

Echo Investment S.A. Capital Group

Independent statutory auditor's opinion

Consolidated financial statements

Capital Group's Management Report

Report from the audit of the consolidated financial statements

For the financial year from 1 January to 31 December 2012

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Independent statutory auditor's opinion

prepared by PricewaterhouseCoopers Sp. z o.o.

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prepared by the Echo Investment S.A. Capital Group

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prepared by the Management Board of the Parent Company of the Echo Investment S.A. Capital Group

Report from the audit of the consolidated financial statements

prepared by PricewaterhouseCoopers Sp. z o.o.



Independent statutory auditor's opinion

For the General Shareholders' Meeting and the Supervisory Board of Echo Investment S.A.

We have audited the attached consolidated financial statements of the Echo Investment S.A. Capital Group (later referred to as the "Group"), whose parent company is Echo Investment S.A. (later referred to as the "Parent Company"), with its registered office in Kielce, at Al. Solidarności 36, comprising the consolidated statement of financial position as at 31 December 2012, with total assets, liabilities and equity of PLN 5,453,173 thousand, the consolidated profit and loss account for the period from 1 January to 31 December 2012 with a net profit of PLN 374,125 thousand, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated cash flow statement for the financial year as well as notes on the adopted accounting principles and explanations.

The preparation of the consolidated financial statements and the Management Report of the Group in line with the applicable laws is the responsibility of the Parent Company's Management Board. The Management Board and Members of the Supervisory Board of the Parent Company are obliged to ensure that the consolidated financial statements and the Group's Management Report comply with the requirements of the Accounting Act of 29 September 1994 ("Accounting Act", J.L. of 2013, item 330).

Our task was to audit the enclosed consolidated financial statements and to produce an opinion on the statements' compliance, in all material aspects, with the applicable accounting principles (policy) and to verify whether they present, in all material aspects, a true and fair view of the Group's economic and financial situation, and the financial result.

We have conducted the audit according to:

- (a) regulations of chapter 7 of the Accounting Act,
- (b) Polish Auditing Standards (KSRF) issued by the National Council of Statutory Auditors (KRBR).

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Independent statutory auditor's opinion

For the General Shareholders' Meeting and the Supervisory Board of Echo Investment S.A.

The audit has been planned and conducted in such a way so as to obtain reasonable certainty that the consolidated financial statements do not contain any material errors and omissions. The audit covered a verification of a sample of evidence confirming the amounts and information disclosed in the consolidated financial statements. The audit also covered an assessment of the accounting principles applied by the Group and material estimates made when preparing the consolidated financial statements as well as an overall assessment of the statements' presentation. The audit has given reasonable assurance to express an opinion.

In our opinion, the enclosed consolidated financial statements, in all material respects:

- (a) present a true and fair view of the Group's economic and financial situation as at 31 December 2012 and the financial result for the financial year from 1 January to 31 December 2012, according to the International Financial Reporting Standards (IFRS) approved by the European Union;
- (b) comply, in terms of form and content, with the laws binding for the Group;
- (c) have been prepared based on a correctly maintained consolidation documentation.

The information contained in the Group's management report for the financial year from 1 January to 31 December 2012 takes account of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state ("Ordinance", J.L. no. 33, item 259, as amended), and is consistent with the information contained in the audited consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., a company registered in the list of entities authorised to audit financial statements under no. 144:

Piotr Wyszogrodzki

Statutory Auditor of the Group, Key Statutory Auditor
Registration number 90091

Warsaw, 23 April 2013

Echo Investment S.A. Capital Group

**Report from the audit of the consolidated financial
statements**

for the financial year from 1 January to 31 December 2012



Report on the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2012

For the General Shareholders' Meeting and the Supervisory Board of Echo Investment S.A.

