at June 30, 2010	Final repayment date
Individuals/ natural persons	13	-

Echo Investment S.A.'s receivables on account of short-term loans granted as at the end of the 1st half of 2010 are shown in the table below:

Entity	Outstanding loan amount [in thousands PLN] as at June 30, 2010	Final repayment date
Echo Galeria - Kielce Sp. z o.o.	68,400	December 31, 2010
Projekt Naramowice Poznan Sp. z o.o.	43,000	December 31, 2010
Projekt Echo -53 Sp. z o. o.	40,235	December 31, 2010
Princess Boryszewska Sp. z o.o.	39,180	December 31, 2010
Projekt Echo -58 Sp. z o. o.	12,200	December 31, 2010
Echo Investment Hungary	11,300	December 31, 2010
Athina Park Sp. z o.o.	9,900	December 31, 2010
Projekt Naramowice Sp. z o.o.	9,000	December 31, 2010
Echo Oxygen Sp. Z o. o.	8,300	December 31, 2010
Echo - Centrum Biznesu Łódź Sp. z o.o.	7,000	December 31, 2010
Centrum Bankowości i Finansów Łódź Sp. z o.o.	2,596	December 31, 2010
Projekt Echo -63 Sp. z o. o.	1,250	December 31, 2010
Projekt S Sp. z o.o.	960	December 31, 2010
Princess Investment Sp. z o.o.	227	December 31, 2010
Echo Investment Project Management KFT	200	December 31, 2010
Echo Investment Project Management SRL	200	December 31, 2010
Barconsel Holdings Limited	33	December 31, 2010

Echo Investment S.A.'s receivables on account of long-term loans granted as at the end of the 1st half of 2010 are shown in the table below:

Entity	Outstanding loan amount [in thousands PLN] as at June 30, 2010	Final repayment date
Echo Investment Hungary Kft.	235	December 31, 2011

12.4.4. Debt instrument agreements

Apart from own funds and borrowings the Capital Group's day-to-day operations are also financed through the issuance of debt instruments. At present the Company has an active issuance program for long-term and short-term bonds.

Under the agreements on the Bonds Issue Program signed with BRE Bank in 2004 as amended, Echo Investment S.A. has issued bonds on account of which, at the date of the preparation of these statements, the Company has liabilities in the amounts shown in the table below:

Bank Name	Type of instrument	Amount utilized [in thousands PLN]	Redemption date
BRE Bank SA	Bonds	150,000	May 25, 2011
BRE Bank SA	Bonds	115,000	May 18, 2012
BRE Bank SA	Bonds	100,000	May 25, 2013
BRE Bank SA	Bonds	300,000	June 30, 2014

On March 18, 2010 Echo Investment S.A. and BRE Bank S.A. with its registered seat in Warsaw signed, by circulation, annexes to the Agreements of April 15, 2004 on the Bonds Issue Programme (Bonds). The annexes to these agreements provide for multiple issues of bonds by the Company by batch issue orders. Based on the annexes the maximum total nominal value of all issuable bonds was increased to the amount of PLN 700 million (where PLN 35 million is the programme guaranteed until August 2011) and the term of the Agreements was changed to unspecified.

On May 19, 2010 the Company issued coupon bonds for the total amount of PLN 115 million. The nominal value and issue price of one bond is PLN 100 thousand. The bonds were issued for the period of 2 years, with the redemption date for the bonds falling on May 18, 2012. The interest rate for the bonds was set based on variable WIBOR 6M increased by the margin for investors. The interest will be paid out semi-annually. At the redemption date the bonds will be redeemed at the nominal value. The bonds are not secured.

12.4.5. Surety agreements

Since the end of the last financial year no changes have occurred in contingent liabilities in lieu of the sureties granted.

Due to the repayment on April 30, 2010 of the credit facility granted by Bank PeKaO SA to the company owning the shopping centre in Belchatów the surety securing the above-named transaction expired.

The legally binding entry of the register pledges was made in the register of pledges, thus the surety of EUR 100 million for the receivables of Echo-Galeria Kielce Sp. z o.o. arising from the Credit Agreement signed with Bank Eurohypo AG on October 6, 2009 expired.

Surety agreements in force as at June 30, 2010 are shown in the table below:

Surety in favour of	Value [in thousands]	Expiry date	On account of
Projekt – Echo 49 Sp. z o.o.	4,621 PLN	July 4, 2010	Liabilities resulting from the remediation of the damage to Projekt – Echo 49 Sp. z o.o.
EUROHYPO AG	414,580 PLN	until the obtaining of a legally binding occupancy permit for the extended shopping-entertainment centre Galeria Echo in Kielce (re. the amount of EUR 100 million).	Liabilities of Echo – Galeria Kielce Sp. z o.o resulting from the credit agreement of October 6, 2009 signed with Bank Eurohypo AG with its registered seat in Eschborn (Germany)

12.4.6. Guarantee agreements

As at June 30, 2010, Echo Investment SA has three valid guarantee agreements in force.

Guarantee agreements in force as at June 30, 2010 are shown in the table below:

Guarantor	Value [in thousands]	Expiry date	On account of
Echo Investment SA	7,300 PLN	until the repayment of liabilities under the credit agreement of June 22, 2009	Any excess execution costs in relation to the second stage of Malta Office Park
PKO BP SA	159 PLN	September 30, 2010	Non-fulfilment of any liabilities toward J&P Sp. z o.o. resulting from the Lease Agreement of September 24, 2009
PKO BP SA	1,100 PLN	December 31, 2011	Payment of the amounts adjudged to Master Serwis Opon Sp. z o.o.

12.4.7. Evaluation of the Capital Group's financial resources, with special consideration of debt repayment capacity

Given the investment process in progress connected with the construction of commercial facilities and apartments, in the first half of 2010 the management of the Capital Group's financial resources mainly focused on securing sources of financing for the projects, bridge financing (until the time of obtaining financing by subsidiaries), and maintaining safe liquidity ratios and planned financing structure.

During the 1st half of 2010 the Capital Group's operations generated a positive result on all levels of the income statement. In recent years the Capital Group has been continuously focusing on increasing its commercial space portfolio, which according to the Management Board should ensure stable revenues and cash flows and secure the Capital Group's independence of economic and construction industry cycles.

According to the Management Board the Capital Group's property and financial condition at the end of the 1st half of 2010 confirms the Group's stable financial condition.