This report contains 16 pages and comprises the following parts:

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Echo Investment S.A. Capital Group
Report from the audit of the consolidated financial statements
for the financial year from 1 January to 31 December 2012

I. General description of the Group

- a. The parent company of the Echo Investment S.A. Capital Group ("Group") is Echo Investment spółka akcyjna ("Parent Company"), with its registered office in Kielce, Al. Solidarności 36.
- b. The Parent Company's memorandum of association was prepared as a notarial deed in the Civil Law Notary's Office of notary Jacek Frelich in Kielce on 30 June 1994 and registered in Repertory A, No. 4162/94. On 10 April 2001, the District Court in Kielce, 10th Economic Department of the National Court Register, entered the Parent Company into the Register of Entrepreneurs under no. KRS 0000007025.
- c. For the purpose of tax settlement, the Parent Company was assigned the tax identification number NIP 657-02-30-912, and for statistical purposes the Parent Company was assigned the statistical number REGON 290463755.
- d. The Parent Company's share capital, as at 31 December 2012, amounted to PLN 21,000 thousand and was divided into 420,000,000 shares of a par value of PLN 0.05 each.
- e. As at 31 December 2012, the Parent Company's shareholders included:

Shareholder	Number of shares held	Nominal value of shares held (thousands of PLN)	Type of shares held	% of votes
Michał Sołowow	189,361,930	9,468	ordinary	45.1
ING OFE	44,569,720	2,228	ordinary	10.6
Aviva OFE Aviva BZ WBK	42,958,079	2,148	ordinary	10.2
PZU Żłota Jesień OFE	22,011,702	1,101	ordinary	5.3
Other shareholders	121,098,569	6,055	ordinary	28.8
	420,000,000	21,000		100.0

As at 31 December 2011, the Parent Company's shareholders included:

Shareholder	Number of shares held	Nominal value of shares held (thousands of PLN)	Type of shares held	% of votes
Michał Sołowow	185,286,775	9,264	ordinary	44.1
ING OFE	54,488,467	2,725	ordinary	13.0
Aviva OFE Aviva BZ WBK	36,683,460	1,834	ordinary	8.7
PZU Żłota Jesień OFE	21,419,085	1,071	ordinary	5.1
Other shareholders	122,122,213	6,106	ordinary	29.1
	420,000,000	21,000		100.0

- f. In the audited period, the Group's core business consisted in the construction and lease of space in commercial, shopping and entertainment, office, hotel and residential buildings as well as trade in real property.

I. General description of the Group (continued)

g. In the financial year, the members of the Parent Company's Management Board were:

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

After the balance sheet date, on 21 March 2013, the Supervisory Board of Echo Investment S.A. passed a resolution on appointing Mr. Waldemar Lesiak as the Vice-President of the Parent Company's Management Board.

Echo Investment S.A. Capital Group
Report from the audit of the consolidated financial statements
for the financial year from 1 January to 31 December 2012

I. General description of the Group (continued)

h. As at 31 December 2012, the Echo Investment S.A. Capital Group was composed of the following companies:

Company	Description of capital relations (% of ownership)	Consolidation method	Entity auditing the financial statements	Type of opinion	Balance sheet date when the financial statements were prepared
Echo Investment S.A.	Parent	Not applicable	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2012
47 - Grupa Echo Sp. z o.o. S.KA.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
53 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Astra Park - Projekt Echo - 69 Sp. z o.o. S.KA	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Aquarius Business House - Grupa Echo Sp. z o.o. S.KA. (formerly: Grupa Echo Sp. z o.o. 1 S.K.A.)	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Avatar - Projekt Echo - 93 Sp. z o.o. S.KA.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
A4 Business Park - Grupa Echo Sp. z o.o. S.KA (formerly: Projekt Echo - 30 Sp. z o.o.)	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Babka Tower - Projekt Echo - 93 Sp. z o.o. S.KA	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Barconsel Holdings Ltd	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Bełchatów - Grupa Echo Sp. z o.o. S.KA.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Budivelnuy Soyuz Monolit LLC	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Arena Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Aurus Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Centrum Przemysł - Projekt Echo - 93 Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Galaxy Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Galaxy Sp. z o.o. S.KA	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2012
Echo - Galeria Amber Sp. z o.o.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Echo - Galeria Amber Sp. z o.o. S.KA (formerly: Projekt Echo - 39 Sp. z o.o.)	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Echo - Galeria Lublin Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Kasztanowa Aleja Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Kasztanowa Aleja Sp. z o.o. S.K.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Klimt House Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012

Echo Investment S.A. Capital Group
Report from the audit of the consolidated financial statements
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I. General description of the Group (continued)

Echo - Klimt House Sp. z o.o. S.K.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Pod Klonami Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Pod Klonami Sp. z o.o. S.K.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo - Project - Management Ingatlanhasznosito Kft.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Echo - Przy Słowiańskim Wzgórzu Sp. z o.o. S.K.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Echo - SPV 7 Sp. z o.o.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Echo Galeria Kielce - Magellan West Sp. z o.o. S.K.A.	Subsidiary (99.95%)	Full	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2012
Echo Investment ACC - Grupa Echo Sp. z o.o. S.K.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo Investment Facility Management - Grupa Echo Sp. z o.o. S.K.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo Investment Hungary Ingatlanhasznosito Kft.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo Investment Project 1 S.R.L.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo Investment Project Management S.R.L.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo Investment Property Management - Grupa Echo Sp. z o.o. S.K.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo Investment Ukraine LLC	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.K.A.	Subsidiary (99.95%)	Full	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2012
Elmira Investments Sp. z o. o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Elmira Investments Sp. z o. o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
El Project Cyp - 1 Ltd	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Farrina Investments Sp. z o. o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Galeria Olimpia - Projekt Echo - 98 Sp. z o.o. S.K.A	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Galeria Sudecka - Projekt Echo - 43 Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Galeria Tarnów - Projekt Echo - 43 Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Grupa Echo Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Intermedia Investment Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Iris Capital Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012

Echo Investment S.A. Capital Group
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I. General description of the Group (continued)

Malta Office Park - Projekt Echo - 96 Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Mena Investments Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Metropolis - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Monolit Investment Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Nikson Capital Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Oxygen - Projekt Echo - 95 Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Pamiętkowo Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Park Postępu - Projekt Echo - 93 Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
PHS - Projekt CS Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
PPR - Projekt Echo - 77 Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2012
Princess Investment Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Beethovena - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt CS Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 33 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 43 Sp. z o.o.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Projekt Echo - 67 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 67 Sp. z o.o. S.K.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 69 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 70 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 77 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 93 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 95 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 96 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 97 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 98 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 99 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 99 Sp. z o.o. S.K.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo - 101 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo -102 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Echo -103 Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt Naramowice - Grupa Echo Sp. z o.o. S.K.A. (formerly: Projekt Naramowice Poznań Sp. z o.o.)	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012

Echo Investment S.A. Capital Group
Report from the audit of the consolidated financial statements
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I. General description of the Group (continued)

Projekt Saska Sp. z o.o. (formerly: Projekt S Sp. z o.o.)	Subsidiary (95%)	Full	Not subject to audit	-	31 December 2012
Projekt 3 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt 4 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt 5 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Projekt 6 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt 7 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt 8 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt 9 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Projekt 10 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
SPV 1 - Grupa Echo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Ultra Marina Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Vasco Investment Sp. z o.o.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Veneda - Projekt Echo -97 Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
Yevrobudgarant LLC	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Zakład Ogrodniczy Naramowice - Pamiątkowo Sp. z o.o. S.K.A.	Subsidiary (100%)	Full	Not subject to audit	-	31 December 2012
Wan 11 Sp. z o.o.	Jointly controlled	Proportionate	Zespół Usług Finansowo-Księgowych Bilans-Servis Sp. z o.o.	unqualified	31 December 2012
EBR Global Services Sp. z o.o.	Associate	Equity method	Not subject to audit	-	31 December 2012

Echo Investment S.A. Capital Group
Report from the audit of the consolidated financial statements
for the financial year from 1 January to 31 December 2012

I. General description of the Group (continued)

- i. The Parent Company is an issuer of securities admitted to trading at the Warsaw Stock Exchange and, according to the requirements of the Accounting Act, it prepares consolidated financial statements according to the International Financial Reporting Standards (IFRS) approved by the European Union.