PROFITABILITY RATIOS

Echo Investment Capital Group:

1. **Operating profit margin ratio** (operating profit / sales revenues) - the ratio decreased in relation to the equivalent period of the preceding year as a result of the lower operating profit in the first half of 2010 in comparison to the first half of 2009 (as a result of the increase in the currency exchange rates in the first half of 2010 versus 2009 by ca. 0,03 PLN - from 4.1082 to 4.1458 - the increase in the fair value of the properties due to the currency exchange rate increase was much lower than in the same period of the preceding year when the increase in the currency exchange rates in the 1st half of 2009 versus the end of 2008 was ca. 0.3 PLN - from 4.1724 to 4.4696); if the currency exchange differences are eliminated, the ratio should not differ in the two periods.
2. **Net balance profit margin ratio** (net profit / net sales income) - the ratio decreased in comparison to the equivalent period of the preceding year as a consequence of the slightly lower rate of net profit decrease as compared to the rate of sales income decrease. The ratio being maintained on a similar level indicates a neutral impact of the foreign exchange fluctuations on the Group's result. Positive exchange differences affecting the operating profit through the valuation of properties were offset by negative exchange differences through the valuation of foreign currency credits and the valuation of open forward items - currency sell (as they are shown on the financial result level, the neutral trend is not reflected in the operating profit margin).
3. **Return on assets, ROA** (net profit / total assets) - the ratio being maintained on the same level indicates that the asset growth rate within the Group is similar to the net profit growth rate.
4. **Return on equity - ROE** (net profit / equity) - a slight decrease in the ratio during the analysed period results from a decrease in net profit and a simultaneous increase in equity.

The values of the specific ratios are illustrated in the table below.

Profitability ratios	1st half of 2010	1st half of 2009
Operating profit margin ratio	60.2%	135.4%
Net balance profit margin ratio	24.6%	30.9%
Return on assets (ROA)	1.3%	1.6%
Return on equity (ROE)	3.2%	4.1%

Echo Investment SA:

1. **Operating profit margin ratio** (operating profit / sales revenues) - the ratio decreased slightly in relation to the equivalent period of the preceding year as a result of a decrease in the operating profit and a slight decrease in the sales revenue. The decrease should not be interpreted as a negative factor as the ratio is still high. A decrease in the revenues, thus also in the operating profit, results from the lower revenues from the development of investments for the Company's subsidiaries. The Company's external revenues, ie. from the sale of apartments, are even higher in the first half of 2010 than the revenues in the first half of 2009. The decrease in the ratio with a simultaneous increase in the sale of apartments (external revenues) confirms that the Company is doing well on the market.
2. **Net balance profit margin ratio** (net profit / net sales income) - the increase in the ratio in comparison to the equivalent period of the preceding year results from an increase in the net profit

with a simultaneous decrease in the sales income in comparison to the equivalent period of the preceding year. The higher net profit results from higher financial revenues, in particular the higher dividend payment by the Company's subsidiaries.

3. **Return on assets, ROA** (net profit / total assets) – the increase in the ratio in comparison to the equivalent period of the preceding year results from the fact that the net profit growth rate was higher than the asset growth rate. The reason for the increase in the net profit was described above.
4. **Return on equity - ROE** (net profit / equity) – the increase in the ratio in comparison to the equivalent period of the preceding year results from the fact that net profit growth rate was higher than the equity growth rate. The reason for the increase in the net profit was described above.

Profitability ratios	1st half of 2010	1st half of 2009
Operating profit margin ratio	14.1%	15.5%
Net balance profit margin ratio	18.1%	6.5%
Return on assets (ROA)	2.4%	1.0%
Return on equity (ROE)	6.0%	2.4%

TURNOVER CYCLE RATIOS

Before analyzing the changes in these ratios certain characteristic features of such ratios should be given, which do not depend on the period concerned. It is worth noting that turnover cycles depend on the specific nature of the business activity, involving relatively long project implementation cycles when compared to other industries. Because the Capital Group, and therefore the Company itself, considers inventories to include acquired freehold rights, perpetual usufruct rights, as well as construction outlays and costs connected with developer projects, it must be remembered that this cycle will always be long when compared to other industries, such as FMCG.

The Capital Group:

1. **Inventories cycle - days** (inventories *180 / net sales income) – the decrease in the ratio in comparison to the preceding year is caused by the decreasing value of inventories and increasing sales income. The value of the ratio shows that the Group continues to sell its inventories (apartments) built during the previous years and that the dynamics of these sales is not decreasing.
2. **Current receivables cycle - days** (current receivables * 180 / net sales income) – the decrease in the ratio is caused by the decrease in current receivables with a simultaneous similar level of net sales income against the equivalent period of the preceding year. The value of the ration shows that the receivables from suppliers are settled more quickly than in the equivalent period of the preceding year.
3. **Current trade liabilities cycle** (current trade liabilities *180 / sales revenue) – the slight increase in the ratio is caused by a slight increase in the current trade liabilities with a simultaneous similar level of sales revenue in comparison to the preceding year.

Turnover cycle ratios in days	1st half of 2010	1st half of 2009
Inventories cycle in days	295	344
Current receivables cycle in days	48	92
Current trade liabilities cycle in days	38	32

Echo Investment SA:

- Inventories cycle - days** (inventories *180 / net sales income) – the decrease in the ratio in comparison to the preceding year is caused by the decreasing value of inventories and increasing sales income. The value of the ratio shows that the Company continues to sell its inventories (apartments) built during the previous years and that the dynamics of these sales is not decreasing.
- Current receivables cycle - days** (current receivables * 180 / net sales income) – the decrease in the ratio is caused by the fact that the current receivables decrease rate is higher than the net sales income decrease rate against the equivalent period of the preceding year. Taking into account that the Company's key clients are its subsidiaries, the decrease in the ratio shows the quicker payment of receivables by the Company's subsidiaries.
- Current trade liabilities cycle** (current trade liabilities *180 / sales revenue) – the decrease in the ratio is caused by the fact that the current liabilities decrease rate is higher than the sales revenue decrease rate in comparison to the preceding year.