The Group has applied the IFRS since 2004.

II. Information on the audit

- a. The audit of the consolidated financial statements for the financial year from 1 January to 31 December 2012 has been conducted by PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw, Al. Armii Ludowej 14, entered into the list of entities authorised to audit financial statements under no. 144. On behalf of the authorised entity, the audit was carried out by the audit team supervised by Piotr Wyszogrodzki (reg. no. 90091), the key statutory auditor and the statutory audit of the Group.
- b. PricewaterhouseCoopers Sp. z o.o. was selected as the Group's statutory auditor by way of Resolution no. 6/V/2011 of the Supervisory Board of Echo Investment S.A. of 24 May 2011, pursuant to paragraph 13, section 1 of the Statute of the Parent Company.
- c. PricewaterhouseCoopers Sp. z o.o. and the key statutory auditor conducting the audit are independent of the entities comprising the Group, as stipulated by article 56, section 2-4 of the Act of 7 May 2009 on statutory auditors and their professional association, entities authorised to audit financial statements and on public supervision (J.L. No. 77, item 649, as amended).
- d. The audit was conducted based on the agreement concluded on 20 July 2011 in the period:
 - initial audit from 26 to 30 November 2012
 - final audit 11 March to 23 April 2013

Echo Investment S.A. Capital Group
Report from the audit of the consolidated financial statements
for the financial year from 1 January to 31 December 2012

III. Description of the Group's results, financial situation and material items of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2012 (selected items)

	31.12.2012 thousands of PLN	31.12.2011 thousands of PLN	Movement thousands of PLN	(%)	Structure 31.12.2012 (%)	31.12.2011 (%)
ASSETS						
Non-current assets	4,173,710	4,129,064	44,646	1.1	76.5	77.2
Current assets	1,279,463	1,220,417	59,046	4.8	23.5	22.8
Total assets	5,453,173	5,349,481	103,692	1.9	100.0	100.0

EQUITY AND LIABILITIES

Equity	2,431,643	2,095,518	336,125	16.0	44.6	39.2
Provisions	32,208	244,508	(212,300)	(86.8)	0.6	4.6
Long-term liabilities	2,285,728	2,371,823	(86,095)	(3.6)	41.9	44.3
Short-term liabilities	703,594	637,632	65,962	10.3	12.9	11.9
Total equity and liabilities	5,453,173	5,349,481	103,692	1.9	100.0	100.0

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the financial year from 1 January to 31 December 2012 (selected items)

	2012 thousands of PLN	2011 thousands of PLN	Movement thousands of PLN	(%)	2012 Structure (%)	2011 (%)
Revenue	582,765	406,935	175,830	43.2	100.0	100.0
Prime cost of sale	(277,297)	(161,082)	(116,215)	72.2	(47.6)	(39.6)
Gross profit on sales	305,468	245,853	59,615	24.2	52.4	60.4
Net profit	374,125	207,832	166,293	80.0	64.2	51.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year from 1 January to 31 December 2012 (selected items)

	2012 thousands of PLN	2011 thousands of PLN	Movement thousands of PLN	(%)
Net profit	374,125	207,832	166,293	80.0
Other net comprehensive income	(9,425)	12,145	(21,570)	(177.6)
Comprehensive income for 12 months	364,700	219,977	144,723	65.8

Echo Investment S.A. Capital Group
Report from the audit of the consolidated financial statements
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III. Description of the Group's results, financial situation and material items of the consolidated financial statements (continued)

Selected ratios describing the Group's economic and financial position and financial results

The Group's business, financial result for the financial year as well as the economic and financial position as at the balance sheet date, in comparison to previous periods, are described by the following ratios:

	2012	2011	2010
Activity ratios			
- debtor days	22 days	25 days	20 days
- inventory days	626 days	1,090 days	959 days
Profitability ratios			
- net return on sales	64%	51%	35%
- gross return on sales	28%	127%	37%
- overall return on equity	17%	10%	8%
Indebtedness ratios			
- indebtedness rate	55%	56%	53%
- creditor days	156 days	269 days	148 days
	31.12.2012	31.12.2011	31.12.2010
Liquidity ratios			
- current ratio	1.5	1.9	1.9
- quick ratio	0.8	1.1	0.9

The presented ratios have been calculated based on the consolidated financial statements.