Turnover cycle ratios in days	1st half of 2010	1st half of 2009
Inventories cycle in days	286	346
Current receivables cycle in days	72	115
Current trade liabilities cycle in days	25	35

LIQUIDITY RATIOS

The Capital Group:

- Current ratio** (current assets / current liabilities) – the slight decrease in the ratio is caused by the fact that the current liabilities growth rate is higher than the current assets growth rate in comparison to the preceding year. The value of the ratio is still in line with the generally accepted standards, ie. between 1.2 and 2.0.
- Quick ratio** (current assets - inventories) / current liabilities) – the increase in the ratio is caused by the fact that the current liabilities growth rate is lower than the growth rate of the current assets excluding inventories (the increase is driven by the increase in cash). The value of the ratio is still in line with the generally accepted standards, ie. between 0.6 and 1.0.
The increase in the ratio with a simultaneous decrease in the current ratio confirms that the Group's products (inventories) are valued and willingly purchased.
- Cash ratio** (cash / current liabilities) – the increase in the ratio is caused by the increase in current liabilities and the quicker growth of cash in comparison to the preceding year. The ratio is still in line with the generally accepted standards, ie. between 0.1 and 0.2.

Liquidity ratios	1st half of 2010	1st half of 2009
Current ratio	1.55	1.62
Quick ratio	0.77	0.65

Cash ratio	0.55	0.31
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Echo Investment SA:

1. **Current ratio** (current assets / current liabilities) – the decrease in the ratio is caused by the increase in current liabilities with a simultaneous decrease in current assets in comparison to the preceding year. The increase in current liabilities results from the movement of some long-term bonds (redemption in May 2011) to current liabilities. The fact that, despite the increase in current liabilities due to the short redemption date of some of these, the ratio is still higher than the generally accepted standards, ie. between 1.2 and 2.0 confirms that the Company has no liquidity problems.
2. **Quick ratio** (current assets - inventories) / current liabilities) – the decrease in the ratio is caused by the higher current liabilities growth rate (moving some of the Company's long-term liabilities) with a simultaneous lower growth rate of the current assets excluding inventories (the increase in cash on accounts and loans granted to the Company's subsidiaries) in comparison to the preceding year. The fact that the value of the ratio is still higher than the generally accepted standards, ie. between 0.6 and 1.0 confirms that the Company's financial condition is very good.
3. **Cash ratio** (cash / current liabilities) – the increase in the ratio is caused by the fact that the cash growth rate is higher than the current liabilities growth rate. The fact that the ratio is even higher than the generally accepted standards also confirms that the Company's financial condition is good.

Liquidity ratios	1st half of 2010	1st half of 2009
Current ratio	2.16	3.83
Quick ratio	1.28	1.98
Cash ratio	0.32	0.25

DEBT RATIOS:

Capital Group:

1. **Equity to assets ratio** (equity / total assets) – almost the same level of the ratio results from the same growth rates of total assets and equity.
2. **Equity to fixed assets ratio** (equity / fixed assets) – almost the same level of the ratio results from similar growth rates of fixed assets and equity.
3. **Debt ratio** (total liabilities / total assets) – almost the same level of the ratio results from similar growth rates of total liabilities and total assets.
4. **Debt to equity ratio** (total liabilities / equity) – almost the same level of the ratio results from similar growth rates of total liabilities and equity.

The fact that the debt ratios are on similar levels confirms the Group's rational debt and liquidity management.

Debt ratios	1st half of 2010	1st half of 2009
Equity to assets ratio	40.0%	39.4%
Equity to fixed assets ratio	48.1%	47.3%
Debt ratio	53.5%	53.4%
Debt to equity ratio	133.7%	135.5%

Echo Investment SA:

1. **Equity to assets ratio** (equity / total assets) – the slight decrease in the ratio results from the fact that the equity growth rate is lower than the total assets growth rate. However, the fact that the change is very little shows that the Company's equity and total assets increase at an almost identical rate.
2. **Equity to fixed assets ratio** (equity / fixed assets) – the decrease in the ratio results from the fact that the equity growth rate is lower than the fixed assets growth rate.
3. **Debt ratio** (total liabilities / total assets) – the slight increase in the ratio results from the fact that the total assets growth rate is lower than the total liabilities growth rate. Since both growth rates are similar the value of the ratio remains similar. This confirms the Company runs rational debt and liquidity management and that its financial condition is not threatened.
4. **Debt to equity ratio** (total liabilities / equity) – the slight increase in the ratio results from the fact that the equity growth rate is lower than the total liabilities growth rate. The fact that the value of this ratio is also on a similar level confirms that the Company's rational liquidity management.

Debt ratios	1st half of 2010	1st half of 2009
Equity to assets ratio	39.9%	40.3%
Equity to fixed assets ratio	82.7%	102.2%
Debt ratio	59.1%	58.6%
Debt to equity ratio	148.1%	145.3%

12.5. Assessment of factors and circumstances influencing the financial results gained in the 1st half of 2010

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

- posting of incomes generated from final agreements on the sale of the following housing projects:
 - in Warsaw, Inflancka Street (Stage III), Zwycięzców Street (Stage II), Zeusa Street;
 - in Poznan - the Naramowice housing estate (Stage III);
 - land plots with house designs within the Biczna II housing estate near Kielce;
- regular revenues generated from the letting of office and commercial space;
- quarterly revaluations of the fair value of the properties owned by Echo Investment Capital Group, accounting for factors such as foreign exchange rate fluctuations (EUR and USD), the change in net operational income, and for Malta Office Park Stage I – the change in the yield rate
- property valuation, in line with IAS 40, concerning the following projects:
 - Avatar in Krakow (under construction);
 - Park Postepu in Warsaw (partly commissioned);
 - Malta Office Park Stage II in Poznan (partly commissioned);
 - Galeria Echo in Kielce (under extension);
- valuation of the credit liabilities and cash in foreign currencies;
- valuation of hedge instruments for foreign currencies and interest rates;
- revaluation of non-financial assets.

On the basis of agreements signed with banks the Capital Group carries out hedging transactions to secure foreign exchange fluctuations. The transactions are effected within the scope of the hedging policy in order to secure future cash flow levels on operating activity and currency conversions for EUR-denominated credit facility tranches.

With open positions on the currency market, as at June 30, 2010 the Capital Group was hedged for the part of its cash flows allocated to:

- 2010: EUR 103.0 million
- 2011: EUR 15.0 million
- 2012: EUR 51.5 million.

As at June 30, 2010 the balance sheet valuation of open items on derivatives is as follows: forwards - PLN 52.9 million, currency options - PLN 13.1 million. The weighted average strike rate for the remaining open transactions is 3.8150 EUR/PLN.