The audit was not intended to present the Group in the context of its business results and ratios. A detailed interpretation of the ratios requires an in-depth analysis of the Group's business and its operating environment.

III. Description of the Group's results, financial situation and material items of the consolidated financial statements (continued)

The following comments are based on information obtained in the course of auditing the consolidated financial statements.

The consolidated financial statements do not account for inflation. The overall indicator of changes in the prices of consumer goods and services (December on December) in the audited year was 2.4% (2011: 4.6%).

The Group identified a fundamental error in the previous year. Therefore, to ensure the comparability of data, the financial year ended on 31 December 2011 was adjusted accordingly. Details regarding the adjusted items are presented under Restatement of financial statements/Adjustment of fundamental error in the notes and explanations to the Group's consolidated financial statements.

In the audited period, the following circumstances had a material effect on the Group's financial result, economic and financial situation:

- The Group's revenue amounted to PLN 582,765 thousand, which means an increase by PLN 175,830 thousand (i.e. by 43.2%) compared to the previous year.
- The highest sales revenue (51.6% of overall revenue) was generated on the Group's core business, i.e. lease of area in shopping centres and shopping and entertainment centres (PLN 300,662 thousand), whose share in overall sales decreased by 19.5 percentage points compared to the previous year. Revenue from the sale and lease of residential space (PLN 177,253 thousand) accounted for 30.4% of sales revenue, and its share in overall sales increased by 23.2 p.p. In the audited period, revenue from the construction and lease of space in office and hotel facilities amounted to PLN 93,956 thousand. This revenue group's share in the sales revenue accounted for 16.1% in the audited period and decreased, compared to the previous year, by 3.1 percentage points.
- The main sales market was the domestic market, where nearly 100% of sales took place.
- Net profit amounted to PLN 374,125 thousand, which means an increase by PLN 166,293 thousand (i.e. by 80.0%) compared to the previous year. The increase was mainly due to the expansion of the Group's core business, a positive effect of exchange rate variations as well as the release of the deferred income tax asset and provision resulting from the difference between the tax value and the carrying value of assets and liabilities of general partnerships limited by shares. The release of the deferred income tax asset and provision was due to the change of the assumptions for material estimates of the Parent Company's Management Board, which has been described in the note "Estimates by Management Boards of Group Companies", and a changed approach with regard to the creation of deferred income tax on differences between the tax value and the carrying value of assets and liabilities of general partnerships limited by shares, which has been described under Restatement of financial statements/Adjustment of

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fundamental error in the notes and explanations to the Group's consolidated financial statements. This is reflected in the increase in profitability, as measured with the net result, from 51% to 64% and in the increase of overall return on equity from 10% to 17%.

III. Description of the Group's results, financial situation and material items of the consolidated financial statements (continued)