The following transactions influenced the above-described status of the foreign exchange hedging transactions during the first half of 2010:

Between January 8 and March 12, 2010 "Echo-Aurus" Sp. z o. o. signed forward currency conversion transactions closing part of its open currency positions (EUR 32.5 million; with closing loss: PLN 19.7 million). The transaction's settlement date is June 22, 2010.

On February 18, 2010 Park Postępu Sp. z o.o. signed a forward transaction closing its already opened currency positions (forwards) with a nominal value of EUR 5.9 million and the settlement date March 17, 2010 (closing profit: PLN 1.1million).

Between February 1 and February 25, 2010 "Echo - Arena spółka z ograniczoną odpowiedzialnością" S. k. signed forward currency conversion transactions closing part of its open currency positions (EUR 26.0 million; with closing loss: PLN 7.6 million). The transaction's settlement date is June 22, 2010.

Between February 26 and March 4, 2010 "Echo - Galeria Kielce" Sp. z o.o. closed part of its open currency positions (EUR 66.5 million; with closing loss: PLN 30.9 million) and simultaneously between February 26 and March 4, 2010 signed a forward transaction for the amount of EUR 66.5 million with settlement dates April 14, 2011 (EUR 15.0 million) and February 15, 2012 (EUR 51.5 million).

Between March 12 and March 19, 2010 "Echo - Arena spółka z ograniczoną odpowiedzialnością" S. k. signed forward currency conversion transactions closing part of its open currency positions (EUR 18.0 million; with closing loss: PLN 15.3 million). The transaction's settlement date is June 22, 2010.

On March 29, 2010 Projekt Echo - 63 Sp. z o. o. swapped 4 pairs of call and put options expiring on March, 31, 2010 for a pair of call and put options with the settlement date December 14, 2010. The transaction's nominal value is EUR 11.0 million.

On March 29, 2010 "Echo - Galeria Kielce" Sp. z o.o. signed forward currency conversion transactions closing part of its open positions (EUR 8 million). The transaction's settlement date is August 31, 2010.

On April 1, 2010 "Echo - Oxygen" Sp. z o.o. signed forward currency conversion transactions closing part of its open positions (EUR 1 million; with closing loss: PLN 0.5 million). The transaction's settlement date is June 22, 2010.

On April 12, 2010 Projekt Echo 63 Sp. z o. o. swapped a pair of call and put options expiring on April 14, 2010 for a pair of call and put options with the settlement date December 14, 2010. The transaction's nominal value is 10.0 million EUR.

On April 20, 2010 "Echo - Oxygen" Sp. z o.o. signed forward currency conversion transactions closing part of its open positions (EUR 5 million; with closing loss: PLN 2.6 million). The transaction's settlement date is June 22, 2010.

On June 21, 2010 "Echo - Oxygen" Sp. z o.o. closed its open currency positions (EUR 17.0 million; with closing loss: PLN 9.5 million) and simultaneously on June 21, 2010 signed a forward transaction for the amount of EUR 17.0 million with the settlement date November 16, 2010.

Valuations of securing financial instruments are posted as receivables/ liabilities in the balance sheet and changes in valuation - as financial income / expenses in the income statement.

Maturity dates for open foreign exchange hedging items:

Financial instrument	Currency	Type	Balance sheet value as at 31.03.2010 (million PLN)	Nominal (million EUR)	2nd half of 2010 nominal (million EUR)	1st half of 2011 nominal (million EUR)	1st half of 2012 nominal (million EUR)
Forward	EUR/PLN		- 52.9	148.5	103.0	15.0	51.5
Options	EUR/PLN	call	-13.2	21.0	21.0	0.0	0.0
	EUR/PLN	put	0.1	21.0	21.0	0.0	0.0

12.6. Changes in the basic management principles in the Company and the Capital Group

No significant changes in the basic management principles took place during the 1st half of 2010. The development of the Company and the Capital Group requires improvements in the management procedures applied by Echo Investment S.A. and by other Capital Group companies.

12.6.1. Changes in the composition of managing and supervisory bodies of Echo Investment S.A. during the first half of 2010. Rules of appointing and dismissing managing and supervising persons. Scopes of authority of managing persons, specifically the right to make decisions on the issue or redemption of shares.

12.6.1.1. Management Board

No changes in the members of the Company's Management Board occurred during the 1st half of 2010.

The composition of the Management Board of Echo Investment SA is the following:

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

12.6.1.2. Supervisory Board

In the 1st half of 2010 the composition of the Company's Supervisory Board did not change.

The present members of the Supervisory Board are as follows:

Wojciech Ciesielski - Chairman of the Supervisory Board*
Andrzej Majcher - Vice-Chairman of the Supervisory Board*
Mariusz Waniolka - Vice Chairman of the Supervisory Board*
Robert Oskard - Member of the Supervisory Board
Karol Żbikowski - Member of the Supervisory Board
Tomasz Kalwat - Member of the Supervisory Board.

On May 26, 2010 pursuant to Resolution No. 16 on the determination of the composition of the Supervisory Board for a new term 2010 the Ordinary General Meeting of Shareholders of Echo Investment S.A. determined the composition of the Company's Supervisory Board for a new term in the number of 6 (say: six) persons and pursuant to Resolution No. 18 on the election of the Supervisory Board for a new term appointed the following supervising persons for 3 years of a common term of office:

Wojciech Ciesielski
Andrzej Majcher
Mariusz Waniółka
Robert Oskard
Karol Żbikowski
Tomasz Kalwat.

*On July 20, 2010, acting under § 1 paragraph 2 of the Regulations of the Supervisory Board of Echo Investment SA, the Company's Supervisory Board adopted resolutions on the election of the Chairman and Vice Chairmen of the Supervisory Board of Echo Investment SA. Mr. Wojciech Ciesielski was elected Chairman of the Supervisory Board of Echo Investment SA, and Mr. Andrzej Majcher and Mr. Mariusz Waniółka were elected Vice Chairmen. They will perform these functions as of July 20, 2010.

12.6.2. Rules of appointing and dismissing members of managing bodies. Scopes of authority of managing persons, particularly the right to decide on the issue or redemption of shares.

12.6.2.1. Rules of appointing and dismissing members of managing bodies

These rules are regulated by the Polish Code of Commercial Partnerships and Companies as well as by the Company Articles of Echo Investment S.A. The Management Board as a whole and the individual members thereof are appointed and suspended by the Supervisory Board, which elects the President of the Management Board and the Vice-President of the Management Board.

The term of office of the first Management Board is two years and the terms of office of the subsequent Management Boards are three years, where management board members are appointed for a common term of office, which does not preclude the right to an early dismissal of each of the Management Board members. The terms of office of the Management Board members elapse on the day of a General Meeting of Shareholders held for the purpose of approving the Company's financial statements for the final year of the term of the Management Board.

The Management Board or its individual members may be dismissed by the Supervisory Board before the expiry of their terms of office, including specifically upon written request of shareholders representing at least 1/3 of the issued capital or if the Ordinary General Meeting of Shareholders passes a resolution on the refusal to grant a vote of acceptance to the Management Board on account of performance of its duties during the completed financial year.

12.6.2.2. Scopes of authority of members of managing bodies

Scopes of authority of managing body members are regulated by the Company Articles of Echo Investment SA. The Management Board members represent the Company in front of authorities, offices and third parties, during proceedings in court, state authorities, and public offices. Statements are made in the name of the Company by two members of the Management Board acting jointly or by one Management Board member acting jointly with the Procurator. Incurring liabilities by persons authorized to make statements in the name of the Company for amounts exceeding 20% of the Company's equity shall require prior written consent of the Supervisory Board. The Management Board handles all current issues of the Company in the scope not reserved, by the provisions of the Code of Commercial Partnerships and Companies or of the Company Articles, for the General Meeting of Shareholders or the Supervisory Board.

Decisions regarding the issue and the redemption of shares are regulated by the provisions of the Polish Code of Commercial Partnerships and Companies.

13. Evaluation of the capacity to realize investment plans, including capital investments, as compared to the level of available resources, accounting for possible changes in the structure of financing of these operations

Echo Investment S.A. and its subsidiaries are fully capable of financing the currently executed investment projects. While executing projects in all areas of activity the Capital Group intends to finance these projects using funds from equity capitals, bank loans, as well through the issue of debt securities. The parent company focuses its efforts on achieving a situation where debt security issuance programmes are guaranteed and their maturity is longer than one year.

At the same time, the Capital Group intends to execute a number of projects through subsidiaries. This refers in particular to projects designed for lease, i.e. shopping and shopping/entertainment centres, and offices. The financing (special purpose facilities) of such projects will be obtained directly for these companies.

14. Description of external and internal factors significant for the development of the Capital Group. Description of development perspectives for the Capital Group's business operations.

14.1. Description of external and internal factors of significance for growth of the Capital Group

Key **external** factors affecting the Capital Group's development include:

Positive factors:

- investment activity of Polish and foreign business entities is recovering, thus creating a demand for services provided by Capital Group companies;
- lower proportion of office and shop floor per 1000 inhabitants in Poland than in Western Europe;
- shortage of residential space;
- maintained economic growth in Poland, despite the global crisis;
- satisfactory condition of the Polish financial sector;
- activity of the Polish government supporting economic growth, including "The Family On Their Own" programme.

Negative factors:

- unclear legal status of numerous real properties, which is due to such issues as reprivatization or the absence of detailed spatial development plans in many towns and municipalities;
- time-consuming court and administrative proceedings related to legal status regulation and the acquisition of rights to real property;
- market entry of large international investment & developer companies;
- legislation causing major difficulties in the construction of large-size facilities; protests by local merchants' organizations limiting the potential for investing in the construction of shopping centres;
- decreasing rate of economic growth and a deteriorated economic situation in Poland, the beginning of recession in other countries where Echo Group operates;
- variability of foreign exchange rates (EUR and USD);
- variability of interest rates;
- uncertainty with respect to key assumptions of the fiscal and monetary policies in Poland.

Key **internal** factors significant for the development of the Capital Group include:

Positive factors:

- a clear and precise development strategy;
- a stable shareholders' structure of the parent company - Echo Investment S.A., with clear and consistent owners' policy towards the company;
- a well-defined product group;
- a recognized position of the Capital Group in the developer market and its high credibility confirmed by Echo Investment S.A.'s presence on the Stock Exchange and its Developer Certificate;
- active cooperation with the largest banks;
- good cooperation with stable and renowned partners;
- the organizational structure accounting for the existence of profit centres responsible for the specific segments of activity;
- the regulated legal status (no court actions threatening Echo Capital Group);
- large volume of land, owned by the Capital Group, designated for development.

Negative factors:

- the unique nature of operations, with high dependency on complicated and time-consuming legal procedures;
- a high demand for current assets, particularly related to the high number of projects

14.2. Development perspectives for business operations of Echo Investment S.A. and the Capital Group

The Company's strategy, taking into account the changing economic conditions and the development opportunities arising after the crisis in the real estate market, aims at strengthening the Company's position in the developer market and its development in Central and Eastern Europe. Its main goal is to consistently increase the property portfolio and build the Company's good will based on the stable growth in the profitability of operations carried out by the Capital Group. Thanks to the Company's experience, its successive capitalisation on its competitive advantage and the development of the property portfolio, it is well prepared to further develop in the changing market environment.

In the current year the Capital Group's activities are going to focus on optimizing developer processes within individual investment projects. The Company is carefully monitoring the developments in the real estate market, with decisions concerning the implementation of specific projects being taken on a case-by-case basis, according to current analyses. In order to minimize the risk of adverse market changes

the Group adapts its project implementation schedules to the actual market situation, applying such means as the staging of projects.

The Group companies' upcoming activities will focus on the preparation, development, and commercialization of office and shopping projects for lease, as well as on the preparation of new projects.

Execution of the planned housing projects will depend on supply & demand considerations, including the purchasing power, credit availability, income levels, market prices of apartments, etc.

Realization of hotels strongly depends on the situation in the tourist industry and on hotel chains' willingness to undertake new investments. The current operations of Echo Investment S.A. in this sector focus on the Polish market where the Company collaborates with international hotel chain operators.

The Company's Management Board also intends to develop its business operations on foreign markets, in Central and Eastern Europe. At present, a comprehensive shopping, service, and office centre in Budapest, Hungary, and a shopping and entertainment centre in Brasov, Romania, are being commercialized. The Capital Group has also started its business operations in the Ukraine, where it plans the development of an office park.