- At the end of the financial year, the Group's assets amounted to PLN 5,453,173 thousand. In the course of the year, the balance sheet total increased by PLN 103,692 thousand, i.e. by 1.9%. The increase was mainly due to the increase in the value of investment property by PLN 239,063 thousand (including PLN 250,059 thousand presented as held for sale) and investment property under construction by PLN 129,426 thousand, offset by the decrease in the balance of inventory by PLN 37,818 thousand, in other tax receivables by PLN 35,073 thousand and in cash and cash equivalents (including restricted cash) by PLN 185,561 thousand.
In equity and liabilities, the increase of the balance sheet total mainly resulted from the generated net profit in the amount of PLN 374,125 thousand and the increase in the balance of liabilities due to loans and borrowings by PLN 137,343 thousand, offset by the decrease in the deferred income tax provision by PLN 206,678 thousand, in trade liabilities by PLN 89,107 thousand and in security deposits and advances received by PLN 41,896 thousand. In the audited year, the Group also purchased equity shares in the amount of PLN 28,647 thousand.
- At the end of the audited year, the Group presented, under a separate balance sheet item, non-current assets held for sale, which has been described in note 8 of the notes and explanations to the Group's consolidated financial statements.
- Compared to the previous year, debtor, inventory and creditor days ratios improved and the Group's debt ratio decreased a little (from 56% to 55%).
- The Group's payment situation deteriorated slightly. The current and quick ratios in the audited year amounted to 1.4 (2011: 1.9) and 0.7 (2011: 1.1) respectively.

IV. Findings of the independent statutory auditor

- a. In the course of the audit, the Parent Company's Management Board provided the required information, explanations and statements, and submitted a statement saying that all data had been included in the consolidation documentation and all contingent liabilities had been disclosed, and provided information about material events which occurred after the balance sheet date, by the day the statements were submitted.
- b. The scope of the audit was not limited.
- c. The Group has valid documentation in place describing the accounting principles (policy), which has been approved by the Parent Company's Management Board. The accounting principles adopted by the Parent Company were modified to suit the requirements of the Group and ensured the accounting identification of all events that are material for assessing the Group's economic and financial situation, and its financial result, with due observance of the prudence principle. The application of the principles from the previous period was continued in the audited period.
- d. In all material aspects, the consolidation of capital and the establishment of non-controlling interest were conducted correctly.
- e. Exclusions of mutual settlements (receivables and liabilities) and internal turnover (revenue and costs) of the consolidated companies were made, in all material aspects, according to the IFRS approved by the European Union.
- f. Exclusions of the results not realised by the consolidated companies, included under assets and dividends, were made, in all material aspects, according to the IFRS approved by the European Union.
- g. The results on the sale of all or some of the interests and shares in subordinated companies were recognised, in all material aspects, according to the IFRS approved by the European Union.
- h. The consolidation documentation was complete and correct, and it was kept in such a way so as to ensure adequate protection.
- i. The Group's consolidated financial statements for the financial year from 1 January to 31 December 2011 were approved by way of Resolution no. 5 of the General Shareholders' Meeting of 6 June 2012, submitted to the National Court Register on 13 June 2012 and published in the Official Gazette Monitor Polski B, no. 2252, on 26 September 2012.
- j. The consolidated financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o. The statutory auditor produced a qualified opinion.
- k. The notes present full material information specified by the IFRS approved by the European Union.

IV. Findings of the independent statutory auditor (continued)

1. The information contained in the Capital Group's management report for the financial year from 1 January to 31 December 2012 takes account of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (J.L. no. 33, item 259, as amended), and is consistent with the information presented in the consolidated financial statements.

V. Conclusion and final remarks

This report has been prepared in connection with the audit of the consolidated financial statements of the Echo Investment S.A. Capital Group, whose parent company is Echo Investment S.A., with its registered office in Kielce, at Al. Solidarności 36. The consolidated financial statements were signed by the Parent Company's Management Board on 23 April 2013.

The report should be read together with the opinion of the independent statutory auditor for the General Shareholders' Meeting and the Supervisory Board of Echo Investment S.A. of 23 April 2013, regarding the aforementioned consolidated financial statements. The opinion on the consolidated financial statements expresses an overall conclusion of the audit. This conclusion is not a sum of the results from the audit of individual items of the consolidated statements or specific issues, but assumes that suitable importance (materiality) has been attached to the findings, taking account of the effect of the findings on a true and fair presentation of the consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., a company registered in the list of entities authorised to audit financial statements under no. 144:

Piotr Wyszogrodzki

Statutory Auditor of the Group, Key Statutory Auditor
Registration number 90091

Warsaw, 23 April 2013