15. Factors influencing future results of the Capital Group within a minimum period of the next six months

The following factors are going to influence the bottom line in subsequent periods:

- signing final sales agreements relating to housing projects:
 - in Warsaw, Inflancka Street (Stage 3), and Zwycięzców Street (Stage 2), and Zeusa Street;
 - in Poznan Naramowice (Stage 3);
 - in Kielce Bilcza Estate (Stage 2) – selling land plots with house designs;
- valuation of the fair value of the projects under construction and/or following their commissioning:
 - Malta Office Park (Stage 2) in Poznan (office segment);
 - Oxygen in Szczecin (office segment);
 - Avatar in Krakow (office segment);
 - Galeria Echo in Kielce (shopping-entertainment centre);
 - Park Postępu in Warsaw (office segment);
- quarterly revaluations of the fair value of the properties, accounting for factors such as foreign exchange rate fluctuations (EUR and USD), a change in net operating income and a review of yields used in valuations;
- regular revenues from lease agreements;
- possible final sale of projects:
 - Avatar in Krakow
 - Athina Park in Warsaw;
- valuation of credit liabilities and cash in foreign currencies;
- valuation of hedge instruments for foreign currencies and interest rates;
- realisation of some of the hedge instruments;
- revaluation of non-financial assets.

16. Events after the balance date

On July 2, 2010 the Company and Eiffage Budownictwo Mitex S.A. with its registered seat in Warsaw (Contractor) signed a general contracting agreement concerning the delivery of a residential complex in

Wrocław, at Jedności Narodowej Street, (Investment). Under the GCI Agreement the Contractor undertakes to perform the general delivery of the Investment, including *inter alia* the obtaining on behalf of the Company a legally binding decision concerning an occupancy permit for the Investment by April 9, 2012. The Contractor's lump-sum fee will amount to PLN 43.19 million net. The Agreement provides for the payment of contractual penalties for untimely delivery of the Investment or termination of this Agreement; the value of such contractual penalties may not exceed 10% of the Contractor's fee.

On July 8, 2010 the Company and ARCAD Sp. z o.o. Sp. komandytowo-akcyjna with its registered seat in Kielce signed a design work agreement relating to a complex of office and retail buildings in Wrocław, at Swobodna Street. The value of the Agreement amounts to PLN 2.69 million net.

On July 15, 2010 the Company and Projekt Echo – 55 Sp. z o.o. signed an agreement concerning the transfer of the freehold right to the property owned by the Company in favour of Projekt Echo – 55 Sp. z o.o. situated in Bełchatów, with a total area of 44,455 sq m. The value of the property amounts to PLN 16,270,550. The property constitutes a non-monetary contribution to cover newly created shares in the issued capital of Projekt Echo – 55 Sp. z o.o. in the number of 325,411 shares with a nominal value of PLN 50 each. The shares will be fully taken up by the Company.

On July 21, 2010 the District Court in Kielce X Department of the National Court Register registered the changes in the company "Echo ACC" Sp. z o.o. with its registered seat in Kielce, consisting of its transformation from a limited liability company into a limited partnership. The name of the company was also changed and now reads: "ACC Projekt Echo – 17 Spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce. The commendam sum amounts to PLN 50,000. The Company's contribution was PLN 49,500 and Projekt Echo – 17 Sp. z o.o. - PLN 500.

On July 21, 2010 the District Court in Kielce X Department of the National Court Register registered changes in the company "Est-On Property Management" Sp. z o.o. with its registered seat in Kielce, consisting of its transformation from a limited liability company into a limited partnership. The name of the company was also changed and now reads: "Est-On Projekt – 17 Spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce. The commendam sum amounts to PLN 50,000. The Company's contribution was PLN 49,500 and Projekt Echo – 17 Sp. z o.o. - PLN 500.

On July 22, 2010 as a result of the settlement of a tender organised by the Tender Commission of Przedsiębiorstwo Budownictwa Uprzemysłowionego Warszawa Północ with its registered seat in Warsaw, Echo Investment SA was chosen the buyer of the perpetual usufruct right to the built-up land property situated in Warsaw at Konstruktorska Street with an area of 73,596 sq m. along with the freehold right to the buildings, constructions, and other facilities on this property. On August 20, 2010 Echo Investment SA (Buyer) and Przedsiębiorstwo Budownictwa Uprzemysłowionego Warsaw North with its registered seat in Warsaw (Seller) signed an agreement for the sale of the property (Agreement). The subject of the Agreement is the acquisition by the Company of the perpetual usufruct right to the built-up land property situated in Warsaw at Konstruktorska Street with an area of 73,596 sq m along with the freehold right to the buildings, constructions, and other facilities on this property (Property). The acquisition price is PLN 63 million. The purchase of the Property will be financed from the Issuer's own funds. Prior to the signing of the Agreement the Property was used for service operations. It is planned that the Property will be used for developing residential and office buildings. The total area for sale (apartments) and for lease (offices) will amount to approximately 60,000 sq m

On July 23, 2010 the District Court in Kielce X Department of the National Court Register registered changes in the company "Athina Park" Sp. z o.o. with its registered seat in Kielce, consisting of its transformation from a limited liability company into a private unlimited company with share capital. The name of the company was also changed and now reads: "Athina Park - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością" Spółka komandytowo-akcyjna with its registered seat in Kielce. The company's issued capital amounts to PLN 5,999,500. The ownership structure of the company's issued capital following the registration of the changes looks as follows: The Company (Shareholder) holds 10,000 ordinary bearer shares with a total nominal value of PLN 500 PLN, FORUM XXIX Fundusz Inwestycyjny Zamknięty (Shareholder) holds 119,980,000 of registered preference shares (non-voting) with a total nominal value of PLN 5,999,000. Projekt Echo - 93 Sp. z o.o. (General Partner) holds the contribution in the amount of PLN 500.

On July 23, 2010 the District Court in Kielce X Department of the National Court Register registered changes in the company "Projekt Echo - 63" Sp. z o.o. with its registered seat in Kielce, consisting of its transformation from a limited liability company into a private unlimited company with share capital. The name of the company was also changed and now reads: "AVATAR - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością" Spółka komandytowo-akcyjna with its registered seat in Kielce. The company's issued capital amounts to PLN 12,794,350. The ownership structure of the company's issued capital following the registration of the changes looks as follows: The Company (Shareholder) holds 1,000 ordinary bearer shares with a total nominal value of PLN 50, FORUM XXIX Fundusz Inwestycyjny Zamknięty (Shareholder) holds 255,886,000 registered preference shares (non-voting) with a total nominal value of PLN 12,794,300. Projekt Echo - 93 Sp. z o.o. (General Partner) holds the contribution in the amount of PLN 50.

On July 26, 2010 the District Court in Kielce X Department of the National Court Register registered changes in the company "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. with its registered seat in Kielce, consisting of its transformation from a limited liability company into a private unlimited company with share capital. The name of the company was also changed and now reads: "PPR - Projekt Echo - 77 Spółka z ograniczoną odpowiedzialnością" Spółka komandytowo-akcyjna with its registered seat in Kielce. The company's issued capital amounts to PLN 32,766,100. The ownership structure of the company's issued capital following the registration of the changes looks as follows: The Company (Shareholder) holds 1,000 ordinary bearer shares with a total nominal value of PLN 50 PLN, FORUM XXIX Fundusz Inwestycyjny Zamknięty (Shareholder) 655,321,000 registered preference shares (non-voting) with a total nominal value of PLN 32,766,050. Projekt Echo - 77 Sp. z o.o. (General Partner) holds the contribution in the amount of PLN 6,250.

On July 26, 2010 the District Court in Kielce X Department of the National Court Register registered changes in the company "Echo - Centrum Przemysł" Sp. z o.o. with its registered seat in Kielce, consisting of its transformation from a limited liability company into a private unlimited company with share capital. The name of the company was also changed and now reads: "Echo - Centrum Przemysł - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością" Spółka komandytowo-akcyjna with its registered seat in Kielce. The company's issued capital amounts to PLN 3,783,700. The ownership structure of the company's issued capital following the registration of the changes looks as follows: The Company (Shareholder) holds 1,000 ordinary bearer shares with a total nominal value of PLN 50 PLN, FORUM XXIX Fundusz Inwestycyjny Zamknięty (Shareholder) 3,783,700 registered preference shares (non-voting) with a total nominal value of PLN 3,783,650. Projekt Echo - 93 Sp. z o.o. (General Partner) holds the contribution in the amount of PLN 50.

On July 28, 2010 "Malta Office Park" Sp. z o.o. closed part of its open positions (EUR 6.9 million) with original closing date December 14, 2010. Simultaneously the currency of credit instalment of the same value was converted for this company into PLN.

On August 3, 2010 AVATAR - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna (Seller) and Kasteli Sp. z o.o. with its registered seat in Warsaw (Buyer) signed a preliminary sales agreement (Preliminary Agreement). According to the Preliminary Agreement the Parties undertake to conclude a sales agreement (Promised Agreement), under which the Seller shall sell in favour of the Buyer:

- the freehold right to the land plot, with an area of 248 sq m and the perpetual usufruct right to the land property with an area of 5,017 sq m, situated in Krakow, at Armii Krajowej Street, with the freehold right to the AVATAR office building with an underground garage situated on this property (Office Building) (together referred to as the Property);
- proprietary copyrights;
- construction guarantees;
- rights and obligations resulting from a lease agreement and agreements on the provision of services,

The total area of the Office Building is approximately 21,000 sq m The Office Building has been 100% rented to Fortis Bank Polska SA with its registered seat in Warsaw (Lessee). The value of the Promised Agreement will amount to approximately EUR 30,51 million (which, as at the signing date of the Preliminary Agreement, according to the average NBP rate, corresponds to approximately PLN 121.66 million).

The Promised Agreement will be signed no later than by December 22, 2010 after all the following conditions are fulfilled:

1. showing the Office Building in the land and mortgage register;
2. showing the change in the Seller's legal status in the land and mortgage register of the Property (formerly: Projekt Echo - 63 Sp. z o.o. with its registered seat in Kielce);
3. settling shared charges between the Seller and the Lessee for the period until June 30, 2010;
4. performing the final measurements of leasable space in the Office Building and presenting them to the Lessee, in accordance with the binding lease agreement.

The above conditions are reserved in favour of the Buyer, which means that the Buyer may request the signing of the Promised Agreement in the event of non-fulfilment of any of these conditions. In the event any of these conditions are not satisfied and the Promised Agreement is not signed, the Preliminary Agreement will be suspended. The Preliminary Agreement provides for the payment of contractual penalties in the event of the termination of the Preliminary Agreement due to any fault caused by either party. The level of the contractual penalties amounts to EUR 400,000 (which, as at the signing date of the Preliminary Agreement, according to the average NBP rate, corresponds to PLN 1.595 million). The payment of contractual penalties does not waive the right to seek damages, the value of which may exceed the level of such penalties.

The Preliminary Agreement for the sale of the Property will enable to obtain funds for the execution of the planned investments on the real estate market in Poland.

On August 19, 2010 Orbis S.A. with its registered seat in Warsaw (Investor) and Echo Investment S.A. with its registered seat in Kielce (General Contractor, GC) signed an annex 2 to the conditional general contracting agreement (GCA) of September 4, 2008. Under the general contracting agreement Echo Investment SA undertook to construct, in line with the ACCOR standards, a Novotel class hotel, with net area of approximately 7,200 sq m and to deliver it, turn-key, to the Investor.. The Investment is to be developed on the property owned by the Issuer's subsidiary "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce, situated in Lodz, at Piłsudskiego Street.

Pursuant to the provisions of the Annex the Investment is to be completed no later than by June 8, 2012. Net price for the execution of the Investment has been set at PLN 40,583,760.00.

At the same time the Issuer's Management Board informs that on August 19, 2010 the Issuer's subsidiary "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce (Seller) delivered to Orbis SA with its registered seat in Warsaw (the Buyer) a proposal (Proposal) concerning the change in the preliminary sales agreement (Agreement) and the Buyer accepted it.

Based on the statements the parties of the Agreement decided, inter alia, that in the event the Seller does not fulfil one of the conditions of the signing of the Promised Agreement by December 15, 2010, ie. it fails to sign agreements with the owners of adjacent properties that are necessary for the development of the investment, the Seller and the Buyer will sign the Promised Agreement by January 15, 2011. The conditions for the signing the Promised Agreement have been specified in the current report no. 44/2008 of September 5, 2008 and in the report no. 37/2009 of October 16, 2009.

On August 20, 2010 the Company received from the District Court in Kielce X Economic Department, the National Court Register, a decision based on which on August 12, 2010 changes were registered in the amount of and the structure of the issued capital of the subsidiary "Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. with its registered seat in Kielce.

As of the registration date the Company's subsidiary "Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ("Acquiring Company") merged with the following Issuer's subsidiaries:

- "Echo - SPV 6" Sp. z o.o. with its registered seat in Kielce;
- "Echo - Centrum Tarnów" Sp. z o.o. with its registered seat in Kielce;
- "Echo - Centrum Jelenia Góra" Sp. z o.o. with its registered seat in Kielce;
- "Echo Bau" Sp. z o.o. with its registered seat in Kielce;
- "Projekt Echo - 46" Sp. z o.o. with its registered seat in Kielce;
- "Echo - Centrum Rzeszów" Sp. z o.o. with its registered seat in Kielce;
- "Echo - Centrum Poznań" Sp. z o.o. with its registered seat in Kielce;

(hereinafter referred to as "Acquired Companies").

The merger was effected by transferring all the assets of the Acquired Companies to the Acquiring Company, with a simultaneous increase in the Acquiring Company's issued capital by creating shares, which were allocated to the existing shareholders of the Acquired Companies in return for their existing shares in the Acquired Companies.

The book value of the shares of the Acquired Companies in the Issuer's accounting books and books of its subsidiaries amounted to:

- "Echo - SPV 6" Sp. z o.o. with its registered seat in Kielce: PLN 21,030 thousand;
- "Echo - Centrum Tarnów" Sp. z o.o. with its registered seat in Kielce: PLN 13,829 thousand;
- "Echo - Centrum Jelenia Góra" Sp. z o.o. with its registered seat in Kielce: PLN 5,401 thousand;
- "Echo Bau" Sp. z o.o. with its registered seat in Kielce: PLN 52 thousand;
- "Projekt Echo - 46" Sp. z o.o. with its registered seat in Kielce: PLN 50 thousand;
- "Echo - Centrum Rzeszów" Sp. z o.o. with its registered seat in Kielce: PLN 1,009 thousand,
- "Echo - Centrum Poznań" Sp. z o.o. with its registered seat in Kielce: PLN 39,384 thousand.

On the above-named registration date the newly created shares in "Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. were handed to:

- Echo Investment SA - in the number of 131,065 shares with a total value of PLN 68,532,500, giving the right to 131,065 votes at a general shareholders' meeting, corresponding to 95.60% of the issued capital,
- to the Issuer's issuer "Projekt Echo - 17" Sp. z o.o. with its registered seat in Kielce - in the number of 23 shares with a total value of PLN 11,500, giving the right to 23 votes at a general shareholders' meeting, corresponding to 0.01% of the issued capital,
- the Issuer's subsidiaries "Projekt Echo - 37" Sp. z o.o. with its registered seat in Kielce - in the number of 1 share with a value of PLN 500, giving the right to 1 vote at a general shareholders' meeting, corresponding to 0.0007% of the issued capital.

The newly created shares have the character of a long-term capital investment.

The book value of the transferred assets of the Acquired Companies in the Issuer's accounting books or in those of its subsidiaries in accordance to the merger plan, amounts to respectively:

- "Echo - SPV 6" Sp. z o.o. with its registered seat in Kielce: PLN 66,776 thousand;
- "Echo - Centrum Tarnów" Sp. z o.o. with its registered seat in Kielce: PLN 67,952 thousand;
- "Echo - Centrum Jelenia Góra" Sp. z o.o. with its registered seat in Kielce: PLN 67,022 thousand;
- "Echo Bau" Sp. z o.o. with its registered seat in Kielce: PLN 45 thousand;
- "Projekt Echo - 46" Sp. z o.o. with its registered seat in Kielce: PLN -7,416 thousand
- "Echo - Centrum Rzeszów" Sp. z o.o. with its registered seat in Kielce: PLN 531 thousand,
- "Echo - Centrum Poznan" Sp. z o.o. with its registered seat in Kielce: PLN -85 thousand.

The assets of the Acquired Companies were used for developer and financial activities. The Acquiring Company will continue the activities of the Acquired Companies and the existing use of the transferred assets.

As of the registration date of the above changes the issued capital of "Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. amounts to PLN 68,545,000 and is divided into 137,090 shares with a nominal value of PLN 500 each. The total number of votes based on the shares amounts to 137,090 votes at a general shareholders' meeting.

The ownership structure of "Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. has changed and looks as follows:

- Echo Investment SA in the number of 137,066 shares with a total value of PLN 68,533,000, giving the right to 137,066 votes at a general shareholders' meeting, corresponding to 99.98% of the issued capital;
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. with its registered seat in Kielce, in the number of 23 shares with a total value of PLN 11,500, giving the right to 23 votes at a general shareholders' meeting, corresponding to 0.01% of the issued capital;
- the Issuer's subsidiary "Projekt Echo - 37" Sp. z o.o. with its registered seat in Kielce, in the number of 1 share with a value of PLN 500, giving the right to 1 vote at a general shareholders' meeting, corresponding to 0.0007% of the issued capital.

Until the registration of the merger the persons holding management positions in the Acquiring Company and companies acquiring assets of significant value also held the management functions in the Acquired Companies.

The newly created shares and the value of the transferred asset elements were recognised as assets of significant value based on the criterion of significant value financial assets and the Issuer's equity.

The Issuer's Management Board also informs that on August 12, 2010 the name of the Acquiring Company "Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. with its registered seat in Kielce was changed. The current name is "Echo - SPV 12" Sp. z o.o. with its registered seat in Kielce.

Also see point 7 of this Report.

Kielce, August, 27, 2010

Piotr Gromniak
President of the Board

Artur Langner
Vice-President of the Board

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. hereby declares that, according to its best knowledge, the semi-annual consolidated financial statements and the comparative data have been prepared in accordance with valid accounting principles and truly, reliably, and clearly present the Company's property and financial condition and its financial result and that the semi-annual management report contains a true representation of the Capital Group's development, achievements, and standing, including the description of basic risks and threats.

The Management Board of Echo Investment SA further represents that PricewaterhouseCoopers Sp. z o.o. of Warsaw, with the seat in Warsaw, which audited the semi-annual consolidated financial statements, was selected in accordance with valid laws and that both the company and the chartered accountants carrying out the audit fulfilled the criteria for issuing an impartial and independent audit report, according to valid provisions of national legislation.

Kielce, August, 27, 2010

Piotr Gromniak
President of the Board

Artur Langner
Vice-President of the Board



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